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**

For the quarterly period ended June 30, 2026

OR

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

Commission file number: 001-13149

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

Michigan	**38-1239739**
(State of incorporation)	(I.R.S. Employer Identification No.)
1941 Stryker Way Portage, Michigan	**49002**
(Address of principal executive offices)	(Zip Code)

(269) 385-2600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.10 Par Value	**SYK**	**New York Stock Exchange**
2.125% Notes due 2027	**SYK27**	**New York Stock Exchange**
3.375% Notes due 2028	**SYK28**	**New York Stock Exchange**
0.750% Notes due 2029	**SYK29**	**New York Stock Exchange**
2.625% Notes due 2030	**SYK30**	**New York Stock Exchange**
1.000% Notes due 2031	**SYK31**	**New York Stock Exchange**
3.375% Notes due 2032	**SYK32**	**New York Stock Exchange**
3.625% Notes due 2036	**SYK36**	**New York Stock Exchange**

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, a 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.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 ☒

There were 383,573,046 shares of Common Stock, $0.10 par value, on June 30, 2026.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Stryker Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

	Three Months		Six Months	
	2026	2025	2026	2025
Net sales	**$ 6,589**	**$ 6,022**	**$ 12,609**	**$ 11,888**
Cost of sales	2,091	2,181	4,301	4,303
Gross profit	**$ 4,498**	**$ 3,841**	**$ 8,308**	**$ 7,585**
Research, development and engineering expenses	434	407	847	812
Selling, general and administrative expenses	2,229	2,079	4,510	4,379
Amortization of intangible assets	175	187	355	354
Goodwill and other impairments	1	55	1	90
Total operating expenses	$ 2,839	$ 2,728	$ 5,713	$ 5,635
Operating income	**$ 1,659**	**$ 1,113**	**$ 2,595**	**$ 1,950**
Interest expense	(141)	(159)	(289)	(296)
Other income	46	62	108	126
Earnings before income taxes	**$ 1,564**	**$ 1,016**	**$ 2,414**	**$ 1,780**
Income taxes	288	132	393	242
Net earnings	**$ 1,276**	**$ 884**	**$ 2,021**	**$ 1,538**
Net earnings per share of common stock:				
Basic	$ 3.32	$ 2.32	$ 5.27	$ 4.03
Diluted	$ 3.30	$ 2.29	$ 5.23	$ 3.98
Weighted-average shares outstanding (in millions):				
Basic	383.5	382.2	383.2	382.0
Effect of dilutive employee stock compensation	2.5	4.2	3.0	4.4
Diluted	**386.0**	**386.4**	**386.2**	**386.4**
Cash dividends declared per share of common stock	**$ 0.88**	**$ 0.84**	**$ 1.76**	**$ 1.68**

Anti-dilutive shares excluded from the calculation of dilutive employee stock options were de minimis in all periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months		Six Months	
	2026	2025	2026	2025
Net earnings	**$ 1,276**	**$ 884**	**$ 2,021**	**$ 1,538**
Other comprehensive income (loss), net of tax:				
Marketable securities	—	—	—	—
Pension plans	1	2	—	2
Unrealized gains (losses) on designated hedges	(13)	17	(31)	3
Financial statement translation	19	(372)	142	(474)
Total other comprehensive income (loss), net of tax	**$ 7**	**$ (353)**	**$ 111**	**$ (469)**
Comprehensive income	**$ 1,283**	**$ 531**	**$ 2,132**	**$ 1,069**

