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 June 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 July 29, 2024 is 30,829,285 shares.

CONMED CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	$ 332,097	$ 317,652	$ 644,371	$ 613,121
Cost of sales	148,368	146,962	288,677	287,110
Gross profit	183,729	170,690	355,694	326,011
Selling and administrative expense	122,524	129,700	245,881	259,784
Research and development expense	14,098	13,572	27,692	26,110
Operating expenses	136,622	143,272	273,573	285,894
Income from operations	47,107	27,418	82,121	40,117
Interest expense	9,593	9,997	19,188	20,252
Income before income taxes	37,514	17,421	62,933	19,865
Provision for income taxes	7,538	3,689	13,248	4,314
Net income	$ 29,976	$ 13,732	$ 49,685	$ 15,551
Comprehensive income	$ 25,343	$ 15,767	$ 45,421	$ 20,462
Per share data:				
Net income				
Basic	$ 0.97	$ 0.45	$ 1.61	$ 0.51
Diluted	0.96	0.43	1.59	0.49
Weighted average common shares				
Basic	30,813	30,662	30,792	30,587
Diluted	31,106	31,795	31,170	31,499

See notes to consolidated condensed financial statements.

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

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28,869	$ 24,296
Accounts receivable, net	239,222	242,279
Inventories	322,357	318,324
Prepaid expenses and other current assets	33,385	30,750
Total current assets	623,833	615,649
Property, plant and equipment, net	117,089	120,722
Goodwill	806,201	806,844
Other intangible assets, net	633,244	649,484
Other assets	105,249	107,322
Total assets	$ 2,285,616	$ 2,300,021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 716	$ 708
Accounts payable	101,286	88,224
Accrued compensation and benefits	55,269	70,069
Other current liabilities	109,141	151,728
Total current liabilities	266,412	310,729
Long-term debt	965,174	973,140
Deferred income taxes	64,944	60,902
Other long-term liabilities	107,254	121,028
Total liabilities	1,403,784	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	464,795	446,535
Retained earnings	489,895	452,531
Accumulated other comprehensive loss	(54,434)	(50,170)
Less: 477,030 and 534,000 shares of common stock in treasury, at cost, in 2024 and 2023, respectively	(18,737)	(14,987)
Total shareholders’ equity	881,832	834,222
Total liabilities and shareholders’ equity	$ 2,285,616	$ 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		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

See notes to consolidated condensed financial statements.

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

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities:		
Net income	$ 49,685	$ 15,551
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,211	8,222
Amortization of deferred debt issuance costs	2,813	3,012
Amortization	27,666	27,777
Stock-based compensation	13,214	12,148
Deferred income taxes	3,106	(607)
Non-cash adjustments to fair value of contingent consideration liability	(15,219)	3,799
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	6	(35,184)
Inventories	(5,795)	4,468
Accounts payable	13,300	4,453
Accrued compensation and benefits	(13,970)	(253)
Other assets	(7,586)	(11,907)
Other liabilities	(3,004)	(8,653)
Net cash provided by operating activities	72,427	22,826
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,625)	(8,783)
Other	—	(1,000)
Net cash used in investing activities	(5,625)	(9,783)
Cash flows from financing activities:		
Payments on revolving line of credit	(398,000)	(347,000)
Proceeds from revolving line of credit	458,000	331,000
Payments to redeem convertible notes	(70,000)	—
Payments related to contingent consideration	(39,429)	—
Dividends paid on common stock	(12,311)	(12,208)
Other, net	641	13,771
Net cash used in financing activities	(61,099)	(14,437)
Effect of exchange rate changes on cash and cash equivalents	(1,130)	300
Net increase (decrease) in cash and cash equivalents	4,573	(1,094)
Cash and cash equivalents at beginning of period	24,296	28,942
Cash and cash equivalents at end of period	$ 28,869	$ 27,848
Non-cash financing activities:		
Dividends payable	$ 6,163	$ 6,145

