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

For the quarterly period ended September 30, 2024	Commission File Number 001-39218

CONMED CORPORATION
(Exact name of the registrant as specified in its charter)

Delaware	**16-0977505**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11311 Concept Blvd Largo, Florida	**33773**
(Address of principal executive offices)	(Zip Code)

(727) 392-6464
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	CNMD	NYSE

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, 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 (Check one).

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 registrant's common stock, as of October 28, 2024 is 30,890,853 shares.

CONMED CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

PART I FINANCIAL INFORMATION

PART II OTHER INFORMATION

PART I FINANCIAL INFORMATION

Item 1.

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	$ 316,701	$ 304,578	$ 961,071	$ 917,699
Cost of sales	137,706	136,519	426,383	423,629
Gross profit	178,995	168,059	534,688	494,070
Selling and administrative expense	99,730	125,295	345,611	385,080
Research and development expense	13,558	12,464	41,250	38,574
Operating expenses	113,288	137,759	386,861	423,654
Income from operations	65,707	30,300	147,827	70,416
Interest expense	9,252	10,019	28,440	30,271
Income before income taxes	56,455	20,281	119,387	40,145
Provision for income taxes	7,471	4,444	20,719	8,757
Net income	$ 48,984	$ 15,837	$ 98,668	$ 31,388
Comprehensive income	$ 48,701	$ 14,825	$ 94,121	$ 35,287
Per share data:				
Net income				
Basic	$ 1.59	$ 0.52	$ 3.20	$ 1.02
Diluted	1.57	0.50	3.17	0.99
Weighted average common shares				
Basic	30,856	30,741	30,815	30,638
Diluted	31,112	31,689	31,148	31,563

See notes to consolidated condensed financial statements.

CONMED CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited, in thousands except share and per share amounts)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 38,467	$ 24,296
Accounts receivable, net	231,229	242,279
Inventories	342,550	318,324
Prepaid expenses and other current assets	28,753	30,750
Total current assets	640,999	615,649
Property, plant and equipment, net	117,415	120,722
Goodwill	806,871	806,844
Other intangible assets, net	625,569	649,484
Other assets	124,890	107,322
Total assets	$ 2,315,744	$ 2,300,021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 717	$ 708
Accounts payable	104,571	88,224
Accrued compensation and benefits	61,417	70,069
Other current liabilities	115,606	151,728
Total current liabilities	282,311	310,729
Long-term debt	940,094	973,140
Deferred income taxes	65,820	60,902
Other long-term liabilities	94,623	121,028
Total liabilities	1,382,848	1,465,799
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, par value $0.01 per share; authorized 500,000 shares; none outstanding	—	—
Common stock, par value $0.01 per share; 100,000,000 shares authorized; 31,299,194 shares issued in 2024 and 2023, respectively	313	313
Paid-in capital	470,880	446,535
Retained earnings	532,701	452,531
Accumulated other comprehensive loss	(54,717)	(50,170)
Less: 414,508 and 534,000 shares of common stock in treasury, at cost, in 2024 and 2023, respectively	(16,281)	(14,987)
Total shareholders' equity	932,896	834,222
Total liabilities and shareholders' equity	$ 2,315,744	$ 2,300,021

See notes to consolidated condensed financial statements.

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited, in thousands except per share amounts)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2023	31,299	$ 313	$ 446,535	$ 452,531	$ (50,170)	$ (14,987)	$ 834,222
Common stock issued under employee plans			(562)			844	282
Stock-based compensation			6,240				6,240
Dividends on common stock ($0.20 per share)				(6,158)			(6,158)
Settlement of convertible notes hedge transactions			10,980			(10,980)	—
Settlement of convertible notes			(5,169)			5,169	—
Comprehensive income:							
Cash flow hedging gain, net					4,448		
Pension liability, net					301		
Foreign currency translation adjustments					(4,380)		
Net income				19,709			
Total comprehensive income							20,078
Balance at March 31, 2024	31,299	$ 313	$ 458,024	$ 466,082	$ (49,801)	$ (19,954)	$ 854,664
Common stock issued under employee plans			(203)			1,217	1,014
Stock-based compensation			6,974				6,974
Dividends on common stock ($0.20 per share)				(6,163)			(6,163)
Comprehensive income:							
Cash flow hedging loss, net					(1,874)		
Pension liability, net					301		
Foreign currency translation adjustments					(3,060)		
Net income				29,976			
Total comprehensive income							25,343
Balance at June 30, 2024	31,299	$ 313	$ 464,795	$ 489,895	$ (54,434)	$ (18,737)	$ 881,832
Common stock issued under employee plans			(38)			2,456	2,418
Stock-based compensation			6,123				6,123
Dividends on common stock ($0.20 per share)				(6,178)			(6,178)
Comprehensive income:							
Cash flow hedging loss, net					(7,077)		
Pension liability, net					301		
Foreign currency translation adjustments					6,493		
Net income				48,984			
Total comprehensive income							48,701
Balance at September 30, 2024	31,299	$ 313	$ 470,880	$ 532,701	$ (54,717)	$ (16,281)	$ 932,896

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2022	31,299	$ 313	$ 413,235	$ 412,631	$ (57,858)	$ (22,776)	$ 745,545
Common stock issued under employee plans			556			2,044	2,600
Stock-based compensation			5,726				5,726
Dividends on common stock ($0.20 per share)				(6,113)			(6,113)
Comprehensive income:							
Cash flow hedging gain, net					877		
Pension liability, net					403		
Foreign currency translation adjustments					1,596		
Net income				1,819			
Total comprehensive income							4,695
Balance at March 31, 2023	31,299	$ 313	$ 419,517	$ 408,337	$ (54,982)	$ (20,732)	$ 752,453
Common stock issued under employee plans			6,841			4,856	11,697
Stock-based compensation			6,422				6,422
Dividends on common stock ($0.20 per share)				(6,145)			(6,145)
Comprehensive income:							
Cash flow hedging gain, net					503		
Pension liability, net					403		
Foreign currency translation adjustments					1,129		
Net income				13,732			
Total comprehensive income							15,767
Balance at June 30, 2023	31,299	$ 313	$ 432,780	$ 415,924	$ (52,947)	$ (15,876)	$ 780,194
Common stock issued under employee plans			765			384	1,149
Stock-based compensation			6,186				6,186
Dividends on common stock ($0.20 per share)				(6,149)			(6,149)
Comprehensive income:							
Cash flow hedging gain, net					2,730		
Pension liability, net					403		
Foreign currency translation adjustments					(4,145)		
Net income				15,837			
Total comprehensive income							14,825
Balance at September 30, 2023	31,299	$ 313	$ 439,731	$ 425,612	$ (53,959)	$ (15,492)	$ 796,205

See notes to consolidated condensed financial statements.

CONMED CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operating activities:		
Net income	$ 98,668	$ 31,388
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,406	12,148
Amortization of deferred debt issuance costs	4,256	4,558
Amortization	41,445	41,724
Stock-based compensation	19,336	18,334
Deferred income taxes	5,626	(891)
Non-cash adjustments to fair value of contingent consideration liability	(42,267)	6,949
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	10,781	(38,015)
Inventories	(24,436)	5,286
Accounts payable	15,345	8,133
Accrued compensation and benefits	(8,063)	5,461
Other assets	(10,293)	(21,978)
Other liabilities	826	(4,144)
Net cash provided by operating activities	123,630	68,953
Cash flows from investing activities:		
Purchases of property, plant and equipment	(9,044)	(14,177)
Other	—	(1,000)
Net cash used in investing activities	(9,044)	(15,177)
Cash flows from financing activities:		
Payments on revolving line of credit	(567,000)	(560,000)
Proceeds from revolving line of credit	601,000	512,000
Payments to redeem convertible notes	(70,000)	—
Payments related to contingent consideration	(48,084)	—
Dividends paid on common stock	(18,474)	(18,353)
Other, net	2,628	14,687
Net cash used in financing activities	(99,930)	(51,666)
Effect of exchange rate changes on cash and cash equivalents	(485)	(550)
Net increase in cash and cash equivalents	14,171	1,560
Cash and cash equivalents at beginning of period	24,296	28,942
Cash and cash equivalents at end of period	$ 38,467	$ 30,502
Non-cash financing activities:		
Dividends payable	$ 6,178	$ 6,149

See notes to consolidated condensed financial statements.