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

	June 30 2026 (Unaudited)	December 31 2025
Assets		
Current assets		
Cash and cash equivalents	$ 3,391	$ 4,011
Marketable securities	85	89
Accounts receivable, less allowance of $215 ($216 in 2025)	3,743	4,039
Inventories:		
Materials and supplies	1,436	1,349
Work in process	470	415
Finished goods	3,615	3,546
Total inventories	**$ 5,521**	**$ 5,310**
Prepaid expenses and other current assets	1,678	1,306
Total current assets	**$ 14,418**	**$ 14,755**
Property, plant and equipment:		
Land, buildings and improvements	1,814	1,793
Machinery and equipment	5,995	5,744
Total property, plant and equipment	$ 7,809	$ 7,537
Less allowance for depreciation	3,851	3,661
Property, plant and equipment, net	**$ 3,958**	**$ 3,876**
Goodwill	19,584	19,291
Other intangibles, net	5,742	5,681
Noncurrent deferred income tax assets	994	1,098
Other noncurrent assets	3,234	3,143
Total assets	**$ 47,930**	**$ 47,844**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 1,663	$ 1,799
Accrued compensation	1,105	1,595
Income taxes	224	418
Dividends payable	338	337
Accrued expenses and other liabilities	2,604	2,645
Current maturities of debt	750	1,000
Total current liabilities	**$ 6,684**	**$ 7,794**
Long-term debt, excluding current maturities	14,192	14,859
Income taxes	406	402
Other noncurrent liabilities	2,660	2,369
Total liabilities	**$ 23,942**	**$ 25,424**
Shareholders' equity		
Common stock, $0.10 par value	38	38
Additional paid-in capital	2,711	2,597
Retained earnings	21,815	20,472
Accumulated other comprehensive loss	(576)	(687)
Total shareholders' equity	**$ 23,988**	**$ 22,420**
Total liabilities and shareholders' equity	**$ 47,930**	**$ 47,844**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts are in millions except per share amounts or as otherwise specified. 2

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

	Three Months		Six Months	
	2026	**2025**	**2026**	**2025**
Common stock shares outstanding (in millions)				
Beginning	383.4	382.1	382.5	381.4
Issuance of common stock under stock compensation and benefit plans	0.1	0.2	1.0	0.9
Ending	**383.5**	**382.3**	**383.5**	**382.3**
Common stock				
Beginning	$ 38	$ 38	$ 38	$ 38
Issuance of common stock under stock compensation and benefit plans	—	—	—	—
Ending	**$ 38**	**$ 38**	**$ 38**	**$ 38**
Additional paid-in capital				
Beginning	$ 2,646	$ 2,439	$ 2,597	$ 2,361
Issuance of common stock under stock compensation and benefit plans	11	4	(27)	(2)
Share-based compensation	54	49	141	133
Ending	**$ 2,711**	**$ 2,492**	**$ 2,711**	**$ 2,492**
Retained earnings				
Beginning	$ 20,878	$ 18,862	$ 20,472	$ 18,528
Net earnings	1,276	884	2,021	1,538
Cash dividends declared	(339)	(323)	(678)	(643)
Ending	**$ 21,815**	**$ 19,423**	**$ 21,815**	**$ 19,423**
Accumulated other comprehensive income (loss)				
Beginning	$ (583)	$ (409)	$ (687)	$ (293)
Other comprehensive income (loss)	7	(353)	111	(469)
Ending	**$ (576)**	**$ (762)**	**$ (576)**	**$ (762)**
Total shareholders' equity	**$ 23,988**	**$ 21,191**	**$ 23,988**	**$ 21,191**

