## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 8-K

### **CURRENT REPORT**

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

Date of Report (Date of earliest event reported): May 2, 2019

## **GLOBUS MEDICAL, INC.**

(Exact name of registrant as specified in charter)

DELAWARE

001-35621

04-3744954

(State or other jurisdiction of incorporation)

(Commission File Number) (IRS Employer Identification No.)

#### 2560 GENERAL ARMISTEAD AVENUE, AUDUBON, PA 19403

(Address of principal executive offices) (Zip Code)

(610) 930-1800

(Registrant's telephone number, including area code)

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

Title of each class

**Trading Symbols** 

Name of exchange on which registered

Class A Common Stock, par value \$.001 per share

**GMED** 

New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Emerging growth company

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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.

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### Item 2.02. Results of Operations and Financial Condition.

On May 2, 2019, we issued a press release reporting, among other things, our sales and operating results for the three-month period ended March 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with general instruction B.2 to Form 8-K, the information included in this Item 2.02, and the exhibits attached hereto, shall be deemed to be "furnished" and shall not be deemed to be "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

### Item 9.01. Financial Statements and Exhibits.

### **Exhibit No. Description**

99.1 Press Release dated May 2, 2019

### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **GLOBUS MEDICAL, INC.**

(Registrant)

Dated: May 2, 2019 /s/ DANIEL T. SCAVILLA

Daniel T. Scavilla Executive Vice President, Chief Financial Officer Chief Commercial Officer

### **Globus Medical Reports First Quarter 2019 Results**

AUDUBON, PA, May 2, 2019: Globus Medical, Inc. (NYSE:GMED), a leading musculoskeletal solutions company, today announced its financial results for the first quarter ended March 31, 2019.

- Worldwide sales were \$182.9 million, an increase of 4.9% as reported
- First quarter net income was \$33.2 million, a decrease of 16.0%
- Diluted earnings per share (EPS) was \$0.33 and non-GAAP diluted EPS was \$0.36
- Non-GAAP diluted EPS decreased 13.4% compared to first guarter of 2018
- Non-GAAP adjusted EBITDA was 31.1% of sales

"Our first quarter results demonstrate continued strong momentum in the Musculoskeletal Solutions portion of our business, growing at 8.7% on an as reported basis and 9.6% in constant currency, well above the overall market," said Dave Demski, President and CEO. "Enabling Technologies contributed \$7.2 million and the impressive level of surgeon adoption in accounts with our ExcelsiusGPS® robotic system continues to validate our vision of the future of computer assisted spine surgery."

Worldwide sales for the first quarter were \$182.9 million, an increase of 4.9% over the first quarter of 2018 on an as-reported basis and 5.7% on a constant currency basis. First quarter sales in the U.S., including robotics, increased by 1.3% as quarterly seasonality and longer sales cycles dampened robotic sales compared to the first quarter of 2018. International sales increased by 23.0% over the first quarter of 2018 on an as-reported basis and 27.9% on a constant currency basis.

First quarter GAAP net income was \$33.2 million, a decrease of 16.0% over the same period last year. Diluted EPS for the first quarter was \$0.33, as compared to \$0.39 for the first quarter 2018. Non-GAAP diluted EPS for the first quarter was \$0.36, compared to \$0.41 in the first quarter of 2018, a decrease of 13.4%.

The company generated net cash provided by operating activities of \$39.2 million and non-GAAP free cash flow of \$11.0 million in the first quarter, and ended the quarter with cash, cash equivalents and marketable securities of \$621.5 million. The company remains debt free.

The company today announced Rob Liptak stepped down from the Globus Medical Board of Directors effective May 1, 2019. "Rob joined the Board as part of our Series E financing in 2007 led by Clarus Ventures. He has been a valuable contributor to our success for nearly twelve years and we will miss him", said Mr. Demski. Mr. Liptak has assumed a role that precludes him from serving on public company Boards. The company also announced the appointment of Steve Zarrilli to the Globus Medical Board of Directors, effective May 1, 2019. Mr. Zarrilli is currently President and CEO of University Science Center in Philadelphia, the oldest and largest urban research hub in the US. Prior to his current role, Mr. Zarrilli was President and CEO of Safeguard Scientifics, a public company that provides growth equity capital to technology and healthcare enterprises.

### 2019 Annual Guidance

The company today confirmed guidance for full year 2019 sales of \$770 million and non-GAAP diluted earnings per share of \$1.72.

#### **Conference Call Information**

Globus Medical will hold a teleconference to discuss its 2019 first quarter results with the investment community at 4:30 p.m. Eastern Time today. Globus invites all interested parties to join the call by dialing:

1-855-533-7141 United States Participants 1-720-545-0060 International Participants There is no pass code for the teleconference.

For interested parties who do not wish to ask questions, the teleconference will be webcast live and may be accessed through a link on the Globus Medical website at <u>investors.globusmedical.com</u>.

The call will be archived until Thursday, May 9, 2019. The audio archive can be accessed by calling 1-855-859-2056 in the U.S. or 1-404-537-3406 from outside the U.S. The passcode for the audio replay is 1012-6393.

### About Globus Medical, Inc.

Based in Audubon, Pennsylvania, Globus Medical, Inc. was founded in 2003 by an experienced team of professionals with a shared vision to create products that enable surgeons to promote healing in patients with musculoskeletal disorders. Additional information can be accessed at <a href="https://www.globusmedical.com">www.globusmedical.com</a>.

#### **Non-GAAP Financial Measures**

To supplement our financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), management uses certain non-GAAP financial measures. For example, non-GAAP adjusted EBITDA, which represents net income before interest income, net and other non-operating expenses, provision for income taxes, depreciation and amortization, stock-based compensation, provisions for litigation, and acquisition related costs/licensing, and net gain from the sale of assets, is useful as an additional measure of operating performance, and particularly as a measure of comparative operating performance from period to period, as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our capital structure, asset base, income taxes and interest income and expense. Our management also uses non-GAAP adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. Provision for litigation represents costs incurred for litigation settlements or unfavorable verdicts when the loss is known or considered probable and the amount can be reasonably estimated, or in the case of a favorable settlement, when income is realized. Acquisition related costs/licensing represents the change in fair value of business acquisition related contingent consideration; costs related to integrating recently acquired businesses including but not limited to costs to exit or convert contractual obligations, severance, and information system conversion; and specific costs related to the consummation of the acquisition process such as banker fees, legal fees, and other acquisition related professional fees, as well as one-time licensing fees. Net gain from sale of assets represents the gain on sale of assets and the offsetting impact of costs incurred through the sale.