CONMED CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited, in thousands except per share amounts)

Note 1 - Operations

CONMED Corporation ("CONMED", the "Company", "we" or "us") is a medical technology company that provides devices and equipment for surgical procedures. The Company's products are used by surgeons and other healthcare professionals in a variety of specialties including orthopedics, general surgery, gynecology, thoracic surgery and gastroenterology.

Note 2 - Interim Financial Information

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. The information herein reflects all normal recurring material adjustments, which are, in the opinion of management, necessary to fairly present the results for the periods presented. The consolidated condensed financial statements herein consist of all wholly-owned domestic and foreign subsidiaries with all significant intercompany transactions eliminated. Results for the period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

The consolidated condensed financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2023 included in our Annual Report on Form 10-K.

Use of Estimates

The preparation of the consolidated condensed financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments which affect the reported amounts of assets, liabilities and related disclosures of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amount of revenue and expenses during the reporting period. While there has been uncertainty and disruption in the global economy and financial markets, we are not aware of any specific event or circumstance that would require an update to our estimates or judgments or a revision of the carrying value of our assets or liabilities as of October 31, 2024, the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

Note 3 - New Accounting Pronouncements

Recently Issued Accounting Standards, Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation in specified categories as well as information on income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024 and early adoption is permitted. This ASU should be applied on a prospective basis with retrospective application permitted. We expect this ASU to only impact our disclosures with no impact to the consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose significant segment expenses and other segment items on an annual and interim basis, and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The ASU does not change how a public entity identifies its operating segments, aggregates them or applies the quantitative threshold to determine its reportable segments. The new disclosure requirements are also applicable to entities that account and report as a single operating segment entity. This ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the guidance is to be applied retrospectively to all prior periods presented. We expect this ASU to only impact our disclosures with no impact to the consolidated financial statements.

Recently Issued SEC Rules

In March 2024, the SEC adopted the final rule under SEC Release Nos. 33-11275 and 34-99678, The Enhancement and Standardization of Climate-Related Disclosures for Investors, which will require registrants to provide certain climate-related information in their registration statements and annual reports. The disclosure requirements follow a phase-in timeline, with initial requirements beginning with the filing of the 2025 Form 10-K. We are currently evaluating the final rule to determine the impact on our disclosures. On April 4, 2024, the SEC issued an order staying the final rule pending the completion of judicial review of the petitions challenging the final rule filed in six different circuit courts, which have been consolidated for review by the U.S. Court of Appeals for the Eighth Circuit.

Note 4 - Revenues

The following tables present revenue disaggregated by primary geographic market where the products are sold, by product line and timing of revenue recognition:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
Primary Geographic Markets						
United States	$ 49,700	$ 133,451	$ 183,151	$ 46,273	$ 124,250	$ 170,523
Europe, Middle East & Africa	28,803	26,719	55,522	28,001	23,436	51,437
Asia Pacific	32,822	16,387	49,209	29,995	23,289	53,284
Americas (excluding the United States)	19,212	9,607	28,819	20,398	8,936	29,334
Total sales from contracts with customers	$ 130,537	$ 186,164	$ 316,701	$ 124,667	$ 179,911	$ 304,578
Timing of Revenue Recognition						
Goods transferred at a point in time	$ 120,533	$ 183,929	$ 304,462	$ 115,722	$ 177,915	$ 293,637
Services transferred over time	10,004	2,235	12,239	8,945	1,996	10,941
Total sales from contracts with customers	$ 130,537	$ 186,164	$ 316,701	$ 124,667	$ 179,911	$ 304,578

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
Primary Geographic Markets						
United States	$ 155,975	$ 388,949	$ 544,924	$ 147,557	$ 362,223	$ 509,780
Europe, Middle East & Africa	97,024	83,043	180,067	93,703	72,032	165,735
Asia Pacific	90,280	54,721	145,001	93,365	58,632	151,997
Americas (excluding the United States)	61,707	29,372	91,079	62,008	28,179	90,187
Total sales from contracts with customers	$ 404,986	$ 556,085	$ 961,071	$ 396,633	$ 521,066	$ 917,699
Timing of Revenue Recognition						
Goods transferred at a point in time	$ 374,100	$ 549,447	$ 923,547	$ 367,118	$ 515,529	$ 882,647
Services transferred over time	30,886	6,638	37,524	29,515	5,537	35,052
Total sales from contracts with customers	$ 404,986	$ 556,085	$ 961,071	$ 396,633	$ 521,066	$ 917,699

Contract liability balances related to the sale of extended warranties to customers are as follows:

	September 30, 2024	December 31, 2023
Contract liability	$ 18,180	$ 17,962

Revenue recognized during the nine months ended September 30, 2024 and September 30, 2023 from amounts included in contract liabilities at the beginning of the periods were $11.6 million and $10.4 million, respectively. There were no material contract assets as of September 30, 2024 and December 31, 2023.

Note 5 - Comprehensive Income

Comprehensive income consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 48,984	$ 15,837	$ 98,668	$ 31,388
Other comprehensive income (loss):				
Cash flow hedging gain (loss), net of income tax (income tax expense (benefit) of $(2,264) and $873 for the three months ended September 30, 2024 and 2023, respectively, and $(1,441) and $1,315 for the nine months ended September 30, 2024 and 2023, respectively)	(7,077)	2,730	(4,504)	4,110
Pension liability, net of income tax (income tax expense of $97 and $129 for the three months ended September 30, 2024 and 2023, respectively, and $291 and $387 for the nine months ended September 30, 2024 and 2023, respectively)	301	403	904	1,210
Foreign currency translation adjustment	6,493	(4,145)	(947)	(1,421)
Comprehensive income	$ 48,701	$ 14,825	$ 94,121	$ 35,287

Accumulated other comprehensive loss consists of the following:

	Cash Flow Hedging Gain (Loss)	Pension Liability	Cumulative Translation Adjustments	Accumulated Other Comprehensive Loss
Balance, December 31, 2023	$ 117	$ (18,766)	$ (31,521)	$ (50,170)
Other comprehensive loss before reclassifications, net of tax	(1,754)	—	(947)	(2,701)
Amounts reclassified from accumulated other comprehensive income (loss) before tax[a]	(3,630)	1,195	—	(2,435)
Income tax	880	(291)	—	589
Net current-period other comprehensive income (loss)	(4,504)	904	(947)	(4,547)
Balance, September 30, 2024	$ (4,387)	$ (17,862)	$ (32,468)	$ (54,717)

	Cash Flow Hedging Gain (Loss)	Pension Liability	Cumulative Translation Adjustments	Accumulated Other Comprehensive Loss
Balance, December 31, 2022	$ 2,497	$ (23,749)	$ (36,606)	$ (57,858)
Other comprehensive income (loss) before reclassifications, net of tax	8,692	—	(1,421)	7,271
Amounts reclassified from accumulated other comprehensive income (loss) before tax[a]	(6,048)	1,597	—	(4,451)
Income tax	1,466	(387)	—	1,079
Net current-period other comprehensive income (loss)	4,110	1,210	(1,421)	3,899
Balance, September 30, 2023	$ 6,607	$ (22,539)	$ (38,027)	$ (53,959)

[(a)] The cash flow hedging gain (loss) and pension liability accumulated other comprehensive loss components are included in sales or cost of sales and as a component of net periodic pension cost, respectively. Refer to Note 6 and Note 12, respectively, for further details.

Note 6 - Fair Value of Financial Instruments

We enter into derivative instruments for risk management purposes only. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We use forward contracts, a type of derivative instrument, to manage certain foreign currency exposures.

By nature, all financial instruments involve market and credit risks. We enter into forward contracts with major investment grade financial institutions and have policies to monitor the credit risk of those counterparties. While there can be no assurance, we do not anticipate any material non-performance by any of these counterparties.

Foreign Currency Forward Contracts. We hedge forecasted intercompany sales denominated in foreign currencies through the use of forward contracts. We account for these forward contracts as cash flow hedges. To the extent these forward contracts meet hedge accounting criteria, changes in their fair value are not included in current earnings but are included in accumulated other comprehensive loss. These changes in fair value will be recognized into earnings as a component of sales or cost of sales when the forecasted transaction occurs.

We also enter into forward contracts to exchange foreign currencies for United States dollars in order to hedge our currency transaction exposures on intercompany receivables designated in foreign currencies. These forward contracts settle each month at month-end, at which time we enter into new forward contracts. We have not designated these forward contracts as hedges and have not applied hedge accounting to them.