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months	
	2026	2025
Operating activities		
Net earnings	**$ 2,021**	**$ 1,538**
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	241	214
Amortization of intangible assets	355	354
Asset impairments	1	90
Share-based compensation	141	133
Sale of inventory stepped-up to fair value at acquisition	—	99
Deferred income tax (benefit) expense	74	176
Changes in operating assets and liabilities:		
Accounts receivable	267	257
Inventories	(240)	(226)
Accounts payable	(127)	(269)
Accrued expenses and other liabilities	(356)	(116)
Income taxes	(258)	(610)
Other, net	(277)	(279)
Net cash provided by operating activities	**$ 1,842**	**$ 1,361**
Investing activities		
Acquisitions, net of cash acquired	(459)	(4,814)
Purchases of marketable securities	(19)	(27)
Proceeds/(Purchases) of short-term investments	—	750
Proceeds from sales of marketable securities	23	32
Purchases of property, plant and equipment	(368)	(306)
Proceeds from the sale of the Spinal Implants business	—	165
Other investing, net	(1)	(40)
Net cash used in investing activities	**$ (824)**	**$ (4,240)**
Financing activities		
Proceeds (payments) on short-term borrowings, net	250	2
Proceeds from issuance of long-term debt	—	2,979
Payments on long-term debt	(1,000)	(650)
Payments of dividends	(674)	(641)
Cash paid for taxes from withheld shares	(146)	(115)
Other financing, net	(35)	(30)
Net cash provided by (used in) financing activities	**$ (1,605)**	**$ 1,545**
Effect of exchange rate changes on cash and cash equivalents	(33)	57
Change in cash and cash equivalents	**$ (620)**	**$ (1,277)**
Cash and cash equivalents at beginning of period	4,011	3,652
Cash and cash equivalents at end of period	**$ 3,391**	**$ 2,375**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts are in millions except per share amounts or as otherwise specified. 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 - BASIS OF PRESENTATION

General Information

Management believes the accompanying unaudited Consolidated Financial Statements contain all adjustments, including normal recurring items, considered necessary to fairly present the financial position of Stryker Corporation and its consolidated subsidiaries ("Stryker," the "Company," "we," "us" or "our") on June 30, 2026 and the results of operations for the three and six months 2026. The results of operations included in these Consolidated Financial Statements may not necessarily be indicative of our annual results. These statements should be read in conjunction with our Annual Report on Form 10-K for 2025.

In the first quarter 2026 we announced a change in our organizational structure. Our new Ortho Tech business combines the orthopaedic instruments portfolio from our Instruments business with the Mako and enabling technologies portfolio from our Other Orthopaedics business. By bringing Mako, power tools, cutting accessories, enabling technologies and the teams behind these products together under one business, we are simplifying the customer experience and striving to increase our speed to market through focused innovation.

Following this reorganization we continue to have two business segments, (i) MedSurg and Neurotechnology and (ii) Orthopaedics, each of which comprise a reportable segment. All historical segment financial information has been recast to conform to this new reporting structure in our financial statements and accompanying notes.

New Accounting Pronouncements Not Yet Adopted

In September 2025 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-07 (Topics 815 and 606): *Derivatives and Hedging: Derivatives Scope Refinements* and *Revenue from Contracts with Customers: Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract.* This update expands the scope exception in Topic 815 to certain non-exchange-traded contracts for which settlement is based on operations or activities specific to one of the parties to the contract. The update is effective for fiscal years beginning after December 15, 2026 including interim periods within those fiscal years. Early adoption is permitted. We are evaluating if the ASU will have an impact on our Consolidated Financial Statements.

In September 2025 the FASB issued ASU 2025-06 (Subtopic 350-40): *Intangibles - Goodwill and Other - Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software.* This update clarifies and modernizes the accounting for costs related to internal-use software by removing all references to project stages and clarifying that the probable-to-complete threshold is not met if significant development uncertainty exists. The update is effective for fiscal years beginning after December 15, 2027 including interim periods within those fiscal years. Early adoption is permitted. We are evaluating if the ASU will have an impact on our Consolidated Financial Statements.

In November 2024 the FASB issued ASU 2024-03 (Subtopic 220-40): *Income Statement: Reporting Comprehensive Income - Expense Disaggregation Disclosures* which requires disaggregation of certain expense captions into specified categories in disclosures within the Notes to the Consolidated Financial Statements. The new disclosure requirements are effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. We are evaluating these new expanded disclosure requirements.

We evaluate all ASUs issued by the FASB for consideration of their applicability. ASUs not included in our disclosures were assessed and determined to be either not applicable or are not expected to have a material impact on our Consolidated Financial Statements.