In addition, for the period ended March 31, 2019 and for other comparative periods, we are presenting non-GAAP net income and non-GAAP diluted earnings per share, which represent net income and diluted earnings per share excluding the provision for litigation, amortization of intangibles, acquisition related costs/licensing, net gain from the sale of assets and the tax effects of such adjustments. We believe these non-GAAP measures are also useful indicators of our operating performance, and particularly as additional measures of comparative operating performance from period to period as they remove the effects of litigation, amortization of intangibles, acquisition related costs/licensing, net gain from the sale of assets and the tax effects of such adjustments, which we believe are not reflective of underlying business trends. Additionally, for the periods ended March 31, 2019 and for other comparative periods, we also define the non-GAAP measure of free cash flow as the net cash provided by operating activities, adjusted for the impact of restricted cash, less the cash impact of purchases of property and equipment. We believe that this financial measure provides meaningful information for evaluating our overall financial performance for comparative periods as it facilitates an assessment of funds available to satisfy current and future obligations and fund acquisitions. Furthermore, the non-GAAP measure of constant currency sales growth is calculated by translating current year sales at the same average exchange rates in effect during the applicable prior year period. We believe constant currency sales growth provides insight to the comparative increase or decrease in period sales, in dollar and percentage terms, excluding the effects of fluctuations in foreign currency exchange rates.

Non-GAAP adjusted EBITDA, non-GAAP net income, non-GAAP diluted earnings per share, free cash flow and constant currency sales growth are not calculated in conformity with U.S. GAAP. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for financial measures prepared in accordance with U.S. GAAP. These measures do not include certain expenses that may be necessary to evaluate our liquidity or operating results. Our definitions of non-GAAP adjusted EBITDA, non-GAAP net income, non-GAAP diluted earnings per share, free cash flow and constant currency sales growth may differ from that of other companies and therefore may not be comparable. Additionally, we have recast prior periods for non-GAAP net income and non-GAAP diluted earnings per share.

### **Safe Harbor Statements**

All statements included in this press release other than statements of historical fact are forward-looking statements and may be identified by their use of words such as "believe," "may," "might," "could," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and other similar terms. These forward-looking statements are based on our current assumptions, expectations and estimates of future events and trends. Forward-looking statements are only predictions and are subject to many risks, uncertainties and other factors that may affect our businesses and operations and could cause actual results to differ materially from those predicted. These risks and uncertainties include, but are not limited to, factors affecting our quarterly results, our ability to manage our growth, our ability to sustain our profitability, demand for our products, our ability to compete successfully (including without limitation our ability to convince surgeons to use our products and our ability to attract and retain sales and other personnel), our ability to rapidly develop and introduce new products, our ability to develop and execute on successful business strategies, our ability to successfully integrate the international operations acquired from Alphatec, both in general and on our anticipated timeline, our ability to transition Alphatec's international customers to Globus products, our ability to realize the expected benefits to our results from the Alphatec acquisition, our ability to comply with laws and regulations that are or may become applicable to our businesses, our ability to safeguard our intellectual property, our success in defending legal proceedings brought against us, trends in the medical device industry, general economic conditions, and other risks. For a discussion of these and other risks, uncertainties and other factors that could affect our results, you should refer to the disclosure contained in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission, including the sections labeled "Risk Factors" and "Cautionary Note Concerning Forward-Looking Statements," and in our Forms 10-Q, Forms 8-K and other filings with the Securities and Exchange Commission. These documents are available at www.sec.gov. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements contained in this press release speak only as of the date of this press release. We undertake no obligation to update any forward-looking statements as a result of new information, events or circumstances or other factors arising or coming to our attention after the date hereof.

# GLOBUS MEDICAL, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	Three Months Ended				
(In thousands, except per share amounts)	March 31, 2019		March 31, 2018		
Sales	\$ 182	,947 \$	174,411		
Cost of goods sold	41	,838	37,970		
Gross profit	141	,109	136,441		
Operating expenses:					
Research and development	14	,324	12,689		
Selling, general and administrative	85	,784	75,694		
Amortization of intangibles	3	,343	2,187		
Acquisition related costs		579	238		
Total operating expenses	104,030				
Operating income	37	,079	45,633		
Other income, net					
Interest income/(expense), net	4	,159	2,291		
Foreign currency transaction gain/(loss)		189	(5		
Other income/(expense)		224	158		
Total other income/(expense), net	4	,572	2,444		
Income before income taxes	41	,651	48,077		
Income tax provision		,441	8,539		
Net income	\$ 33	,210 \$	39,538		
Earnings per share:					
Basic	\$	0.34 \$	0.41		
Diluted	\$	0.33 \$	0.39		
Weighted average shares outstanding:					
Basic	98	,727	96,840		
Dilutive stock options	2	,640	3,656		
Diluted	101	,367	100,496		
Anti-dilutive stock options excluded from weighted average calculation	4	,687	1,917		