The following table presents the notional contract amounts for forward contracts outstanding:

	FASB ASC Topic 815 Designation	As of September 30, 2024	As of December 31, 2023
Forward exchange contracts	Cash flow hedge	$ 222,548	$ 223,839
Forward exchange contracts	Non-designated	49,273	55,789

The remaining time to maturity as of September 30, 2024 is within two years for hedge designated foreign exchange contracts and approximately one month for non-hedge designated forward exchange contracts.

Statement of comprehensive income presentation

Derivatives designated as cash flow hedges

Foreign exchange contracts designated as cash flow hedges had the following effects on accumulated other comprehensive income (loss) ("AOCI") and net earnings on our consolidated condensed statements of comprehensive income and our consolidated condensed balance sheets:

	Amount of Gain (Loss) Recognized in AOCI		Consolidated Condensed Statements of Comprehensive Income			Amount of Gain Reclassified from AOCI	
	Three Months Ended September 30,						
				Total Amount of Line Item Presented			
Derivative Instrument	**2024**	**2023**	**Location of amount reclassified**	**2024**	**2023**	**2024**	**2023**
Foreign exchange contracts	$ (9,073)	$ 6,180	Net Sales	$ 316,701	$ 304,578	$ 270	$ 1,095
			Cost of Sales	137,706	136,519	(2)	1,482
Pre-tax gain (loss)	$ (9,073)	$ 6,180				$ 268	$ 2,577
Tax expense (benefit)	(2,199)	1,498				65	625
Net gain (loss)	$ (6,874)	$ 4,682				$ 203	$ 1,952

	Amount of Gain (Loss) Recognized in AOCI		Consolidated Condensed Statements of Comprehensive Income			Amount of Gain Reclassified from AOCI	
	Nine Months Ended September 30,						
				Total Amount of Line Item Presented			
Derivative Instrument	**2024**	**2023**	**Location of amount reclassified**	**2024**	**2023**	**2024**	**2023**
Foreign exchange contracts	$ (2,314)	$ 11,471	Net Sales	$ 961,071	$ 917,699	$ 2,260	$ 2,585
			Cost of Sales	426,383	423,629	1,370	3,463
Pre-tax gain (loss)	$ (2,314)	$ 11,471				$ 3,630	$ 6,048
Tax expense (benefit)	(560)	2,779				880	1,466
Net gain (loss)	$ (1,754)	$ 8,692				$ 2,750	$ 4,582

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At September 30, 2024, $3.4 million of net unrealized losses on forward contracts accounted for as cash flow hedges, and included in accumulated other comprehensive loss, are expected to be recognized in earnings in the next twelve months.

Derivatives not designated as cash flow hedges

Net gains (losses) from derivative instruments not accounted for as hedges and gains (losses) on our intercompany receivables on our consolidated condensed statements of comprehensive income were:

Derivative Instrument	Location on Consolidated Condensed Statements of Comprehensive Income	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net gain (loss) on currency forward contracts	Selling and administrative expense	$ (1,513)	$ 227	$ (631)	$ 630
Net gain (loss) on currency transaction exposures	Selling and administrative expense	$ 1,108	$ (552)	$ (1,102)	$ (1,831)

Balance sheet presentation

We record these forward foreign exchange contracts at fair value. The following tables summarize the fair value for forward foreign exchange contracts outstanding at September 30, 2024 and December 31, 2023:

September 30, 2024	Location on Consolidated Condensed Balance Sheet	Asset Fair Value	Liabilities Fair Value	Net Fair Value
Derivatives designated as hedged instruments:				
Foreign exchange contracts	Other current liabilities	$ 866	$ (5,342)	$ (4,476)
Foreign exchange contracts	Other long-term liabilities	42	(1,355)	(1,313)
		$ 908	$ (6,697)	$ (5,789)
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other current liabilities	17	(100)	(83)
Total derivatives		$ 925	$ (6,797)	$ (5,872)

December 31, 2023	Location on Consolidated Condensed Balance Sheet	Asset Fair Value	Liabilities Fair Value	Net Fair Value
Derivatives designated as hedged instruments:				
Foreign exchange contracts	Prepaid expenses and other current assets	$ 3,761	$ (3,197)	$ 564
Foreign exchange contracts	Other long-term liabilities	24	(433)	(409)
		$ 3,785	$ (3,630)	$ 155
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other current liabilities	39	(209)	(170)
Total derivatives		$ 3,824	$ (3,839)	$ (15)

Our forward foreign exchange contracts are subject to a master netting agreement and qualify for netting in the consolidated condensed balance sheets.

Fair Value Disclosure. FASB guidance defines fair value and establishes a framework for measuring fair value and related disclosure requirements. This guidance applies when fair value measurements are required or permitted. The guidance indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is defined based upon an exit price model.

Valuation Hierarchy. A valuation hierarchy was established for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from or corroborated by observable market data through correlation. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. There have been no significant changes in the assumptions.

Valuation Techniques. Assets and liabilities carried at fair value and measured on a recurring basis as of September 30, 2024 consist of forward foreign exchange contracts and contingent consideration. The Company values its forward foreign exchange contracts using quoted prices for similar assets. The most significant assumption is quoted currency rates. The value of the forward foreign exchange contract assets and liabilities were valued using Level 2 inputs and are listed in the table above.

The Company values contingent consideration from the In2Bones, Global Inc. ("In2Bones") and Biorez, Inc. ("Biorez") acquisitions using Level 3 inputs. The contingent consideration was recorded at fair value at the date of acquisition based on the consideration expected to be transferred, estimated as the probability-weighted future cash flows, discounted back to present value. The fair value of contingent consideration is measured using projected payment dates, discount rates, revenue volatilities and projected revenues. The recurring Level 3 fair value measurements of contingent consideration for which the liabilities are recorded include the following significant unobservable inputs as of September 30, 2024:

	Assumptions	
Unobservable Input	**In2Bones**	**Biorez**
Discount rate	7.33%	12.54%
Revenue volatility	19.53%	22.27%
Projected year of payment	2024-2026	2024-2026

Adjustments to the fair value of contingent consideration for In2Bones were driven principally by the level of In2Bones revenue and reflect various factors, including a delayed recovery from supply chain constraints, delays in product registrations and integration disruptions. Biorez adjustments to fair value of contingent consideration principally relate to the level of Biorez revenue driven by the expected timing of clinical trial results. Changes in the fair value of contingent consideration liabilities for the nine months ended September 30, 2024 and 2023 are as follows:

	In2Bones		Biorez	
	2024	**2023**	**2024**	**2023**
Balance as of January 1,	$ 41,393	$ 70,198	$ 128,751	$ 116,234
Payments	(3,028)	—	(45,056)	—
Changes in fair value of contingent consideration	(27,269)	860	(14,999)	6,089
Balance as of September 30,	$ 11,096	$ 71,058	$ 68,696	$ 122,323

Contingent consideration of $30.9 million and $48.9 million is included in other current liabilities and other long-term liabilities, respectively, in the consolidated condensed balance sheet at September 30, 2024. Contingent consideration of $77.6 million and $92.5 million is included in other current liabilities and other long-term liabilities, respectively, in the consolidated condensed balance sheet at December 31, 2023.

The carrying amounts reported in our consolidated condensed balance sheets for cash and cash equivalents, accounts receivable, accounts payable and variable long-term debt approximate fair value.

Note 7 - Inventories

Inventories consist of the following:

	September 30, 2024	December 31, 2023
Raw materials	$ 107,186	$ 107,262
Work-in-process	31,411	29,463
Finished goods	203,953	181,599
Total	$ 342,550	$ 318,324

Note 8 - Earnings Per Share

Basic earnings per share ("basic EPS") is computed by dividing net income by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share ("diluted EPS") gives effect to all dilutive potential shares.

The following tables set forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 48,984	$ 15,837	$ 98,668	$ 31,388
Basic weighted average shares outstanding	30,856	30,741	30,815	30,638
Stock compensation	256	770	333	758
Warrants	—	—	—	15
Convertible notes	—	178	—	152
Diluted weighted average shares outstanding	31,112	31,689	31,148	31,563
Net income (per share)				
Basic	$ 1.59	$ 0.52	$ 3.20	$ 1.02
Diluted	1.57	0.50	3.17	0.99

The shares used in the calculation of diluted EPS exclude stock options and stock appreciation rights to purchase shares where the exercise price was greater than the average market price of common shares for the period and the effect of the inclusion would be anti-dilutive. Such shares aggregated approximately 3.4 million and 3.2 million for the three and nine months ended September 30, 2024, respectively, and 1.7 million and 1.8 million for the three and nine months ended September 30, 2023, respectively.