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 June 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 August 1, 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 June 30, 2024			Three Months Ended June 30, 2023		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
Primary Geographic Markets						
United States	$ 52,125	$ 133,242	$ 185,367	$ 52,339	$ 122,328	$ 174,667
Europe, Middle East & Africa	35,015	28,673	63,688	32,582	25,700	58,282
Asia Pacific	31,230	20,175	51,405	33,249	19,357	52,606
Americas (excluding the United States)	21,167	10,470	31,637	22,620	9,477	32,097
Total sales from contracts with customers	$ 139,537	$ 192,560	$ 332,097	$ 140,790	$ 176,862	$ 317,652
Timing of Revenue Recognition						
Goods transferred at a point in time	$ 128,875	$ 190,317	$ 319,192	$ 130,274	$ 175,025	$ 305,299
Services transferred over time	10,662	2,243	12,905	10,516	1,837	12,353
Total sales from contracts with customers	$ 139,537	$ 192,560	$ 332,097	$ 140,790	$ 176,862	$ 317,652

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
Primary Geographic Markets						
United States	$ 106,276	$ 255,498	$ 361,774	$ 101,284	$ 237,973	$ 339,257
Europe, Middle East & Africa	68,220	56,325	124,545	65,702	48,596	114,298
Asia Pacific	57,458	38,334	95,792	63,370	35,343	98,713
Americas (excluding the United States)	42,495	19,765	62,260	41,610	19,243	60,853
Total sales from contracts with customers	$ 274,449	$ 369,922	$ 644,371	$ 271,966	$ 341,155	$ 613,121
Timing of Revenue Recognition						
Goods transferred at a point in time	$ 253,567	$ 365,519	$ 619,086	$ 251,397	$ 337,614	$ 589,011
Services transferred over time	20,882	4,403	25,285	20,569	3,541	24,110
Total sales from contracts with customers	$ 274,449	$ 369,922	$ 644,371	$ 271,966	$ 341,155	$ 613,121

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

	June 30, 2024	December 31, 2023
Contract liability	$ 18,729	$ 17,962

Revenue recognized during the six months ended June 30, 2024 and June 30, 2023 from amounts included in contract liabilities at the beginning of the periods were $8.5 million and $7.6 million, respectively. There were no material contract assets as of June 30, 2024 and December 31, 2023.

Note 5 - Comprehensive Income

Comprehensive income consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 29,976	$ 13,732	$ 49,685	$ 15,551
Other comprehensive income (loss):				
Cash flow hedging gain (loss), net of income tax (income tax expense (benefit) of $(600) and $161 for the three months ended June 30, 2024 and 2023, respectively, and $823 and $442 for the six months ended June 30, 2024 and 2023, respectively)	(1,874)	503	2,573	1,381
Pension liability, net of income tax (income tax expense of $97 and $129 for the three months ended June 30, 2024 and 2023, respectively, and $194 and $258 for the six months ended June 30, 2024 and 2023, respectively)	301	403	603	806
Foreign currency translation adjustment	(3,060)	1,129	(7,440)	2,724
Comprehensive income	$ 25,343	$ 15,767	$ 45,421	$ 20,462

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 income (loss) before reclassifications, net of tax	5,120	—	(7,440)	(2,320)
Amounts reclassified from accumulated other comprehensive income (loss) before tax[a]	(3,362)	797	—	(2,565)
Income tax	815	(194)	—	621
Net current-period other comprehensive income (loss)	2,573	603	(7,440)	(4,264)
Balance, June 30, 2024	$ 2,690	$ (18,163)	$ (38,961)	$ (54,434)

	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 before reclassifications, net of tax	4,010	—	2,724	6,734
Amounts reclassified from accumulated other comprehensive income (loss) before tax[a]	(3,471)	1,064	—	(2,407)
Income tax	842	(258)	—	584
Net current-period other comprehensive income	1,381	806	2,724	4,911
Balance, June 30, 2023	$ 3,878	$ (22,943)	$ (33,882)	$ (52,947)

(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 June 30, 2024	As of December 31, 2023
Forward exchange contracts	Cash flow hedge	$ 228,171	$ 223,839
Forward exchange contracts	Non-designated	53,524	55,789