## GLOBUS MEDICAL, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

Current assets:         \$ 129,76         \$ 139,747           Short-clerm marketable securities         190,688         199,937           Accounts receivable, net of allowances of \$4,235 and \$4,226, respectively         138,616         137,056           Inventories         134,330         131,254           Prepaid expenses and other current assets         12,915         15,367           Income taxes receivable         993         7,289           Total current assets         617,568         630,661           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         184,289         171,873           Long-term marketable securities         300,802         263,117           Intranspile assets, net         84,269         87,233           Octowall         123,66         12,369           Octowall         123,66         13,376           Total assets         12,962         10,364           Deferred income taxes         12,962         13,306           Total assets         12,369         13,306           Current liabilities         2,503         \$ 2,585           Accounts payable         \$25,011         \$ 25,805           Accounts payable         \$2,000         6,803           De	(In thousands, except par value)	March 31, 2019		December 31, 2018		
Cash, cash equivalents, and restricted cash         \$ 139,74           Short-tern marketable securities         190,688         190,937           Accounts receivable, net of allowances of \$4,235 and \$4,226, respectively         133,616         137,067           Intentionies         143,380         131,268           Prepaid expenses and other current assets         12,915         15,387           Income taxes receivable         617,568         630,681           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         184,289         67,232           Long-term marketable securities         30,002         263,117           Intengible assets, net         42,509         76,232           Codwill         123,60         13,256           Obter assets         12,350         13,578           Total assets         12,350         13,578           Total assets         \$ 25,031         15,578           Total assets         \$ 25,031         15,578           Control expenses         \$ 25,031         25,985           Accounts payable         \$ 25,031         5,987           Income taxes payable         \$ 25,031         5,987           Income taxes payable         \$ 25,031         5,987 <t< th=""><th>ASSETS</th><th></th><th></th><th></th><th></th></t<>	ASSETS					
Short-term marketable securities         190,688         199,937           Accounts receivable, net of allowances of \$4,235 and \$4,226, respectively         139,616         137,057           Inventories         134,369         131,258           Prepaid expenses and other current assets         12,915         5,367           Income taxes receivable         993         7,289           Total current assets         617,568         630,881           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         184,288         171,873           Long-term marketable securities         30,002         26,317         187,373           Intengible assets, et         123,669         87,233         13,378           Obtered income taxes         12,962         10,344         12,962         10,344           Deferred income taxes         12,962         10,304         12,962         10,344         12,962         10,344           Deferred income taxes         12,962         10,304         12,962         10,344         12,962         10,345         12,962         10,346         12,962         10,346         12,962         10,346         12,962         10,346         12,962         12,962         12,962         12,962         12,962         12,962<	Current assets:					
Accounts receivable, net of allowances of \$4,235 and \$4,226, respectively         139,616         137,007           Inventiones         133,30         131,254           Prepaid expenses and other current assets         12,915         15,387           Total current assets         617,568         630,681           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         300,062         263,117           Interpret and receivable securities         300,062         263,117           Obordancy and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         300,062         263,117           Obordancy and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         300,062         263,117           Obordancy and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         42,062         13,036           Obert accumulated accumulated depreciation of \$223,662 and \$216,809, respectively         \$25,081         \$25,085           Accumulated on the accumulated	Cash, cash equivalents, and restricted cash	\$	129,976	\$	139,747	
Proposition   143,08   131,254   15,367   15,3	Short-term marketable securities		190,688		199,937	
Prepaid expenses and other current assets         12,05         15,05           Income taxes receivable         98         7,289           Total current assets         617,588         63,068.01           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         618,4288         11,187           Long-term marketable securities         300,002         263,117           Condyller         42,669         42,238         72,238           Condyller         12,369         13,236         13,236           Condwill         12,369         13,350         13,306           Condwill         12,369         13,306         13,306           Cher assets         12,359         13,000         13,306           Determed income taxes         12,306         13,000         13,306         13,000	Accounts receivable, net of allowances of \$4,235 and \$4,226, respectively		139,616		137,067	
come taxes receivable         993         7.88           Total current assets         630,681         630,681           Property and equipment, net of accumulated depreciation of \$23,662 and \$216,809, respectively         184,288         171,873           Long-term marketable securities         300,002         263,171           Interpret marketable securities         30,002         263,172           Interpret marketable securities         48,289         87,323           Cookill         123,003         123,363         123,363           Other assets         123,003         13,350         13,300           Other section of taxes         123,003         13,000         13,000           Total assets         25,001         25,001         13,000	Inventories		143,380		131,254	
Total current assets         631,568         630,681           Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         184,288         171,873           Long-term marketable securities         300,802         263,171           Intrangible assets, net         84,269         87,233           Goodwill         123,680         123,734           Other assets         12,962         10,364           Deferred income taxes         12,962         13,578           Total assets         12,359         13,578           Total sests         \$25,031         \$25,095           Accrued taxing payable         \$25,031         \$5,895           Accrued expenses         48,655         \$9,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         7,938         8,114           Other liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         1,515           Clies A common stock; \$0,001 par value. Authorized 50,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, r	Prepaid expenses and other current assets		12,915		15,387	
Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively         184,88         171,873           Long-term marketable securities         300,802         263,117           Idangible assets, net         84,69         87,323           Goodwill         123,60         123,764           Oblered sests         12,962         10,664           Deferred income taxes         12,350         13,578           Total assets         5,335,910         \$1,300,600           LUBILITIES AND EQUITY         Very Current Liabilities         Very Current Liabilities         25,091         \$2,595           Accrued expenses         \$25,013         \$25,965         \$6,805         \$9,878           Income taxes payable         \$1,068         91,78         \$1,806         \$9,878           Income taxes payable sacquisition liabilities         2,000         6,830         \$25,985         \$25,985         \$1,808         \$9,878           Income taxes payable sacquisition liabilities         7,940         6,803         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985         \$25,985	Income taxes receivable		993		7,289	
Long-term maketable securities         300,802         263,117           Intangible assets, net         44,269         87,323           Goodwill         123,608         123,768           Obler assets         12,962         13,578           Deferred income taxes         12,350         13,507           Total assets         \$1,335,919         \$1,300,600           LABBLITIES AND EQUITY           Current liabilities         \$25,001         \$25,805           Accrued expenses         48,605         59,876           Accrued expenses         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,589           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         32,88           Deferred revenue         3,289         7,938         8,114           Other liabilities         7,936         8,114           Other liabilities         7,936         7,518           Deferred revenue         7,936         7,518           Exities acquisition liabilities, net of current portion         3,89         1,518 </td <td>Total current assets</td> <td>'</td> <td>617,568</td> <td></td> <td>630,681</td>	Total current assets	'	617,568		630,681	
Integral pille assets, net         84,269         87,323           Goodwill         123,680         123,764           Other assets         12,962         1,064           Deferred income taxes         12,956         1,3578           Total assets         5,133,519         \$ 1,300,000           LABELITIES AND EQUITY           Current liabilities         S 25,031         \$ 25,085           Accounts payable         48,605         5,9878           Accounts payable         48,605         5,9878           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         2,898           Deferred income taxes         7,949         96,118           Business acquisition liabilities, net of current portion         7,949         96,118           Business acquisition liabilities         7,949         96,118           Business acquisition liabilities         7,949         7,949           Business acquisition liabilities         7,949         7,949           Business acquisition liabilities	Property and equipment, net of accumulated depreciation of \$223,662 and \$216,809, respectively		184,288		171,873	