Note 9 - Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill for the nine months ended September 30, 2024 are as follows:

Balance as of December 31, 2023	$ 806,844
Foreign currency translation	27
Balance as of September 30, 2024	$ 806,871

Assets and liabilities of acquired businesses are recorded at their estimated fair values as of the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses.

Other intangible assets consist of the following:

	September 30, 2024			December 31, 2023	
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets with definite lives:	22				
Customer and distributor relationships	24	$ 369,948	$ (201,001)	$ 369,930	$ (188,486)
Sales representation, marketing and promotional rights	25	149,376	(76,500)	149,376	(72,000)
Developed technology	18	320,204	(52,248)	320,204	(44,558)
Patents and other intangible assets	16	84,634	(55,388)	82,594	(54,120)
Intangible assets with indefinite lives:					
Trademarks and tradenames		86,544	—	86,544	—
		$ 1,010,706	$ (385,137)	$ 1,008,648	$ (359,164)

Customer and distributor relationships, trademarks and tradenames, developed technology and patents and other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. Sales representation, marketing and promotional rights represent intangible assets created under our agreement with Musculoskeletal Transplant Foundation (“MTF”).

Amortization expense related to intangible assets which are subject to amortization totaled $8.8 million and $8.7 million for the three months ended September 30, 2024 and 2023, respectively, and $26.0 million and $26.3 million for the nine months ended September 30, 2024 and 2023, respectively, and is included as a reduction of revenue (for amortization related to our sales representation, marketing and promotional rights) and in selling and administrative expense (for all other intangible assets) in the consolidated condensed statements of comprehensive income.

The estimated intangible asset amortization expense remaining for the year ending December 31, 2024 and for each of the five succeeding years is as follows:

	Amortization included in expense	Amortization recorded as a reduction of revenue	Total
Remaining, 2024	$ 7,259	$ 1,500	$ 8,759
2025	29,453	6,000	35,453
2026	29,565	6,000	35,565
2027	30,622	6,000	36,622
2028	33,750	6,000	39,750
2029	32,966	6,000	38,966

Note 10 - Long-Term Debt

Long-term debt consists of the following:

	September 30, 2024	December 31, 2023
Revolving line of credit	$ 36,000	$ 2,000
Term loan, net of deferred debt issuance costs of $411 and $524 in 2024 and 2023, respectively	114,177	114,064
2.625% convertible notes	—	70,000
2.250% convertible notes, net of deferred debt issuance costs of $11,390 and $14,581 in 2024 and 2023, respectively	788,610	785,419
Finance leases	2,024	2,365
Total debt	940,811	973,848
Less: Current portion	717	708
Total long-term debt	$ 940,094	$ 973,140

Seventh Amended and Restated Senior Credit Agreement

On July 16, 2021, we entered into a seventh amended and restated senior credit agreement consisting of: (a) a $233.5 million term loan facility and (b) a $585.0 million revolving credit facility. The revolving credit facility will terminate and the loans outstanding under the term loan facility will expire on July 16, 2026. The term loan was payable in quarterly installments increasing over the term of the facility. During 2022, we made a $90.0 million prepayment on the term loan facility resulting in the elimination of such quarterly payments with the remaining balance due upon the expiration of the term loan facility. Proceeds from the term loan facility and borrowings under the revolving credit facility were used to repay the then existing senior credit agreement. On July 19, 2024, we amended our seventh amended and restated senior credit agreement to exclude from the calculation of consolidated fixed charges the $70.0 million payment we made in February 2024 of our then-outstanding 2.625% Notes. Interest rates are at the Term Secured Overnight Financing Rate plus 0.114% ("Adjusted Term SOFR") (4.990% at September 30, 2024) plus an interest rate margin of 1.125% (6.114% at September 30, 2024). For borrowings where we elect to use the alternate base rate, the initial base rate is the greatest of (i) the Prime Rate, (ii) the Federal Funds Rate plus 0.50% or (iii) the one-month Adjusted Term SOFR plus 1.00%, plus, in each case, an interest rate margin.

There were $114.6 million in borrowings outstanding on the term loan facility as of September 30, 2024. There were $36.0 million in borrowings outstanding under the revolving credit facility as of September 30, 2024. Our available borrowings on the revolving credit facility at September 30, 2024 were $547.4 million with approximately $1.6 million of the facility set aside for outstanding letters of credit. The carrying amounts of the term loan and revolving credit facility approximate fair value.

The seventh amended and restated senior credit agreement is collateralized by substantially all of our personal property and assets. The seventh amended and restated senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of September 30, 2024. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

2.625% Convertible Notes

On January 29, 2019, we issued $345.0 million aggregate principal amount of 2.625% convertible notes that were due in 2024 (the "2.625% Notes"). Interest was payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2019. The 2.625% Notes were scheduled to mature on February 1, 2024, unless earlier repurchased or converted.

The 2.625% Notes represented subordinated unsecured obligations and were convertible under certain circumstances, as defined in the indenture, into a combination of cash and CONMED common stock. The 2.625% Notes could have been converted at an initial conversion rate of 11.2608 shares of our common stock per $1,000 principal amount of 2.625% Notes (equivalent to an initial conversion price of approximately $88.80 per share of common stock). Holders of the 2.625% Notes could have converted the 2.625% Notes at their option at any time on or after November 1, 2023 through the second scheduled trading day preceding the maturity date. Holders of the 2.625% Notes also had the right to convert the 2.625% Notes prior to November 1, 2023, but only upon the occurrence of specified events. The conversion rate was subject to anti-dilution adjustments if certain events occurred. A portion of the net proceeds from the offering of the 2.625% Notes was used as part of the financing for the Buffalo Filter acquisition and $21.0 million were used to pay the cost of certain convertible notes hedge transactions as further described below.

On June 6, 2022, the Company repurchased and extinguished $275.0 million principal amount of the 2.625% Notes for aggregate consideration consisting of $275.0 million in cash and approximately 0.9 million shares of the Company's common stock. Concurrently, the Company entered into a Supplemental Indenture related to the remaining $70.0 million in 2.625% Notes, in which the Company irrevocably elected to settle the principal value of those 2.625% Notes in cash. In February 2024, the Company repaid the remaining $70.0 million then outstanding of the 2.625% Notes through borrowings on our revolving credit facility and issued 0.1 million shares of the Company's common stock.

For the three months ended September 30, 2023, we have recorded interest expense on the 2.625% Notes of $0.5 million, and for the nine months ended September 30, 2024 and 2023, we have recorded interest expense on the 2.625% Notes of $0.2 million and $1.4 million, respectively, at the contractual coupon rate of 2.625%.

2.250% Convertible Notes

On June 6, 2022, we issued $800.0 million aggregate principal amount of 2.250% Notes. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2022. The 2.250% Notes will mature on June 15, 2027, unless earlier repurchased or converted. The 2.250% Notes represent subordinated unsecured obligations and are convertible under certain circumstances, as defined in the indenture, into a combination of cash and CONMED common stock, with the principal required to be paid in cash. The 2.250% Notes may be converted at an initial conversion rate of 6.8810 shares of our common stock per $1,000 principal amount of the 2.250% Notes (equivalent to an initial conversion price of approximately $145.33 per share of common stock). Holders of the 2.250% Notes may convert the 2.250% Notes at their option at any time on or after March 15, 2027 through the second scheduled trading day preceding the maturity date. Holders of the 2.250% Notes will also have the right to convert the 2.250% Notes prior to March 15, 2027, but only upon the occurrence of specified events. The conversion rate is subject to anti-dilution adjustments if certain events occur. A portion of these proceeds were used to repurchase and extinguish a portion of the 2.625% Notes, pay off our then outstanding balance on our revolving line of credit, pay down of $90.0 million of our term loan and partially pay for the In2Bones acquisition. In addition, approximately $115.6 million of the proceeds were used to pay the cost of certain convertible notes hedge transactions related to the 2.250% Notes.