The remaining time to maturity as of June 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 June 30,						
				Total Amount of Line Item Presented			
Derivative Instrument	**2024**	**2023**	**Location of amount reclassified**	**2024**	**2023**	**2024**	**2023**
Foreign exchange contracts	$ (499)	$ 2,753	Net Sales	$ 332,097	$ 317,652	$ 1,349	$ 915
			Cost of Sales	148,368	146,962	626	1,175
Pre-tax gain (loss)	$ (499)	$ 2,753				$ 1,975	$ 2,090
Tax expense (benefit)	(121)	667				479	507
Net gain (loss)	$ (378)	$ 2,086				$ 1,496	$ 1,583

	Amount of Gain Recognized in AOCI		Consolidated Condensed Statements of Comprehensive Income			Amount of Gain Reclassified from AOCI	
	Six Months Ended June 30,						
				Total Amount of Line Item Presented			
Derivative Instrument	**2024**	**2023**	**Location of amount reclassified**	**2024**	**2023**	**2024**	**2023**
Foreign exchange contracts	$ 6,759	$ 5,291	Net Sales	$ 644,371	$ 613,121	$ 1,990	$ 1,490
			Cost of Sales	288,677	287,110	1,372	1,981
Pre-tax gain	$ 6,759	$ 5,291				$ 3,362	$ 3,471
Tax expense	1,639	1,281				815	842
Net gain	$ 5,120	$ 4,010				$ 2,547	$ 2,629

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At June 30, 2024, $2.6 million of net unrealized gains 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 from derivative instruments not accounted for as hedges and 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 June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net gain on currency forward contracts	Selling and administrative expense	$ 211	$ 768	$ 882	$ 403
Net loss on currency transaction exposures	Selling and administrative expense	$ (965)	$ (1,355)	$ (2,210)	$ (1,279)

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 June 30, 2024 and December 31, 2023:

June 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	Prepaid expenses and other current assets	$ 4,677	$ (1,258)	$ 3,419
Foreign exchange contracts	Other assets	824	(692)	132
		$ 5,501	$ (1,950)	$ 3,551
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other current liabilities	7	(214)	(207)
Total derivatives		$ 5,508	$ (2,164)	$ 3,344

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 June 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 June 30, 2024:

	Assumptions	
Unobservable Input	**In2Bones**	**Biorez**
Discount rate	8.28%	13.31%
Revenue volatility	19.26%	22.15%
Projected year of payment	2024-2026	2024-2026

Adjustments to the fair value of contingent consideration for In2Bones were driven by a delayed recovery from supply chain constraints, delays in product registrations and integration disruptions. Biorez adjustments to fair value of contingent consideration relate to the passage of time and changes in market assumptions. Changes in the fair value of contingent consideration liabilities for the six months ended June 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)	—	(36,401)	—
Changes in fair value of contingent consideration	(20,760)	136	5,541	3,663
Balance as of June 30,	$ 17,605	$ 70,334	$ 97,891	$ 119,897

Contingent consideration of $36.9 million and $78.6 million is included in other current liabilities and other long-term liabilities, respectively, in the consolidated condensed balance sheet at June 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:

	June 30, 2024	December 31, 2023
Raw materials	$ 103,140	$ 107,262
Work-in-process	31,104	29,463
Finished goods	188,113	181,599
Total	$ 322,357	$ 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 six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 29,976	$ 13,732	$ 49,685	$ 15,551
Basic weighted average shares outstanding	30,813	30,662	30,792	30,587
Stock compensation	293	874	378	751
Warrants	—	45	—	22
Convertible notes	—	214	—	139
Diluted weighted average shares outstanding	31,106	31,795	31,170	31,499
Net income (per share)				
Basic	$ 0.97	$ 0.45	$ 1.61	$ 0.51
Diluted	0.96	0.43	1.59	0.49

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 2.7 million for the three and six months ended June 30, 2024, respectively, and 1.8 million and 1.7 million for the three and six months ended June 30, 2023, respectively.