Gowlill         123,68         123,78           Other assets         12,96         10,08           Total assets         12,350         13,576           LAURITIES AND EQUITY           Current liabilities           Accounts payable         \$ 25,031         \$ 25,885           Accounded expenses         446,605         5 9,876           Income taxes payable         1,068         9,77           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,000         6,830           Deferred liabilities         79,422         5,931           Business acquisition liabilities, net of current portion         3,289         6,130           Other liabilities         79,422         6,130           Deferred income taxes         79,422         7,810         7,810           Deferred income taxes         79,422         7,810         7,810         7,810         7,810           Deferred income taxes         79,422         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810         7,810 <th< td=""><td>Long-term marketable securities</td><td></td><td>300,802</td><td></td><td>263,117</td></th<>	Long-term marketable securities		300,802		263,117	
Other assets         12,962         10,864           Deferred income taxes         12,350         13,578           Total assets         21,335,199         1,300,600           LABILITIES AND EQUITY           Current liabilities         \$ 25,031         \$ 25,985           Accounts payable         48,605         59,878           Accused expenses         48,605         59,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,942         96,118           Business acquisition liabilities, net of current portion         3,289         2,289           Deferred income taxes         7,938         8,114           Other liabilities         7,938         8,114           Other liabilities         7,938         8,114           Other labilities         7,938         8,114           Other labilities         7,938         8,114           Other labilities         7,938         8,114           Other labilities         7,938         9,136           Total liabilities         7,938	Intangible assets, net		84,269		87,323	
Deferred income taxes         12,350         13,050           Total assets         1,300,000         1,300,000           LISHILITES AND EQUITY           Current liabilities           Accounts payable         \$ 25,031         \$ 25,035           Accounts payable         4,606         59,878           Income taxes payable         1,606         9,788           Business acquisition liabilities         2,000         6,830           Business acquisition liabilities         7,940         9,618           Business acquisition liabilities, net of current portion         3,289         2,528           Business acquisition liabilities, net of current portion         3,289         3,288           Business acquisition liabilities, net of current portion         3,289         3,289           Business acquisition liabilities, net of current portion         3,289         3,289           Business acquisition liabilities, net of current portion         3,289         3,289           Business acquisition liabilities, net of current portion         3,289         3,289           Business acquisition liabilities, net of current portion         3,289         3,289           Business acquisition liabilities, net of current portion         3,289         3,289           Total state of minute port	Goodwill		123,680		123,734	
Total assets         \$ 1,335,919         \$ 1,300,670           LIABILITIES AND EQUITY           Current liabilities:           Accounts payable         \$ 25,031         \$ 25,895           Accured expenses         48,605         59,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,938         8,114           Other liabilities         7,938         8,114           Other liabilities         7,938         8,114           Other liabilities         98,705         115,154           Commitments and contingencies           Etquire         2         2           Class A common stock; \$0.001 par value. Authorized 50,0000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,4	Other assets		12,962		10,364	
Current liabilities   Current liabilities	Deferred income taxes		12,350		13,578	
Current liabilities:         \$ 25,031         \$ 25,895           Accounts payable         48,605         59,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,289           Deferred income taxes         7,938         8,114           Other liabilities         7,936         7,634           Total liabilities         38,705         115,154           Commitments and contingencies         38,705         115,154           Equity:         Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721	Total assets	\$	1,335,919	\$	1,300,670	
Accounts payable         \$ 25,031         \$ 25,085           Accured expenses         48,605         59,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,936         7,634           Total liabilities         98,705         115,154           Committents and contingencies         8         77         76           Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         25,331         82,721	LIABILITIES AND EQUITY					
Accrued expenses         48,605         59,878           Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         5         115,154           Equity:         7         76           Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         7         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         7         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         316,665         299,869           Additional paid-in capital         316,665         299,869           Ac	Current liabilities:					
Income taxes payable         1,068         917           Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         5         115,154           Equity:         7         7         76           Class A common stock; \$0,001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0,001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Accounts payable	\$	25,031	\$	25,895	
Business acquisition liabilities         2,000         6,830           Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         5         115,154           Equity:         Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Accrued expenses		48,605		59,878	
Deferred revenue         2,788         2,598           Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         5         115,154           Equity:         Class A common stock; \$0,001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0,001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Income taxes payable		1,068		917	
Total current liabilities         79,492         96,118           Business acquisition liabilities, net of current portion         3,289         3,288           Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         Equity:           Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Business acquisition liabilities		2,000		6,830	
Business acquisition liabilities, net of current portion 3,289 3,288 Deferred income taxes 7,938 8,114 Other liabilities 7,986 7,634 Total liabilities 98,705 115,154 Commitments and contingencies Equity: Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively 777 76 Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively 22 Additional paid-in capital 316,665 299,869 Accumulated other comprehensive loss (5,480) (7,172) Retained earnings 925,930 892,721 Total equity 1,1237,214 1,185,516	Deferred revenue		2,788		2,598	
Deferred income taxes         7,938         8,114           Other liabilities         7,986         7,634           Total liabilities         98,705         115,154           Commitments and contingencies         Equity:           Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Total current liabilities	'	79,492		96,118	
Other liabilities7,9867,634Total liabilities98,705115,154Commitments and contingenciesEquity:Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively7776Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively2222Additional paid-in capital316,665299,869Accumulated other comprehensive loss(5,480)(7,172)Retained earnings925,930892,721Total equity1,237,2141,185,516	Business acquisition liabilities, net of current portion		3,289		3,288	
Total liabilities         98,705         115,154           Commitments and contingencies         Equity:           Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively         77         76           Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively         22         22           Additional paid-in capital         316,665         299,869           Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Deferred income taxes		7,938		8,114	
Commitments and contingencies  Equity:  Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively  Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively  Additional paid-in capital  Accumulated other comprehensive loss  Retained earnings  Total equity  Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively  22 22 24 25 26 27 28 29 29 29 29 20 20 20 20 20 21 21 21 22 22 22 22 22 22 23 24 24 25 25 26 27 26 27 27 28 29 29 29 29 20 20 20 20 20 20 20 20 20 20 20 20 20	Other liabilities		7,986		7,634	
Equity:  Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively  Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively  Additional paid-in capital  Accumulated other comprehensive loss  (5,480)  (7,172)  Retained earnings  925,930  892,721  Total equity  1,237,214	Total liabilities	'	98,705		115,154	
Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 76,552 and 76,143 shares at March 31, 2019 and December 31, 2018, respectively 77 76  Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively 22  Additional paid-in capital 316,665 299,869  Accumulated other comprehensive loss (5,480) (7,172)  Retained earnings 925,930 892,721  Total equity 1,185,516	Commitments and contingencies					
76,143 shares at March 31, 2019 and December 31, 2018, respectively       77       76         Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at March 31, 2019 and December 31, 2018, respectively       22       22         Additional paid-in capital       316,665       299,869         Accumulated other comprehensive loss       (5,480)       (7,172)         Retained earnings       925,930       892,721         Total equity       1,237,214       1,185,516	Equity:					
22,430 shares at March 31, 2019 and December 31, 2018, respectively       22       22         Additional paid-in capital       316,665       299,869         Accumulated other comprehensive loss       (5,480)       (7,172)         Retained earnings       925,930       892,721         Total equity       1,237,214       1,185,516			77		76	
Accumulated other comprehensive loss         (5,480)         (7,172)           Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516			22		22	
Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Additional paid-in capital		316,665		299,869	
Retained earnings         925,930         892,721           Total equity         1,237,214         1,185,516	Accumulated other comprehensive loss		(5,480)		(7,172)	
	Retained earnings		925,930		892,721	
Total liabilities and equity         \$ 1,335,919         \$ 1,300,670	Total equity		1,237,214		1,185,516	
	Total liabilities and equity	\$	1,335,919	\$	1,300,670	