For both the three months ended September 30, 2024 and 2023, we have recorded interest expense on the 2.250% Notes of $4.5 million, and for both the nine months ended September 30, 2024 and 2023, we have recorded interest expense on the 2.250% Notes of $13.5 million, at the contractual coupon rate of 2.250%

The estimated fair value of the 2.250% Notes was approximately $745.8 million as of September 30, 2024 based on a market approach which represents a Level 2 valuation in the fair value hierarchy. The estimated fair value was determined based on the estimated or actual bids and offers of the 2.250% Notes in an over-the-counter market transaction on the last business day of the period.

Convertible Notes Hedge Transactions

In connection with the offerings of the 2.625% and 2.250% Notes, we entered into convertible notes hedge transactions with a number of financial institutions (each, an “option counterparty”). The convertible notes hedge transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the respective Notes, the number of shares of our common stock underlying the 2.625% and 2.250% Notes. Concurrent with entering into the convertible notes hedge transactions, we also entered into separate warrant transactions with each option counterparty whereby we sold to such option counterparty warrants to purchase, subject to customary anti-dilution adjustments, the same number of shares of our common stock.

In connection with the repurchase and extinguishment of $275.0 million principal amount of the 2.625% Notes, the Company entered into agreements with the option counterparties to terminate a corresponding portion of the hedges on the 2.625% Notes. Upon maturity in February 2024 of the remaining 2.625% Notes and settlement of the related hedges, the Company received 0.1 million shares from the option counterparties.

The convertible notes hedge transactions are expected generally to reduce the potential dilution upon conversion of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, in the event that the market price per share of our common stock, as measured under the terms of the convertible notes hedge transactions, is greater than the strike price of the convertible notes hedge transactions, which initially corresponds to the conversion price of the Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Notes. If, however, the market price per share of our common stock, as measured under the terms of the warrant transactions, exceeds the strike price ($251.53 for the 2.250% Notes) of the warrants, there would nevertheless be dilution to the extent that such market price exceeds the strike price of the warrants, unless we elect to settle the warrants in cash.

The scheduled maturities of long-term debt outstanding at September 30, 2024 are as follows:

Remaining, 2024	$	—
2025		—
2026		150,588
2027		800,000
2028		—
2029		—

The above amounts exclude deferred debt issuance costs and finance leases.

Note 11 - Guarantees

We provide warranties on certain of our products at the time of sale and sell extended warranties. The standard warranty period for our capital equipment is generally one year and our extended warranties typically vary from one to three years. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant.

Changes in the liability for standard warranties for the nine months ended September 30, are as follows:

	2024	2023
Balance as of January 1,	$ 1,802	$ 1,944
Provision for warranties	308	388
Claims made	(578)	(569)
Balance as of September 30,	$ 1,532	$ 1,763

Costs associated with extended warranty repairs are recorded as incurred and amounted to $3.8 million and $3.9 million for the nine months ended September 30, 2024 and 2023, respectively.

Note 12 - Pension Plan

Net periodic pension cost consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	$ 180	$ 194	$ 540	$ 582
Interest cost on projected benefit obligation	863	911	2,589	2,733
Expected return on plan assets	(1,101)	(1,032)	(3,303)	(3,096)
Net amortization and deferral	398	532	1,195	1,597
Net periodic pension cost	$ 340	$ 605	$ 1,021	$ 1,816

We do not expect to make any pension contributions during 2024. Non-service pension cost was immaterial for the three and nine months ended September 30, 2024 and 2023.

Note 13 - Business Segment

We are accounting and reporting for our business as a single operating segment entity engaged in the development, manufacturing and sale on a global basis of surgical devices and related equipment. Our chief operating decision maker (the CEO) evaluates the various global product portfolios on a net sales basis and evaluates profitability, investment, cash flow metrics and allocates resources on a consolidated worldwide basis due to shared infrastructure and resources. Our product lines consist of orthopedic surgery and general surgery. Orthopedic surgery consists of sports medicine and lower extremities instrumentation and implants, small bone, large bone and specialty powered surgical instruments as well as imaging systems for use in minimally invasive surgery procedures and fees related to the sales representation, promotion and marketing of sports medicine allograft tissue. General surgery consists of a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic and gastrointestinal procedures, smoke evacuation devices, a line of cardiac monitoring products as well as electrosurgical generators and related instruments. These product lines' net sales are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Orthopedic surgery	$ 130,537	$ 124,667	$ 404,986	$ 396,633
General surgery	186,164	179,911	556,085	521,066
Consolidated net sales	$ 316,701	$ 304,578	$ 961,071	$ 917,699

Note 14 - Legal Proceedings

From time to time, the Company may receive an information request, subpoena or warrant from a government agency such as the Securities and Exchange Commission, Department of Justice, Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the United States Food and Drug Administration, the Department of Labor, the Treasury Department or other federal and state agencies or foreign governments or government agencies. These information requests, subpoenas or warrants may or may not be routine inquiries, or may begin as routine inquiries and over time develop into enforcement actions of various types. Likewise, if we receive reports of alleged misconduct from employees or third parties, we investigate as appropriate.

Manufacturers of medical devices have been the subject of various investigations and enforcement actions relating to interactions with health care providers domestically or internationally whereby companies are claimed to have provided health care providers with inappropriate incentives to purchase their products. Similarly, the Foreign Corrupt Practices Act ("FCPA") prohibits U.S. companies and their representatives from offering or making payments to foreign officials for the purpose of securing a business advantage; and in many countries, the healthcare professionals with whom we regularly interact may meet the definition of a foreign government official for purposes of this law. Similar anti-bribery laws are in effect in many of the countries in which we operate. The FCPA also imposes obligations on manufacturers listed on U.S. stock exchanges to maintain accurate books and records, and maintain internal accounting controls sufficient to provide assurance that transactions are accurately recorded, lawful and in accordance with management's authorization. The FCPA can pose unique challenges for manufacturers that operate in foreign cultures where conduct prohibited by the FCPA may not be viewed as illegal in local jurisdictions, and because, in some cases, a United States manufacturer may face risks under the FCPA based on the conduct of third parties (e.g., distributors) over whom the manufacturer may not have complete control. While CONMED has not experienced any material enforcement action to date, there can be no assurance that the Company will not be subject to a material enforcement action in the future, or that the Company will not incur costs including, in the form of fees for lawyers and other consultants, that are material to the Company's results of operations in the course of responding to a future inquiry or investigation.

In addition, as a manufacturer of U.S. FDA-approved devices reimbursable by federal healthcare programs, we are subject to the Physician Payments Sunshine Act, which requires us to annually report certain payments and other transfers of value we make to U.S.-licensed physicians or U.S. teaching hospitals. Any failure to comply with these laws and regulations could subject us or our officers and employees to criminal and civil financial penalties.

Manufacturers of medical products may face exposure to significant product liability claims, as well as patent infringement and other claims incurred in the ordinary course of business. To date, we have not experienced any claims that have been material to our financial statements or financial condition, but any such claims arising in the future could have a material adverse effect on our business, results of operations or cash flows. We currently maintain commercial product liability insurance of $35 million per incident and $35 million in the aggregate annually, which we believe is adequate. This coverage is on a claims-made basis. There can be no assurance that claims will not exceed insurance coverage, that the carriers will be solvent or that such insurance will be available to us in the future at a reasonable cost.

Our operations are subject, and in the past have been subject, to a number of environmental laws and regulations governing, among other things, air emissions; wastewater discharges; the use, handling and disposal of hazardous substances and wastes; soil and groundwater remediation and employee health and safety. Likewise, the operations of our suppliers and sterilizers are subject to similar environmental laws and regulations. In some jurisdictions, environmental requirements may be expected to become more stringent in the future. In the United States, certain environmental laws can impose liability for the entire cost of site restoration upon each of the parties that may have contributed to conditions at the site regardless of fault or the lawfulness of the party's activities. While we do not believe that the present costs of environmental compliance and remediation are material, there can be no assurance that future compliance or remedial obligations would not have a material adverse effect on our financial condition, results of operations or cash flows.

CONMED has been defending two Georgia State Court actions. The first action was filed in May 2020 in Cobb County by various employees, former employees, contract workers and others against CONMED and against a contract sterilizer (the "Cobb County Action"). Plaintiffs alleged personal injury and related claims purportedly arising from or relating to exposure to Ethylene Oxide, a chemical used to sterilize certain products. CONMED's motion to dismiss action was heard on January 10, 2022, and the Court issued a ruling on June 15, 2022 dismissing 44 of the 51 plaintiffs' claims as precluded by the exclusive workers' compensation remedy, as well as one claim from a non-employee plaintiff. The remaining plaintiffs voluntarily dismissed their claims against CONMED such that all claims against CONMED in the Cobb County Action have now been dismissed and CONMED is no longer a named party to this case.