Note 9 - Goodwill and Other Intangible Assets

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

Balance as of December 31, 2023	$	806,844
Foreign currency translation		(643)
Balance as of June 30, 2024	$	806,201

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:

	June 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	$ 369,840	$ (196,752)	$ 369,930	$ (188,486)
Sales representation, marketing and promotional rights	25	149,376	(75,000)	149,376	(72,000)
Developed technology	18	320,204	(49,685)	320,204	(44,558)
Patents and other intangible assets	16	83,644	(54,927)	82,594	(54,120)
Intangible assets with indefinite lives:					
Trademarks and tradenames		86,544	—	86,544	—
		$ 1,009,608	$ (376,364)	$ 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 $8.6 million and $8.8 million for the three months ended June 30, 2024 and 2023, respectively, and $17.2 million and $17.6 million for the six months ended June 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	$ 14,475	$ 3,000	$ 17,475
2025	29,381	6,000	35,381
2026	29,476	6,000	35,476
2027	30,534	6,000	36,534
2028	33,662	6,000	39,662
2029	32,877	6,000	38,877

Note 10 - Long-Term Debt

Long-term debt consists of the following:

	June 30, 2024	December 31, 2023
Revolving line of credit	$ 62,000	$ 2,000
Term loan, net of deferred debt issuance costs of $421 and $524 in 2024 and 2023, respectively	114,167	114,064
2.625% convertible notes	—	70,000
2.250% convertible notes, net of deferred debt issuance costs of $12,454 and $14,581 in 2024 and 2023, respectively	787,546	785,419
Finance leases	2,177	2,365
Total debt	965,890	973,848
Less: Current portion	716	708
Total long-term debt	$ 965,174	$ 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") (5.489% at June 30, 2024) plus an interest rate margin of 1.125% (6.614% at June 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 June 30, 2024. There were $62.0 million in borrowings outstanding under the revolving credit facility as of June 30, 2024. Our available borrowings on the revolving credit facility at June 30, 2024 were $521.4 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 June 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 June 30, 2023, we have recorded interest expense on the 2.625% Notes of $0.5 million, and for the six months ended June 30, 2024 and 2023, we have recorded interest expense on the 2.625% Notes of $0.2 million and $0.9 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 June 30, 2024 and 2023, we have recorded interest expense on the 2.250% Notes of $4.5 million, and for both the six months ended June 30, 2024 and 2023, we have recorded interest expense on the 2.250% Notes of $9.0 million, at the contractual coupon rate of 2.250%

The estimated fair value of the 2.250% Notes was approximately $716.2 million as of June 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 June 30, 2024 are as follows:

Remaining, 2024	$	—
2025		—
2026		176,588
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 six months ended June 30, are as follows:

	2024	2023
Balance as of January 1,	$ 1,802	$ 1,944
Provision for warranties	109	304
Claims made	(363)	(377)
Balance as of June 30,	$ 1,548	$ 1,871

Costs associated with extended warranty repairs are recorded as incurred and amounted to $2.6 million for both the six months ended June 30, 2024 and 2023.

Note 12 - Pension Plan

Net periodic pension cost consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	$ 180	$ 194	$ 360	$ 388
Interest cost on projected benefit obligation	863	911	1,726	1,822
Expected return on plan assets	(1,101)	(1,032)	(2,202)	(2,064)
Net amortization and deferral	398	532	797	1,064
Net periodic pension cost	$ 340	$ 605	$ 681	$ 1,210

We do not expect to make any pension contributions during 2024. Non-service pension cost was immaterial for the three and six months ended June 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Orthopedic surgery	$ 139,537	$ 140,790	$ 274,449	$ 271,966
General surgery	192,560	176,862	369,922	341,155
Consolidated net sales	$ 332,097	$ 317,652	$ 644,371	$ 613,121

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 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 Douglas County against CONMED's landlord (the "Landlord Defendants") and other allegedly related entities (the "Douglas County Action"). Plaintiff alleged the same injuries as the Cobb County Action. Discovery closed in November 2023. The Landlord Defendants filed a Motion for Summary Judgment in March 2024 and oral arguments will occur in August 2024. As with any litigation, there are risks, including the risk 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 ("the Northern District") 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 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 are not Guarantees of Future Performance

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.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Orthopedic surgery	42 %	44 %	43 %	44 %
General surgery	58 %	56 %	57 %	56 %
Consolidated net sales	100 %	100 %	100 %	100 %

A significant amount of our products are used in surgical procedures with approximately 84% 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 44% of our consolidated net sales during both the six months ended June 30, 2024 and 2023.