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

Adjustments to reconcile net income to net cash provided by operating activities:         12,254         9,476           Depreciation and amoritzation of premium (discount) on marketable securities         3,989         785           Witte-down for excess and obsolete inventories         2,167         2,483           Stock-based compensation expense         6,448         6,053           Allowance for doubful accounts         33         217           Change in fair value of business acquisition liabilities         578         224           Change in fair value of business acquisition liabilities         94            (Gain)loss on disposal of assets, net         94            (Increase)/decrease in:         42,533         (5,080           Inventories         13,844         (1,200           Inventories         848         (1,200           Prepaid expenses and other assets         48         (1,200           Increase/(decrease) in:         4,287         72           Accounts payable         2,827         72           Accounts payable/receivable         6,441         74,49           Net cash provided by operating activities         99,454         73,33           Sales of marketable securities         11,773         1,33           Abust f		Three Months Ended					
Note income         \$ 33,210         \$ 39,588           Adjustments to reconcile net income to net cash provided by operating activities:         Assistance         Assistance           Depreciation and amortization         12,254         9,476           Amortization of premium (discount) on marketable securities         (396)         768           Write-down for excess and obsolete inventories         6,448         6,055           Stock-based compensation expense         6,448         6,055           Allowance for doubtful accounts         33         217           Change in fair value of business acquisition liabilities         579         234           Change in feir value of business acquisition liabilities         94         ———           Change in deferred income taxes         1,059         (124           (Gain)/loss on disposal of assets, net         94         ——           (Increase)/decrease in:         2,233         5,000           Inventories         13,844         12,20           Inventories         13,844         12,20           Pepad expenses and other liabilities         9,845         7,20           Increase/(decrease) in:         2,827         7,26           Accrued expenses and other liabilities         9,845         7,32           Increas	(In thousands)						
Adjustments to reconcile net income to net cash provided by operating activities:  Depreciation and amortization of premium (discount) on marketable securities 3,395, 785, 785, 785, 785, 785, 785, 785, 78	Cash flows from operating activities:						
Depreciation and amortization         12,254         9,476           Amortization of premium (discount) on marketable securities         (396)         785           Write-down for excess and obsolete inventories         2,167         2,483           Stock-based compensation expense         6,448         6,053           Allowance for doubtful accounts         33         2,17           Change in fair value of business acquisition liabilities         579         2,34           Change in deferred income taxes         1,059         (1,24           Change in deferred income taxes         1,059         (1,24           (Gain)/loss on disposal of assets, net         34            (Increase)//decrease in:         4            Accounts receivable         (2,533)         (5,060           Inventories         13,844         (1,204           Prepaid expenses and other assets         48         (1,234           Increase/(decrease) in:         42,827         7.28           Accounts payable         2,827         7.28           Accured expenses and other liabilities         9,984         (7,072           Accured expenses and other liabilities         9,980         (7,072           Let cash provided by operating activities         9,205	Net income	\$	33,210	\$	39,538		
Amortization of premium (discount) on marketable securities         (386)         785           Write-down for excess and obsolete inventories         2,167         2,483           Stock-based compensation expense         6,484         6,053           Allowance for doubtful accounts         33         217           Change in fair value of business acquisition liabilities         579         234           Change in deferred income taxes         1,059         (124           (Gain)/loss on disposal of assets, net         94         —           (Increase)/decrease in:         2,533         (5,080           Accounts receivable         (2,533)         (5,080           Inventories         (13,844)         (1,200           Prepaid expenses and other assets         848         (2,234)           Increase/(decrease) in:         2,827         728           Accounts payable         2,827         728           Accrued expenses and other liabilities         (9,984)         (7,072           Income taxes payable/receivable         (3,41)         7,497           Net cash provided by operating activities         2,827         7,282           Purchases of marketable securities         (12,791)         (118,403           Maturities of marketable securities         (1	Adjustments to reconcile net income to net cash provided by operating activities:						
Write-down for excess and obsolete inventories         2,167         2,463           Stock-based compensation expense         6,448         6,055           Allowance for doubtful accounts         33         217           Change in fair value of business acquisition liabilities         579         234           Change in deferred income taxes         1,059         (124           (Gain)foss on disposal of assets, net         94         —           (Increase)/decrease in:         (2,533)         (5,080           Accounts receivable         (2,533)         (5,080           Inventories         (13,844)         (1,206           Prepaid expenses and other assets         84         (1,234           Increase/(decrease) in:         4         2,827         728           Accounts payable axpenses and other liabilities         (9,944)         (7,072           Accounts payable axpenses and other liabilities         (9,944)         (7,072           Income taxes payable/receivable         2,827         728           Accured expenses and other liabilities         (9,944)         7,497           Net cash provided by operating activities         39,203         52,292           Cash flows from investing activities         (12,7911)         (118,400           Maturit	Depreciation and amortization		12,254		9,476		
Stock-based compensation expense         6,448         6,053           Allowance for doubtful accounts         33         217           Change in fair value of business acquisition liabilities         579         234           Change in deferred income taxes         1,059         (124           (Gain)/loss on disposal of assets, net         94         —           ((necesse)/decrease in:         —         (2,533)         5,080           Inventories         (13,844)         (1,206           Prepaid expenses and other assets         848         (1,234           Increase/(decrease) in:         —         -           Accounts payable         2,827         728           Accrued expenses and other liabilities         9,984         7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities         90,454         73,330           Sales of marketable securities         90,454         73,330           Sales of marketable securities         90,454         73,330           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         <	Amortization of premium (discount) on marketable securities		(396)		785		
Allowance for doubtful accounts         33         217           Change in fair value of business acquisition liabilities         579         234           Change in deferred income taxes         1,059         (124           (Gain)/loss on disposal of assets, net         94         —           (Increase)/decrease in:         —         (1,533)         5,080           Inventories         (13,844)         (1,206           Inventories         848         (1,233)           Increase/(decrease) in:         —         848         (1,234)           Accounts payable         2,827         7.26         Accrued expenses and other liabilities         (9,984)         7,072           Income taxes payable/receivable         6,441         7,497<	Write-down for excess and obsolete inventories		2,167		2,483		
Change in fair value of business acquisition liabilities         579         234           Change in deferred income taxes         1,059         (124           (Gain/loss on disposal of assets, net         94         —           (Increase)/decrease in:         —         —           Accounts receivable         (2,533)         (5,080           Inventories         (13,844)         (1,206           Prepaid expenses and other assets         848         (1,234           Increase/(decrease) in:         Accounts payable         2,827         728           Accrued expenses and other liabilities         9,984)         (7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities         (127,911)         (118,403           Maturities of marketable securities         (127,911)         (118,403           Maturities of marketable securities         (127,911)         (118,403           Maturities of marketable securities         (127,911)         (118,403           Sales of marketable securities         (127,911)         (118,403           Sales of property and equipment         (28,155)         (12,231)           Ket	Stock-based compensation expense		6,448		6,053		