The second action was filed in April 2021 in Douglas County against CONMED's landlord and other allegedly related entities (the "Douglas County Action"). Plaintiff alleged the same injuries as the Cobb County Action. In July 2024, CONMED reached an agreement in principle to settle this matter for an amount covered by CONMED's insurance. As with any litigation, there are risks, including the risk that the settlement agreement might not be finalized, that the Landlord defendants may not prevail with respect to the defense of the underlying claims, and that CONMED may not prevail in securing the adequate insurance to cover the indemnification of any judgment.

CONMED submitted the foregoing claims for insurance coverage. One insurer is providing coverage for certain of the claims asserted directly against the Company. CONMED litigated two lawsuits in the United States District Court for the Northern District of New York with Federal Insurance Company ("Chubb"): one involving CONMED's claim for coverage for the indemnification claims arising from the Cobb County Action, and the other concerning CONMED's claim for coverage for the indemnification claims arising from the Douglas County Action. On March 10, 2022, the Court ruled in favor of CONMED with respect to coverage for the indemnification claims arising from the Cobb County Action. Chubb's motion for reconsideration was denied, and Chubb filed a notice of appeal. On August 9, 2022, CONMED won a similar ruling finding in its favor and against Chubb as to the coverage case concerning the Douglas County Action. Chubb appealed that decision as well. Chubb subsequently withdrew its appeal in connection with a settlement between the parties. Chubb disputes the amount it owes in fees incurred by the Company's attorneys defending the Douglas County Action going forward. Accordingly, CONMED has commenced a third action against Chubb in the Northern District of New York to enforce the terms of the settlement agreement in the Douglas County Action. The court denied CONMED’s motion on pleading. The parties are now proceeding to define the scope of the discovery.

In addition, one of CONMED’s contract sterilizers, which is defending toxic tort claims asserted by various residents in the areas around its processing facility, has placed CONMED on notice of a claim for indemnification relating to some of those claims. CONMED reviewed the notice and reached out to the contract sterilizer for more information. At this time, the contract sterilizer has not responded.

The government of Italy passed a law in late 2015 to tax medical device companies on revenue derived from sales to public hospitals. The tax is calculated and based on provincial spending over and above certain thresholds. The Italy medical device tax represents variable consideration in the form of a retroactive discount potentially owed to the customer, which is ultimately the Italian government. Since the law was enacted through September 2022, the Italian government essentially made no effort to administer or collect the tax. A lack of interpretative guidance and the complexity of the law resulted in uncertainty as to the actual amount of liability. In September 2022, the Italian government passed a further decree which, amongst other provisions, delegated administration and collection to the provincial level for the years 2015 – 2018. The Company challenged the imposition of the medical device tax in Italy, as did many other medical device companies, on the grounds that the law was never implemented properly with regulations. On July 22, 2024, the Italian Constitutional Court determined the tax to be constitutional, however, a 52% discount on amounts due for the years 2015-2018 was granted as part of the ruling. The Company has used its best estimate to record reserves related to the tax. No amounts have been remitted to date.

In December 2023, the Company voluntarily informed the U.S. Department of Justice (“DOJ”) of potential issues with certain royalty payments related to design surgeons. The Company is fully cooperating with the DOJ and their review of the matter.

From time to time, we are also subject to negligence and other claims arising out of the ordinary conduct of our business, including, for example, automobile or other accidents our employees may experience within the course of their employment or otherwise and which may, on occasion, involve potentially significant personal injuries or other exposures.

We record reserves sufficient to cover probable and estimable losses associated with any such pending claims. With respect to the matters described above, except as noted related to the medical device tax in Italy, the Company is unable to estimate a range of possible loss at this time, nor does it believe any potential loss is probable, and as a result has not recorded any reserves related to the potential outcomes in connection with these matters. We do not expect that the resolution of any pending claims, investigations or reports of alleged misconduct will have a material adverse effect on our financial condition, results of operations or cash flows. There can be no assurance, however, that future claims, investigations, or reports of alleged misconduct, or the costs associated with responding to such claims, investigations or reports of alleged misconduct, especially when not covered by insurance, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In this Report on Form 10-Q, we make forward-looking statements about our financial condition, results of operations and business. Forward-looking statements are statements made by us concerning events that may or may not occur in the future. These statements may be made directly in this document or may be "incorporated by reference" from other documents. Such statements may be identified by the use of words such as "anticipates", "expects", "estimates", "intends" and "believes" and variations thereof and other terms of similar meaning.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, including those that may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include those identified under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 and the following, among others:

- general economic and business conditions, including, without limitation, a potential economic downturn, supply chain challenges and constraints, including the availability and cost of materials, the effects of inflation, and increased interest rates;
- compliance with and changes in regulatory requirements;
- the failure of any enterprise-wide software programs or information technology systems, or potential disruption associated with updating or implementing new software programs or information technology systems;
- the risk of an information security breach, including a cybersecurity breach;
- pandemics and health crises, and the responses thereto by governments and hospitals, which poses risks to our business, financial condition and results of operations;
- the possibility that United States or foreign regulatory and/or administrative agencies may initiate enforcement actions against us or our distributors;
- the introduction and acceptance of new products;
- the ability to advance our product lines, including challenges and uncertainties inherent in product research and development, and the uncertain impact, outcome and cost of ongoing and future clinical trials and market studies;
- competition;
- laws and government regulations;
- changes in customer preferences;
- changes in technology;
- cyclical customer purchasing patterns due to budgetary, staffing and other constraints;
- environmental compliance risks, including lack of availability of sterilization with Ethylene Oxide ("EtO") or other compliance costs associated with the use of EtO;
- the quality of our management and business abilities and the judgment of our personnel, as well as our ability to attract, motivate and retain employees at all levels of the Company;
- the availability, terms and deployment of capital;
- current and future levels of indebtedness and capital spending;
- changes in foreign exchange and interest rates;
- the ability to evaluate, finance and integrate acquired businesses, products and companies;
- changes in business strategy;
- the risk of a lack of allograft tissues due to reduced donations of such tissues or due to tissues not meeting the appropriate high standards for screening and/or processing of such tissues;
- the ability to defend and enforce intellectual property, including the risks related to theft or compromise of intellectual property in connection with our international operations;
- the risk of patent, product and other litigation, as well as the cost associated with such litigation;
- trade protection measures, tariffs and other border taxes, and import or export licensing requirements; and
- weather related events which may disrupt our operations.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and "Risk Factors" and "Business" in our Annual Report on Form 10-K for the year ended December 31, 2023 for a further discussion of these factors. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

Amounts reported in millions within this Quarterly Report on Form 10-Q are computed based on the amounts in thousands. As a result, the sum of the components may not equal the total amount reported in millions due to rounding. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying unrounded amounts.

Overview

CONMED Corporation ("CONMED", the "Company", "we" or "us") is a medical technology company that provides devices and equipment for surgical procedures. The Company's products are used by surgeons and other healthcare professionals in a variety of specialties including orthopedics, general surgery, gynecology, thoracic surgery and gastroenterology.

Our product lines consist of orthopedic surgery and general surgery. Orthopedic surgery consists of sports medicine and lower extremities instrumentation and implants, small bone, large bone and specialty powered surgical instruments as well as imaging systems for use in minimally invasive surgery procedures and service fees related to the promotion and marketing of sports medicine allograft tissue. General surgery consists of a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic and gastrointestinal procedures, smoke evacuation devices, a line of cardiac monitoring products as well as electrosurgical generators and related instruments. These product lines as a percentage of consolidated net sales are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Orthopedic surgery	41 %	44 %	42 %	44 %
General surgery	59 %	56 %	58 %	56 %
Consolidated net sales	100 %	100 %	100 %	100 %

A significant amount of our products are used in surgical procedures with approximately 85% of our revenues derived from the sale of single-use products. Our capital equipment offerings also facilitate the ongoing sale of related single-use products and accessories, thus providing us with a recurring revenue stream. We manufacture substantially all of our products in facilities located in the United States and Mexico. We market our products both domestically and internationally directly to customers and through distributors. International sales approximated 43% and 44% of our consolidated net sales during the nine months ended September 30, 2024 and 2023, respectively.