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.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	44.7	46.3	44.8	46.8
Gross profit	55.3	53.7	55.2	53.2
Selling and administrative expense	36.9	40.8	38.2	42.4
Research and development expense	4.2	4.3	4.3	4.3
Income from operations	14.2	8.6	12.7	6.5
Interest expense	2.9	3.1	3.0	3.3
Income before income taxes	11.3	5.5	9.8	3.2
Provision for income taxes	2.3	1.2	2.1	0.7
Net income	9.0 %	4.3 %	7.7 %	2.5 %

Net Sales

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

	Three Months Ended				
			% Change		
	2024	2023	As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	$ 139.5	$ 140.8	(0.9)%	0.8 %	(0.1)%
General surgery	192.6	176.9	8.9 %	0.5 %	9.4 %
Net sales	$ 332.1	$ 317.7	4.5 %	0.7 %	5.2 %
Single-use products	$ 279.3	$ 264.8	5.5 %	0.7 %	6.2 %
Capital products	52.8	52.9	(0.3)%	0.7 %	0.4 %
Net sales	$ 332.1	$ 317.7	4.5 %	0.7 %	5.2 %

	Six Months Ended				
			% Change		
	2024	2023	As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	$ 274.5	$ 272.0	0.9 %	0.5 %	1.4 %
General surgery	369.9	341.1	8.4 %	0.4 %	8.8 %
Net sales	$ 644.4	$ 613.1	5.1 %	0.4 %	5.5 %
Single-use products	$ 544.0	$ 514.0	5.8 %	0.4 %	6.2 %
Capital products	100.4	99.1	1.3 %	0.5 %	1.8 %
Net sales	$ 644.4	$ 613.1	5.1 %	0.4 %	5.5 %

Net sales increased 4.5% and 5.1% in the three and six months ended June 30, 2024, respectively, compared to the same periods a year ago. The increases during the three and six months ended June 30, 2024 were primarily due to strong growth in the general surgery product line.

- Orthopedic surgery sales decreased 0.9% and increased 0.9% in the three and six months ended June 30, 2024, respectively. The decrease during the three months ended June 30, 2024 was primarily driven by longer recovery times from supply chain constraints in certain of our product offerings offset by continued growth in our BioBrace® product offerings and growth in our visualization products. The increase during the six months ended June 30, 2024 was primarily driven by growth in procedure specific and BioBrace® product offerings.

- General surgery sales increased 8.9% and 8.4% in the three and six months ended June 30, 2024, respectively, primarily due to growth in our AirSeal® and biliary product offerings.

Cost of Sales

Cost of sales increased to $148.4 million in the three months ended June 30, 2024 as compared to $147.0 million in the three months ended June 30, 2023 and increased to $288.7 million in the six months ended June 30, 2024 as compared to $287.1 million in the six months ended June 30, 2023. Gross profit margins increased 160 basis points to 55.3% in the three months ended June 30, 2024 as compared to 53.7% in the three months ended June 30, 2023. Gross profit margins increased 200 basis points to 55.2% in the six months ended June 30, 2024 as compared to 53.2% in the six months ended June 30, 2023.

The 160 and 200 basis point increases in gross profit margins during the three and six months ended June 30, 2024, respectively, were mainly due to favorable product mix as well as during the three and six months ended June 30, 2023, we incurred costs for the amortization of inventory step-up to fair value of $2.2 million and $4.3 million, respectively, related to the In2Bones acquisition.