Change in deferred income taxes         1,059         (1,24)           (Gain)/loss on disposal of assets, net         94         —           (Increase)/decrease in:         —           Accounts receivable         (2,533)         (5,080)           Inventories         (13,844)         (1,206)           Prepaid expenses and other assets         848         (1,234)           Increase/(decrease) in:         —         2,827         728           Accounts payable         2,827         728         728           Accrued expenses and other liabilities         9,984)         (7,072           Increase/(decrease) in:         —         4,411         7,497           Accrued expenses and other liabilities         9,984)         (7,072           Increase/(decrease) in:         —         4,217         7,292           Accrued expenses and other liabilities         9,984)         (7,072           Increase/(decrease) in:         —         4,227         7,292           Accrued expenses and other liabilities         6,9841         7,497           Net cash provided by operating activities         (12,791)         (11,803           Again flows from investing activities         (12,791)         (11,804           Apurchases of property and equipm	Allowance for doubtful accounts		33		217		
(Gain)/loss on disposal of assets, net       94       —         (Increase)/decrease in:       33       (5,080         Accounts receivable       (2,533)       (5,080         Inventories       (13,844)       (1,206         Prepaid expenses and other assets       848       (1,234         Increase/(decrease) in:       848       (7,072         Accounts payable       (9,984)       (7,072         Income taxes payable/receivable       (6,411)       7,497         Net cash provided by operating activities       39,203       52,295         Cash flows from investing activities:       11,773       (11,840)         Purchases of marketable securities       (127,911)       (11,840)         Maturities of marketable securities       11,773       1,333         Purchases of property and equipment       (28,155)       (12,374)         Net cash used in investing activities       (53,83)       (56,114         Cash flows from financing activities       (53,83)       (56,114         Proceeds from exercise of stock options       10,255       9,307         Net cash provided by financing activities       (5,350)       5,440         Proceeds from exercise of stock options       10,255       9,307         Net cash provided by financi	Change in fair value of business acquisition liabilities		579		234		
(Increase)/decrease in:         (2,533)         (5,080)           Inventories         (13,844)         (1,206)           Prepaid expenses and other assets         848         (1,234)           Increase/(decrease) in:         848         (1,234)           Accounts payable         2,827         726           Accrued expenses and other liabilities         (9,984)         (7,072)           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities:         127,911         (118,403)           Purchases of marketable securities         10,791         (118,403)           Sales of marketable securities         10,791         (118,403)           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374)           Net cash used in investing activities         (53,309)         (56,140)           Cash flows from financing activities         (5,350)         (5,440)           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         (5,350)         (5,440)           Proceeds from exercise of	Change in deferred income taxes		1,059		(124)		
Accounts receivable         (2,533)         (5,080)           Inventories         (13,844)         (1,206)           Prepaid expenses and other assets         848         (1,234)           Increase/(decrease) in:         848         (1,234)           Accounts payable         2,827         728           Accrued expenses and other liabilities         (9,984)         (7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities         (127,911)         (118,403)           Purchases of marketable securities         (127,911)         (118,403)           Maturities of marketable securities         90,454         73,330           Sales of marketable securities         90,454         73,330           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374)           Net cash used in investing activities:         (53,390)         (56,140           Payment of business acquisition liabilities         (5,350)         (5,400           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing a	(Gain)/loss on disposal of assets, net		94		_		
Inventories	(Increase)/decrease in:						
Prepaid expenses and other assets         848         (1,234)           Increase/(decrease) in:         Counts payable         2,827         728           Accounts payable         2,827         728           Accrued expenses and other liabilities         (9,984)         (7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities         (127,911)         (118,403)           Purchases of marketable securities         90,454         73,330           Sales of marketable securities         90,454         73,330           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,741)           Net cash used in investing activities         (53,839)         (56,144           Payment of business acquisition liabilities         (5,350)         (5,440)           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Selfect of foreign exchange rate on cash         (40)         977           Net increase in cash, cash equivalents, and restricted cash at beginning of period	Accounts receivable		(2,533)		(5,080		
Increase/(decrease) in:   Accounts payable   2,827   728     Accrued expenses and other liabilities   (9,984)   (7,072     Income taxes payable/receivable   6,441   7,497     Net cash provided by operating activities   39,203   52,295     Cash flows from investing activities   (127,911)   (118,403     Maturities of marketable securities   (127,911)   (118,403     Maturities of marketable securities   90,454   73,33     Sales of marketable securities   91,454   73,33     Purchases of property and equipment   (28,155)   (12,374     Net cash used in investing activities   (53,839)   (56,144     Cash flows from financing activities   (5,350)   (5,440     Proceeds from exercise of stock options   10,255   9,307     Net cash provided by financing activities   4,905   3,867     Effect of foreign exchange rate on cash   (40)   9,771     Net increase in cash, cash equivalents, and restricted cash at beginning of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivalents, and restricted cash at end of period   139,747   1,818     Cash, cash equivale	Inventories		(13,844)		(1,206		
Accounts payable         2,827         728           Accrued expenses and other liabilities         (9,984)         (7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities:         Variable of marketable securities         (127,911)         (118,403)           Maturities of marketable securities         90,454         73,303           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374)           Net cash used in investing activities         (53,809)         (56,144)           Cash flows from financing activities         (53,809)         (56,414)           Payment of business acquisition liabilities         (5,350)         (5,440)           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         139,747         118,81	Prepaid expenses and other assets		848		(1,234		
Accrued expenses and other liabilities         (9,984)         (7,072           Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities:         "Total Cash used in arketable securities"         (127,911)         (118,403           Maturities of marketable securities         90,454         73,33         73,33         1,33         1,33         1,33         1,33         1,33         1,33         1,477         1,33         1,33         1,23,74         1	Increase/(decrease) in:						
Income taxes payable/receivable         6,441         7,497           Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities:         Purchases of marketable securities         (127,911)         (118,403           Maturities of marketable securities         90,454         73,303           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374           Net cash used in investing activities         (53,839)         (56,144           Cash flows from financing activities:         (5,350)         (5,440           Payment of business acquisition liabilities         (5,350)         (5,440           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         \$ 129,976         \$ 119,836           Supplemental disclosures of cash flow information:         110,836         110,836           Interest paid         2         <	Accounts payable		2,827		728		
Net cash provided by operating activities         39,203         52,295           Cash flows from investing activities:         Purchases of marketable securities         (127,911)         (118,403           Maturities of marketable securities         90,454         73,303           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374           Net cash used in investing activities         (53,839)         (56,144           Cash flows from financing activities:         (5,350)         (5,440           Payment of business acquisition liabilities         (5,350)         (5,440           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash         (9,771)         1,019           Cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         \$ 129,976         \$ 119,836           Supplemental disclosures of cash flow information:         119,836         119,836	Accrued expenses and other liabilities		(9,984)		(7,072		