Business Environment

The Company has been and continues to be impacted by the macro-economic environment and we are experiencing higher manufacturing and operating costs caused by inflationary pressures and ongoing supply chain challenges. We work with suppliers to mitigate these impacts; however, we expect these challenges to continue through 2024. This will likely impact our results of operations.

The Company has not been materially impacted by the conflicts in Ukraine and the Middle East. The Company has no direct operations in these regions with our business limited to selling to third party distributors. Total revenues and accounts receivable associated with sales to third party distributors in these regions are not material to the consolidated condensed financial statements. We will continue to monitor and adjust our business strategy in response to the conflicts in these regions as necessary.

During the latter part of the third quarter of 2024, the path of Hurricane Helene impacted the Company's manufacturing facility in Largo, Florida and the Company's distribution center in Lithia Springs, Georgia. The Company prioritizes the safety of its employees, and ceased manufacturing operations at its Largo, Florida facility for approximately 24 hours. Then, during the early part of the fourth quarter of 2024, the path of Hurricane Milton impacted the Company's manufacturing facility in Largo, Florida and we again ceased manufacturing operations for four days. The facilities did not incur any significant damage as a result of these hurricanes, we have confirmed the safety of our employees and the Company has resumed normal operations. We are monitoring the impact these hurricanes had, and may continue to have, on hospitals and surgery centers, as well as supply chain, but cannot quantify the impact at this time.

Critical Accounting Policies

Preparation of our financial statements requires us to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023 describes the significant accounting policies used in preparation of the Consolidated Financial Statements. On an ongoing basis, we evaluate the critical accounting policies used to prepare our consolidated financial statements, including, but not limited to, those related to goodwill and intangible assets, contingent consideration and our pension benefit obligation.

Consolidated Results of Operations

The following table presents, as a percentage of net sales, certain categories included in our consolidated condensed statements of comprehensive income for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	43.5	44.8	44.4	46.2
Gross profit	56.5	55.2	55.6	53.8
Selling and administrative expense	31.5	41.1	36.0	42.0
Research and development expense	4.3	4.1	4.3	4.2
Income from operations	20.7	9.9	15.4	7.7
Interest expense	2.9	3.3	3.0	3.3
Income before income taxes	17.8	6.7	12.4	4.4
Provision for income taxes	2.4	1.5	2.2	1.0
Net income	15.5 %	5.2 %	10.3 %	3.4 %

Net Sales

The following table presents net sales by product line for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended				
			% Change		
	2024	2023	As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	$ 130.5	$ 124.7	4.7 %	0.5 %	5.2 %
General surgery	186.2	179.9	3.5 %	0.1 %	3.6 %
Net sales	$ 316.7	$ 304.6	4.0 %	0.3 %	4.3 %
Single-use products	$ 270.8	$ 253.3	6.9 %	0.3 %	7.2 %
Capital products	45.9	51.3	(10.6)%	0.2 %	(10.4)%
Net sales	$ 316.7	$ 304.6	4.0 %	0.3 %	4.3 %

	Nine Months Ended				
			% Change		
	2024	2023	As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	$ 405.0	$ 396.6	2.1 %	0.5 %	2.6 %
General surgery	556.1	521.1	6.7 %	0.3 %	7.0 %
Net sales	$ 961.1	$ 917.7	4.7 %	0.4 %	5.1 %
Single-use products	$ 814.8	$ 767.3	6.2 %	0.4 %	6.6 %
Capital products	146.3	150.4	(2.7)%	0.3 %	(2.4)%
Net sales	$ 961.1	$ 917.7	4.7 %	0.4 %	5.1 %

Net sales increased 4.0% and 4.7% in the three and nine months ended September 30, 2024, respectively, compared to the same periods a year ago. The increases during the three and nine months ended September 30, 2024 were primarily due to growth in both the orthopedic surgery and general surgery product lines.

- Orthopedic surgery sales increased 4.7% and 2.1% in the three and nine months ended September 30, 2024, respectively, primarily due to growth in our sports medicine and BioBrace® product offerings.

- General surgery sales increased 3.5% and 6.7% in the three and nine months ended September 30, 2024, respectively, primarily due to growth in our AirSeal® and biliary product offerings.

Cost of Sales

Cost of sales increased to $137.7 million in the three months ended September 30, 2024 as compared to $136.5 million in the three months ended September 30, 2023 and increased to $426.4 million in the nine months ended September 30, 2024 as compared to $423.6 million in the nine months ended September 30, 2023. Gross profit margins increased 130 basis points to 56.5% in the three months ended September 30, 2024 as compared to 55.2% in the three months ended September 30, 2023. Gross profit margins increased 180 basis points to 55.6% in the nine months ended September 30, 2024 as compared to 53.8% in the nine months ended September 30, 2023.

The 130 and 180 basis point increases in gross profit margins during the three and nine months ended September 30, 2024, respectively, were mainly due to favorable product mix as well as during the three and nine months ended September 30, 2023, we incurred costs for the amortization of inventory step-up to fair value of $2.2 million and $6.5 million, respectively, related to the In2Bones acquisition.

Selling and Administrative Expense

Selling and administrative expense decreased to $99.7 million in the three months ended September 30, 2024 as compared to $125.3 million in the three months ended September 30, 2023, and decreased to $345.6 million in the nine months ended September 30, 2024 as compared to $385.1 million in the nine months ended September 30, 2023. Selling and administrative expense as a percentage of net sales decreased 960 basis points to 31.5% in the three months ended September 30, 2024 as compared to 41.1% in the three months ended September 30, 2023 and decreased 600 basis points to 36.0% in the nine months ended September 30, 2024 as compared to 42.0% in the nine months ended September 30, 2023. The decreases in selling and administrative expense as a percentage of net sales for the three and nine months ended September 30, 2024 were primarily driven by:

- $27.0 million and $42.3 million of income related to fair value adjustments to contingent consideration in the three and nine months ended September 30, 2024, respectively, compared to expense of $3.2 million and $6.9 million in the three and nine months ended September 30, 2023, respectively, see Note 6;
- $2.1 million in costs related to the termination of distribution agreements during the nine months ended September 30, 2023;
- $6.1 million in costs related to the implementation of a new warehouse management system in the nine months ended September 30, 2023. These costs mainly consisted of incremental freight, labor and travel costs as well as professional fees;
- $1.6 million in costs consisting of severance related to the elimination of certain positions during the nine months ended September 30, 2023; and
- overall decrease in selling and administrative expense as a percentage of sales as we leverage our existing selling and administrative structure.

These decreases are offset by $1.9 million and $4.6 million in costs incurred for third party services pertaining to potential issues with certain royalty payments to design surgeons during the three and nine months ended September 30, 2024, respectively.

Research and Development Expense

Research and development expense increased to $13.6 million in the three months ended September 30, 2024 as compared to $12.5 million in the three months ended September 30, 2023, and increased to $41.3 million in the nine months ended September 30, 2024 as compared to $38.6 million in the nine months ended September 30, 2023. As a percentage of net sales, research and development expense increased 20 basis points to 4.3% in the three months ended September 30, 2024 as compared to 4.1% in the three months ended September 30, 2023 and increased 10 basis points to 4.3% in the nine months ended September 30, 2024 as compared to 4.2% in the nine months ended September 30, 2023. Spend as a percentage of sales was mainly driven by the timing of research and development projects.

Interest Expense

Interest expense decreased to $9.3 million in the three months ended September 30, 2024 from $10.0 million in the three months ended September 30, 2023 and decreased to $28.4 million in the nine months ended September 30, 2024 from $30.3 million in the nine months ended September 30, 2023. The weighted average interest rates on our borrowings decreased to 3.15% in the three months ended September 30, 2024 as compared to 3.17% in the three months ended September 30, 2023. The weighted average interest rates on our borrowings increased to 3.18% in the nine months ended September 30, 2024 as compared to 3.13% in the nine months ended September 30, 2023. The decrease in interest expense in the three months ended September 30, 2024 was driven by lower weighted average borrowings outstanding and lower weighted average interest rates during 2024. The decrease in interest expense in the nine months ended September 30, 2024 was driven by lower weighted average borrowings outstanding during 2024.

Provision for Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate applied to its year-to-date earnings, and also adjusting for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate and if the estimated annual effective tax rate changes, the Company would make a cumulative adjustment in that quarter.