Selling and Administrative Expense

Selling and administrative expense decreased to $122.5 million in the three months ended June 30, 2024 as compared to $129.7 million in the three months ended June 30, 2023, and decreased to $245.9 million in the six months ended June 30, 2024 as compared to $259.8 million in the six months ended June 30, 2023. Selling and administrative expense as a percentage of net sales decreased 390 basis points to 36.9% in the three months ended June 30, 2024 as compared to 40.8% in the three months ended June 30, 2023 and decreased 420 basis points to 38.2% in the six months ended June 30, 2024 as compared to 42.4% in the six months ended June 30, 2023. The decreases in selling and administrative expense as a percentage of net sales for the three and six months ended June 30, 2024 were primarily driven by:

- $(8.7) million and $(15.2) million of income related to fair value adjustments to contingent consideration in the three and six months ended June 30, 2024, respectively, compared to (income) expense of $(0.6) million and $3.8 million in the three and six months ended June 30, 2023, respectively, see Note 6;
- $2.1 million in costs related to the termination of distribution agreements during the three and six months ended June 30, 2023;
- $1.8 million and $6.1 million in costs related to the implementation of a new warehouse management system in the three and six months ended June 30, 2023, respectively. These costs mainly consisted of incremental freight, labor and travel costs as well as professional fees; and
- $1.6 million in costs consisting of severance related to the elimination of certain positions during the six months ended June 30, 2023.

These decreases are offset by $1.3 million and $2.7 million in costs incurred for third party services pertaining to potential issues with certain royalty payments to design surgeons during the three and six months ended June 30, 2024, respectively.

Research and Development Expense

Research and development expense increased to $14.1 million in the three months ended June 30, 2024 as compared to $13.6 million in the three months ended June 30, 2023, and increased to $27.7 million in the six months ended June 30, 2024 as compared to $26.1 million in the six months ended June 30, 2023. As a percentage of net sales, research and development expense decreased 10 basis points to 4.2% in the three months ended June 30, 2024 as compared to 4.3% in the three months ended June 30, 2023 and remained flat at 4.3% in the six months ended June 30, 2024 as compared to the six months ended June 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 $9.6 million in the three months ended June 30, 2024 from $10.0 million in the three months ended June 30, 2023 and decreased to $19.2 million in the six months ended June 30, 2024 from $20.3 million in the six months ended June 30, 2023. The weighted average interest rates on our borrowings increased to 3.22% in the three months ended June 30, 2024 as compared to 3.09% in the three months ended June 30, 2023. The weighted average interest rates on our borrowings increased to 3.20% in the six months ended June 30, 2024 as compared to 3.11% in the six months ended June 30, 2023. The decrease in interest expense in the three and six months ended June 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 20.1% for the three months ended June 30, 2024 compared to 21.2% for the three months ended June 30, 2023. Income tax expense has been recorded at an effective tax rate of 21.1% for the six months ended June 30, 2024 compared to 21.7% for the six months ended June 30, 2023. The lower effective tax rates for the three and six months ended June 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 June 30, 2024 included discrete income tax benefit from stock option exercises which decreased the effective tax rate by 0.1% as compared to the three months ended June 30, 2023 which included discrete income tax benefit from stock option exercises which reduced the effective tax rate by 8.4%. The six months ended June 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 related to acquired federal research credits which decreased the effective tax rate by 0.6% as compared to the discrete income tax benefit from stock option exercises which decreased the effective tax rate by 7.7% and discrete income tax expense from foreign related taxes which increased the effective tax rate by 1.8% for the six months ended June 30, 2023. 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 $357.4 million at June 30, 2024. Net cash provided by operating activities was $72.4 million in the six months ended June 30, 2024 compared to net cash provided by operating activities of $22.8 million in the six months ended June 30, 2023, generated on net income of $49.7 million and $15.6 million for the six months ended June

30, 2024 and 2023, respectively. Significant changes in assets and liabilities affecting operating cash flows in the six months ended June 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 six months ended June 30, 2024 compared to the same period a year ago.

Investing cash flows

Net cash used in investing activities in the six months ended June 30, 2024 decreased $4.2 million from the same period a year ago primarily due to capital expenditures being lower at $5.6 million in the six months ended June 30, 2024 compared to $8.8 million in the same period a year ago.