Cash flows from investing activities:         Purchases of marketable securities       (127,911)       (118,403         Maturities of marketable securities       90,454       73,333         Sales of marketable securities       11,773       1,333         Purchases of property and equipment       (28,155)       (12,374         Net cash used in investing activities       (53,839)       (56,114         Cash flows from financing activities:       (5,350)       (5,440)         Payment of business acquisition liabilities       (5,350)       (5,440)         Proceeds from exercise of stock options       10,255       9,307         Net cash provided by financing activities       4,905       3,867         Effect of foreign exchange rate on cash       (40)       971         Net increase in cash, cash equivalents, and restricted cash at beginning of period       139,747       118,817         Cash, cash equivalents, and restricted cash at end of period       \$ 129,976       \$ 119,836         Supplemental disclosures of cash flow information:       1       2       —         Interest paid       2       —       —	Income taxes payable/receivable		6,441		7,497		
Purchases of marketable securities         (127,911)         (118,403)           Maturities of marketable securities         90,454         73,303           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374)           Net cash used in investing activities         (53,839)         (56,114)           Cash flows from financing activities:         (5,350)         (5,440)           Payment of business acquisition liabilities         (5,350)         (5,440)           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash         (9,771)         1,019           Cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         \$ 129,976         \$ 119,836           Supplemental disclosures of cash flow information:         10,019         10,019         10,019           Interest paid         2	Net cash provided by operating activities		39,203		52,295		
Maturities of marketable securities         90,454         73,300           Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374           Net cash used in investing activities         (53,839)         (56,114           Cash flows from financing activities:         (5,350)         (5,440           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash         (9,771)         1,019           Cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         \$ 129,976         \$ 119,836           Supplemental disclosures of cash flow information:         1         1           Interest paid         2         -	Cash flows from investing activities:		_				
Sales of marketable securities         11,773         1,333           Purchases of property and equipment         (28,155)         (12,374           Net cash used in investing activities         (53,839)         (56,114           Cash flows from financing activities:         ****         ****           Payment of business acquisition liabilities         (5,350)         (5,440           Proceeds from exercise of stock options         10,255         9,307           Net cash provided by financing activities         4,905         3,867           Effect of foreign exchange rate on cash         (40)         971           Net increase in cash, cash equivalents, and restricted cash         (9,771)         1,019           Cash, cash equivalents, and restricted cash at beginning of period         139,747         118,817           Cash, cash equivalents, and restricted cash at end of period         \$ 129,976         \$ 119,836           Supplemental disclosures of cash flow information:         1         1         1           Interest paid         2	Purchases of marketable securities		(127,911)		(118,403		
Purchases of property and equipment (28,155) (12,374)  Net cash used in investing activities (53,839) (56,114)  Cash flows from financing activities:  Payment of business acquisition liabilities (5,350) (5,440)  Proceeds from exercise of stock options 10,255 9,307  Net cash provided by financing activities 4,905 3,867  Effect of foreign exchange rate on cash (40) 971  Net increase in cash, cash equivalents, and restricted cash (9,771) 1,019  Cash, cash equivalents, and restricted cash at beginning of period 139,747 118,817  Cash, cash equivalents, and restricted cash at end of period \$129,976 \$119,836  Supplemental disclosures of cash flow information:  Interest paid 2 —	Maturities of marketable securities		90,454		73,330		
Net cash used in investing activities  Cash flows from financing activities:  Payment of business acquisition liabilities  Proceeds from exercise of stock options  Net cash provided by financing activities  Effect of foreign exchange rate on cash  Net increase in cash, cash equivalents, and restricted cash  Cash, cash equivalents, and restricted cash at beginning of period  Cash, cash equivalents, and restricted cash at end of period  Supplemental disclosures of cash flow information:  Interest paid  (53,839)  (56,114  (55,350)  (5,440  (5,350)  (5,440  (5,350)  (5,440  (4,905)  (5,350)  (5,440  (9,705)  (10,255)  (40)  (9,771)  1,019  (2sh, cash equivalents, and restricted cash at beginning of period  139,747  118,817  Cash, cash equivalents, and restricted cash at end of period  Supplemental disclosures of cash flow information:  Interest paid	Sales of marketable securities		11,773		1,333		
Cash flows from financing activities:  Payment of business acquisition liabilities  Proceeds from exercise of stock options  Net cash provided by financing activities  Effect of foreign exchange rate on cash  Net increase in cash, cash equivalents, and restricted cash  Cash, cash equivalents, and restricted cash at beginning of period  Cash, cash equivalents, and restricted cash at end of period  Supplemental disclosures of cash flow information:  Interest paid  (5,350)  (5,440  (9,740  (10,255  (40)  (9,771  (40)  (9,771)  (10,190  (139,747  (118,817  (19,836  (19,976  (19,976  (19,986  (1	Purchases of property and equipment		(28,155)		(12,374		
Payment of business acquisition liabilities (5,350) (5,440) Proceeds from exercise of stock options 10,255 9,307  Net cash provided by financing activities 4,905 3,867  Effect of foreign exchange rate on cash (40) 971  Net increase in cash, cash equivalents, and restricted cash (9,771) 1,019  Cash, cash equivalents, and restricted cash at beginning of period 139,747 118,817  Cash, cash equivalents, and restricted cash at end of period \$129,976 \$119,836  Supplemental disclosures of cash flow information:  Interest paid	Net cash used in investing activities		(53,839)		(56,114		
Proceeds from exercise of stock options 10,255 9,307  Net cash provided by financing activities 4,905 3,867  Effect of foreign exchange rate on cash (40) 971  Net increase in cash, cash equivalents, and restricted cash (9,771) 1,019  Cash, cash equivalents, and restricted cash at beginning of period 139,747 118,817  Cash, cash equivalents, and restricted cash at end of period \$129,976 \$119,836  Supplemental disclosures of cash flow information:  Interest paid 2 —	Cash flows from financing activities:						
Net cash provided by financing activities4,9053,867Effect of foreign exchange rate on cash(40)971Net increase in cash, cash equivalents, and restricted cash(9,771)1,019Cash, cash equivalents, and restricted cash at beginning of period139,747118,817Cash, cash equivalents, and restricted cash at end of period\$ 129,976\$ 119,836Supplemental disclosures of cash flow information:Interest paid2—	Payment of business acquisition liabilities		(5,350)		(5,440)		
Effect of foreign exchange rate on cash  Net increase in cash, cash equivalents, and restricted cash  Cash, cash equivalents, and restricted cash at beginning of period  Cash, cash equivalents, and restricted cash at end of period  Supplemental disclosures of cash flow information:  Interest paid  (40)  971  1,019  139,747  118,817  2 —	Proceeds from exercise of stock options		10,255		9,307		
Net increase in cash, cash equivalents, and restricted cash(9,771)1,019Cash, cash equivalents, and restricted cash at beginning of period139,747118,817Cash, cash equivalents, and restricted cash at end of period\$ 129,976\$ 119,836Supplemental disclosures of cash flow information:Interest paid2—	Net cash provided by financing activities		4,905		3,867		
Net increase in cash, cash equivalents, and restricted cash(9,771)1,019Cash, cash equivalents, and restricted cash at beginning of period139,747118,817Cash, cash equivalents, and restricted cash at end of period\$ 129,976\$ 119,836Supplemental disclosures of cash flow information:Interest paid2—	Effect of foreign exchange rate on cash		(40)		971		
Cash, cash equivalents, and restricted cash at end of period  Supplemental disclosures of cash flow information:  Interest paid  \$ 129,976  \$ 119,836	Net increase in cash, cash equivalents, and restricted cash				1,019		
Supplemental disclosures of cash flow information:  Interest paid  2 —	Cash, cash equivalents, and restricted cash at beginning of period		139,747		118,817		
Interest paid 2 —	Cash, cash equivalents, and restricted cash at end of period	\$	129,976	\$	119,836		
Interest paid 2 —	Supplemental disclosures of cash flow information:						
·			2		_		
	·	\$	1,450	\$	1,197		