Income tax expense has been recorded at an effective tax rate of 13.2% for the three months ended September 30, 2024 compared to 21.9% for the three months ended September 30, 2023. Income tax expense has been recorded at an effective tax rate of 17.4% for the nine months ended September 30, 2024 compared to 21.8% for the nine months ended September 30, 2023. The lower effective tax rates for the three and nine months ended September 30, 2024 were primarily the result of the higher income in 2024 incurring a lower percentage of tax expense and income related to the fair value adjustments to contingent consideration which is not subject to federal tax. The three months ended September 30, 2024 included discrete income tax expense from stock option exercises which increased the effective tax rate by 0.1% and discrete income tax benefit from finalizing the 2023 federal tax return which decreased the effective tax rate by 2.1%. The three months ended September 30, 2023 included discrete income tax benefit from stock option exercises which reduced the effective tax rate by 0.3% and discrete income tax benefit from finalizing the 2022 federal tax return which decreased the effective tax rate by 7.4%. The nine months ended September 30, 2024 included discrete income tax expense from stock option exercises which increased the effective tax rate by 0.1%, discrete income tax benefit related to acquired federal research credits which decreased the effective tax rate by 0.3% and discrete income tax benefit from finalizing the 2023 federal tax return which decreased the effective tax rate by 1.0%. The nine months ended September 30, 2023 included discrete income tax benefit from stock option exercises which decreased the effective tax rate by 3.7%, discrete income tax benefit from finalizing the 2022 tax return which decreased the effective tax rate by 3.7%, and discrete income tax expense from foreign related taxes which increased the effective tax rate by 0.9%. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in our Annual Report on Form 10-K for the year ended December 31, 2023 under Note 9 to the consolidated financial statements.

Non-GAAP Financial Measures

Net sales on a "constant currency" basis is a non-GAAP measure. The Company analyzes net sales on a constant currency basis to better measure the comparability of results between periods. To measure percentage sales growth in constant currency, the Company removes the impact of changes in foreign currency exchange rates that affect the comparability and trend of net sales.

Because non-GAAP financial measures are not standardized, it may not be possible to compare this financial measure with other companies' non-GAAP financial measures having the same or similar names. This adjusted financial measure should not be considered in isolation or as a substitute for reported net sales growth, the most directly comparable GAAP financial measure. This non-GAAP financial measure is an additional way of viewing net sales that, when viewed with our GAAP results, provides a more complete understanding of our business. The Company strongly encourages investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investments, working capital requirements and payments on indebtedness under the seventh amended and restated senior credit agreement. We have historically met these liquidity requirements with funds generated from operations and borrowings under our revolving credit facility. In addition, we have historically used term borrowings, including borrowings under the seventh amended and restated senior credit agreement to finance our acquisitions. We also have the ability to raise funds through the sale of stock or we may issue debt through a private placement or public offering.

Operating cash flows

Our net working capital position was $358.7 million at September 30, 2024. Net cash provided by operating activities was $123.6 million in the nine months ended September 30, 2024 compared to net cash provided by operating activities of $69.0 million in the nine months ended September 30, 2023, generated on net income of $98.7 million and $31.4 million for the nine months ended September 30, 2024 and 2023, respectively. Significant changes in assets and liabilities affecting operating cash flows in the nine months ended September 30, 2024 include the following:

- An increase in cash flows from accounts receivable due to timing of sales and cash receipts compared to the same period a year ago;
- A decrease in cash flows from inventory as we increased inventory to mitigate supply chain challenges;
- An increase in cash flows from accounts payable due to the timing of payments; and
- A decrease in cash flows from accrued compensation and benefits as a result of higher incentive compensation payments in the nine months ended September 30, 2024 compared to the same period a year ago.

Investing cash flows

Net cash used in investing activities in the nine months ended September 30, 2024 decreased $6.1 million from the same period a year ago primarily due to capital expenditures being lower at $9.0 million in the nine months ended September 30, 2024 compared to $14.2 million in the same period a year ago.

Financing cash flows

Net cash used in financing activities in the nine months ended September 30, 2024 was $99.9 million compared to net cash used in financing activities of $51.7 million during 2023. Below is a summary of the significant financing activities impacting the change during the nine months ended September 30, 2024 compared to 2023:

- During the nine months ended September 30, 2024, we repaid the remaining $70.0 million outstanding on the 2.625% Notes.
- During the nine months ended September 30, 2024, we paid $48.1 million in contingent consideration related to the In2Bones and Biorez acquisitions.
- During the nine months ended September 30, 2024, we had net borrowings on our revolving line of credit of $34.0 million, compared to net payments of $48.0 million in the same period a year ago.
- During the nine months ended September 30, 2024, we had net cash proceeds of $5.0 million related to stock issued under employee plans compared to $16.5 million in the same period a year ago.

Other Liquidity Matters

Our cash balances and cash flows generated from operations may be used to fund strategic investments, business acquisitions, working capital needs, research and development, common stock repurchases and payments of dividends to our shareholders. Management believes that cash flow from operations, including cash and cash equivalents on hand and available borrowing capacity under our seventh amended and restated senior credit agreement, will be adequate to meet our anticipated operating working capital requirements, debt service, funding of capital expenditures, dividend payments and common stock repurchases in the foreseeable future. In addition, management believes we could access capital markets, as necessary, to fund future business acquisitions.

The Company is also being impacted by the macro-economic environment and we are experiencing higher manufacturing and operating costs caused by inflationary pressures and ongoing supply chain challenges. We continue to monitor our spending and expenses in light of these factors. However, we may need to take further steps to reduce our costs, or to refinance our debt. See “Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion.

There were $114.6 million in borrowings outstanding on the term loan facility as of September 30, 2024. There were $36.0 million in borrowings outstanding under the revolving credit facility as of September 30, 2024. Our available borrowings on the revolving credit facility at September 30, 2024 were $547.4 million with approximately $1.6 million of the facility set aside for outstanding letters of credit.

The seventh amended and restated senior credit agreement is collateralized by substantially all of our personal property and assets. The seventh amended and restated senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of September 30, 2024. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

In February 2024, the Company repaid the remaining $70.0 million then outstanding of the 2.625% Notes through borrowings on our revolving credit facility and issued 0.1 million shares of the Company's common stock.

See Note 10 for further information on our financing agreements and outstanding debt obligations.

Our Board of Directors has authorized a $200.0 million share repurchase program. Through September 30, 2024, we have repurchased a total of 6.1 million shares of common stock aggregating $162.6 million under this authorization and have $37.4 million remaining available for share repurchases. The repurchase program calls for shares to be purchased in the open market or in private transactions from time to time. We may suspend or discontinue the share repurchase program at any time. We have not purchased any shares of common stock under the share repurchase program during 2024. We have financed the repurchases and may finance additional repurchases through operating cash flow and from available borrowings under our revolving credit facility.

New Accounting Pronouncements

See Note 3 to the consolidated condensed financial statements for a discussion of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our primary market risk exposures or in how these exposures are managed during the nine months ended September 30, 2024. Reference is made to Item 7A. of our Annual Report on Form 10-K for the year ended December 31, 2023 for a description of Qualitative and Quantitative Disclosures About Market Risk.

Item 4. Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by CONMED Corporation's management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) occurred during the quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and to Note 14 of the Notes to Consolidated Condensed Financial Statements included in Part I of this Report for a description of certain legal matters.

Item 5. Other Information

During the quarter ended September 30, 2024, none of the members of our Board of Directors or officers adopted, modified or terminated a trading arrangement intended to satisfy the affirmative defense of Rule 10b5-1(c), under the Securities Exchange Act of 1934.

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description of Exhibit
31.1	Certification of Curt R. Hartman pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Todd W. Garner pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Curt R. Hartman and Todd W. Garner 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.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page - Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on the date indicated below.

CONMED CORPORATION

By: /s/ Todd W. Garner
Todd W. Garner
Executive Vice President, Finance &
Chief Financial Officer

Date:
October 31, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Curt R. Hartman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;

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.

October 31, 2024

/s/ Curt R. Hartman
Curt R. Hartman
President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd W. Garner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;

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.

October 31, 2024

/s/ Todd W. Garner
Todd W. Garner
Executive Vice President, Finance &
Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of CONMED Corporation, a Delaware corporation (the “Corporation”), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (the “Form 10-Q”) of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: October 31, 2024

/s/ Curt R. Hartman
Curt R. Hartman
President & Chief Executive Officer

Date: October 31, 2024

/s/ Todd W. Garner
Todd W. Garner
Executive Vice President, Finance &
Chief Financial Officer