Financing cash flows

Net cash used in financing activities in the six months ended June 30, 2024 was $61.1 million compared to net cash used in financing activities of $14.4 million during 2023. Below is a summary of the significant financing activities impacting the change during the six months ended June 30, 2024 compared to 2023:

- During the six months ended June 30, 2024, we repaid the remaining $70.0 million outstanding on the 2.625% Notes.
- During the six months ended June 30, 2024, we paid $39.4 million in contingent consideration related to the In2Bones and Biorez acquisitions.
- During the six months ended June 30, 2024, we had net borrowings on our revolving line of credit of $60.0 million, compared to net payments of $16.0 million in the same period a year ago.
- During the six months ended June 30, 2024, we had net cash proceeds of $2.3 million related to stock issued under employee plans compared to $15.3 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 June 30, 2024. There were $62.0 million in borrowings outstanding under the revolving credit facility as of June 30, 2024. Our available borrowings on the revolving credit facility at June 30, 2024 were $521.4 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 June 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 June 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 six months ended June 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 June 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

On June 12, 2024, Curt Hartman, the Chair of the Board, President & Chief Executive Officer, adopted a trading plan with respect to 148,300 stock appreciation rights granted to Mr. Hartman as equity compensation (the "Hartman Plan"). The Hartman Plan is intended to satisfy the affirmative defense of Rule 105b-1(c), under the Securities Exchange Act of 1934, and terminates on February 27, 2025, the same date the grant expires.

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description of Exhibit
10.1	Fourth Amendment, dated July 19, 2024, to the Seventh Amended and Restated Credit Agreement, dated as of July 16, 2021, among CONMED Corporation, the foreign subsidiary borrowers from time to time party thereto, the several lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent.
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 and
Chief Financial Officer

Date:
August 1, 2024

Exhibit 10.1

FOURTH AMENDMENT

FOURTH AMENDMENT, dated as of July 19, 2024 (this "Amendment"), to the Seventh Amended and Restated Credit Agreement, dated as of July 16, 2021 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among CONMED Corporation, a Delaware corporation (the "Parent Borrower"), the Foreign Subsidiary Borrowers (as defined therein) from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, certain loans and other extensions of credit to the Borrowers;

WHEREAS, the Parent Borrower has requested that (a) the Credit Agreement be amended as set forth herein and (b) the Required Lenders waive compliance with certain terms in the Credit Agreement in the manner provided for herein; and

WHEREAS, Lenders constituting the Required Lenders are willing to agree to this Amendment and the requested waivers on the terms set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Credit Agreement.

SECTION 2. Waiver. The Required Lenders hereby agree to waive any Default or Event of Default that may have arisen from any non-compliance by the Parent Borrower with Section 7.1(c) of the Existing Credit Agreement in respect of the period of four consecutive fiscal quarters ended March 31, 2024.

SECTION 3. Amendments. The definition of "Consolidated Fixed Charges" in Section 1.1 (*Defined Terms*) of the Credit Agreement is hereby amended and restated as follows:

""Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) the cash portion of Consolidated Interest Expense for such period and (b) scheduled payments made during such period on account of principal of Funded Debt of the Parent Borrower or any of its Subsidiaries, but excluding (i) principal payments in respect of the Revolving Credit Loans, (ii) principal payments made to refinance the outstanding loans under the Previous Credit Agreement in connection with the amendment and restatement as set forth in this Agreement, (iii) principal payments in respect of the Receivables Transfer Program and (iv) the scheduled payment of $70,000,000 on account of principal of the Convertible Notes made by the Parent Borrower on February 7, 2024. For the avoidance of doubt, "Consolidated Fixed Charges" shall not include any payments made on account of principal of Funded Debt of the Parent Borrower and its Subsidiaries as a result of a mandatory prepayment thereof."