## **Supplemental Financial Information**

### **Sales by Geographic Area:**

(Unaudited)		Three Months Ended		
(In thousands)	Mar	ch 31, 2019	March 31, 2018	
United States	\$	147,536	\$	145,618
International		35,411		28,793
Total sales	\$	182,947	\$	174,411

## Sales by Revenue Stream:

(Unaudited)	Three Months Ended			
(In thousands)	Mai	rch 31, 2019	March 31, 2018	
Musculoskeletal Solutions products	\$	175,758	\$	161,689
Enabling Technologies products		7,189		12,722
Total sales	\$	182,947	\$	174,411

## **Liquidity and Capital Resources:**

### (Unaudited)

(In thousands)	Marc	ch 31, 2019	March 31, 2018		
Cash, cash equivalents, and restricted cash	\$	129,976	\$	139,747	
Short-term marketable securities		190,688		199,937	
Long-term marketable securities		300,802		263,117	
Total cash, cash equivalents, restricted cash and marketable securities	\$	621,466	\$	602,801	

The following tables reconcile GAAP to Non-GAAP financial measures.

## Non-GAAP Adjusted EBITDA Reconciliation Table:

(Unaudited)	Th	Three Months Ended			
(In thousands, except percentages)	March 31,	March 31, 2019 March 31			
Net income	\$ 33	3,210 \$	39,538		
Interest income, net	(4	4,159)	(2,291)		
Provision for income taxes	:	B, <b>441</b>	8,539		
Depreciation and amortization	1	2,254	9,476		
EBITDA	4	9,746	55,262		
Stock-based compensation expense		6,448	6,053		
Acquisition related costs/licensing		637	392		
Adjusted EBITDA	\$ 50	5,831	61,707		
Net income as a percentage of sales		18.2%	22.7%		
Adjusted EBITDA as a percentage of sales		31.1%	35.4%		

### **Non-GAAP Net Income Reconciliation Table:**

(Unaudited)		Three Months Ended		
(In thousands)	Marc	ch 31, 2019	March 31, 2018	
Net income	\$	33,210	\$	39,538
Amortization of intangibles		3,343		2,187
Acquisition related costs/licensing		637		392
Tax effect of adjusting items		(807)		(459)
Non-GAAP net income	\$	36,383	\$	41,658

## Non-GAAP Diluted Earnings Per Share Reconciliation Table:

(Unaudited)	Three Months Ended			ed
(Per share amounts)	March 31, 2019		March 31, 2018	
Diluted earnings per share, as reported	\$	0.33	\$	0.39
Amortization of intangibles		0.03		0.02
Acquisition related costs/licensing		0.01		_
Tax effect of adjusting items		(0.01)		_
Non-GAAP diluted earnings per share	\$	0.36	\$	0.41

### Non-GAAP Free Cash Flow Reconciliation Table:

(Unaudited)	Three Months Ended			
(In thousands)	March 31, 2019 March 31, 2018		ch 31, 2018	
Net cash provided by operating activities	\$	39,203	\$	52,295
Purchases of property and equipment		(28,155)		(12,374)
Non-GAAP free cash flow	\$	11,048	\$	39,921

## Non-GAAP Sales on a Constant Currency Basis Comparative Table:

(Unaudited)	 Three Mon	ths I	Ended		Currency Impact	Constant Currency
(In thousands, except percentages)	March 31, 2019		March 31, 2018	Reported Growth	on Current Period	Growth
United States	\$ 147,536	\$	145,618	1.3%	_	1.3%
International	35,411		28,793	23.0%	\$ (1,426)	27.9%
Total sales	\$ 182,947	\$	174,411	4.9%	\$ (1,426)	5.7%

<u>Contact</u>: Brian Kearns

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