SECTION 4. Conditions to Effectiveness of Amendment. The amendments set forth in this Amendment shall become effective on the date (the "Fourth Amendment Effective Date") on which the following conditions precedent have been satisfied:

(a) The Administrative Agent shall have received this Amendment executed and delivered by the Administrative Agent, the Parent Borrower, each Foreign Subsidiary Borrower party to the Credit Agreement on the Fourth Amendment Effective Date and Lenders constituting the Required Lenders.

(b) The Lenders and the Administrative Agent shall have received (to the extent invoiced at least two Business Days prior to the Fourth Amendment Effective Date) all fees and reasonable and documented expenses required to be paid on or before the Fourth Amendment Effective Date pursuant to the Credit Agreement and this Amendment (including the reasonable and documented fees and expenses of one legal counsel pursuant to Section 7 below).

SECTION 5. Representations and Warranties. Each Borrower hereby represents and warrants that (a) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents is, after giving effect to this Amendment, true and correct in all material respects (or in all respects if qualified by materiality) on and as of the Fourth Amendment Effective Date as if made on and as of the Fourth Amendment Effective Date, except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties were true and correct in all material respects (or in all respects if qualified by materiality) as of such earlier date and (b) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 6. Effects on Credit Documents.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle the Parent Borrower or any Foreign Subsidiary Borrower to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(b) On and after the Fourth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Credit Agreement in any other Loan Document shall be deemed a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 7. Expenses. The Parent Borrower agrees to reimburse the Administrative Agent for its reasonable and documented out-of-pocket expenses incurred in connection with this Amendment, including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent.

SECTION 8. **GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY,**

AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 9. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Amendment by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart hereof. A set of the copies of this Amendment signed by all the parties shall be lodged with the Parent Borrower and the Administrative Agent.

SECTION 10. Headings. The Section headings used in this Amendment are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

[*Remainder of page intentionally left blank*]

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

CONMED CORPORATION,
as the Parent Borrower

By: /s/ Todd W. Garner
Name: Todd W. Garner
Title: Executive Vice President and Chief Financial Officer

By: /s/ Johonna M. Pelletier
Name: Johonna Pelletier
Title: Treasurer and Vice President, Tax

LINVATEC NEDERLAND B.V.,
as a Foreign Subsidiary Borrower

By: /s/ Johonna M. Pelletier
Name: Johonna Pelletier
Title: Treasurer and Vice President, Tax

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and a Lender

By: /s/ Judy Marsh
Name: Judy Marsh
Title: Authorized Officer

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

BARCLAYS BANK PLC,
as a Lender

By: /s/ Joseph Tauro
Name: Joseph Tauro
Title: Assistant Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jay Patel
Name: Jay Patel
Title: Duly Authorized Signatory

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

DNB CAPITAL LLC,
as a Lender

By: /s/ Dania Hinedi
Name: Dania Hinedi
Title: Senior Vice President

By: /s/ Bret Douglas
Name: Bret Douglas
Title: Senior Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Casey Klepsch
Name: Casey Klepsch
Title: Senior Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

MUFG BANK, LTD.,
as a Lender

By: /s/ Dominic Yung____
Name: Dominic Yung
Title: Director

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

TD BANK N.A.,
as a Lender

By: /s/ Steve Levi
Name: Steve Levi
Title: Senior Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

TRUIST BANK,
as a Lender

By: /s/ Tim Conway____
Name: Tim Conway
Title: Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATON,
as a Lender

By: /s/ Jonathan Antonio
Name: Jonathan Antonio
Title: Managing Director

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Matt Smith
Name: Matt Smith
Title: Senior Vice President

[Signature Page to Fourth Amendment to Seventh Amended and Restated Credit Agreement]

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.

August 1, 2024

/s/ Curt R. Hartman
Curt R. Hartman
Chair of the Board, 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.

August 1, 2024

/s/ Todd W. Garner
Todd W. Garner
Executive Vice President, Finance and
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 June 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:	August 1, 2024	/s/ Curt R. Hartman Curt R. Hartman Chair of the Board, President & Chief Executive Officer
Date:	August 1, 2024	/s/ Todd W. Garner Todd W. Garner Executive Vice President, Finance and Chief Financial Officer