Accounting Pronouncements Recently Adopted

On January 1, 2026 we adopted ASU 2025-05 (Topic 326): *Financial Instruments - Credit Losses: Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This update provides a practical expedient allowing entities to assume that current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounting for under Accounting Standards Codification 606, *Revenue from Contracts with Customers*. The adoption of this update did not have a material impact on our Consolidated Financial Statements.

NOTE 2 - REVENUE RECOGNITION

Our policies for recognizing sales have not changed from those described in our Annual Report on Form 10-K for 2025.

We disaggregate our net sales by business and geographic location for each of our segments as we believe it best depicts how the nature, amount, timing and certainty of our net sales and cash flows are affected by economic factors.

In the first quarter 2026 we announced a change in our organizational structure. Our new Ortho Tech business combines the orthopaedic instruments portfolio (Orthopaedic Instruments) from Instruments with Other Orthopaedics. In addition, Neuro Cranial and the spine enabling technologies portfolio (Enabling Technologies) from Other Orthopaedics were combined with the remaining Instruments business to align with our internal reporting structure. Ortho Tech includes sales related to Orthopaedic Instruments of $523 and $501 and Other Orthopaedics of $194 and $148 for the three months 2026 and 2025. For the six months 2026 and 2025 Ortho Tech includes sales related to Orthopaedic Instruments of $1,012 and $985 and Other Orthopaedics of $351 and $281. Instruments includes sales related to Neuro Cranial of $681 and $616 and Enabling Technologies of $28 and $34 for the three months 2026 and 2025. For the six months 2026 and 2025 Instruments includes sales related to Neuro Cranial of $1,287 and $1,179 and Enabling Technologies of $54 and $63. We have reflected these changes in all historical periods presented.

Net Sales by Business

	Three Months		Six Months	
	2026	2025	2026	2025
MedSurg and Neurotechnology:				
Instruments	$ 1,003	$ 918	$ 1,923	$ 1,756
Endoscopy	1,004	899	1,872	1,766
Medical	1,122	990	2,024	1,935
Vascular	496	498	1,013	904
	$ 3,625	**$ 3,305**	**$ 6,832**	**$ 6,361**
Orthopaedics:				
Knees	$ 693	$ 640	$ 1,363	$ 1,279
Hips	479	466	939	909
Trauma and Extremities	1,072	957	2,107	1,902
Ortho Tech	717	649	1,363	1,266
Spinal Implants	3	5	5	$ 171
	$ 2,964	**$ 2,717**	**$ 5,777**	**$ 5,527**
Total	**$ 6,589**	**$ 6,022**	**$ 12,609**	**$ 11,888**

Net Sales by Geography

	Three Months		Six Months	
	2026	2025	2026	2025
United States	$ 4,959	$ 4,554	$ 9,435	$ 8,994
International	1,630	1,468	3,174	2,894
Total	**$ 6,589**	**$ 6,022**	**$ 12,609**	**$ 11,888**

Costs to Obtain or Fulfill a Contract

We typically do not incur costs to fulfill a contract before a product or service is provided to a customer due to the nature of our products and services. Our costs to obtain contracts are typically in the form of sales commissions paid to employees or third-party agents. Certain sales commissions paid to employees prior to recognition of sales are recorded as deferred contract costs. We expense sales commissions associated with obtaining a contract at the time of the sale or as incurred as the amortization period is generally less than one year. These costs have been presented within selling, general and administrative expenses. On June 30, 2026 and December 31, 2025 deferred contracts costs recorded in our Consolidated Balance Sheets were not significant.

Contract Assets and Liabilities

Our contract assets primarily relate to conditional rights to consideration for work completed but not billed at the reporting date. On June 30, 2026 and December 31, 2025 contract assets recorded in our Consolidated Balance Sheets were not significant.

Our contract liabilities arise as a result of consideration received from customers at inception of contracts for certain businesses or where the timing of billing for services precedes satisfaction of our performance obligations. This occurs primarily when payment is received upfront for certain multi-period extended service contracts. Our contract liabilities of $997 and $1,024 on June 30, 2026 and December 31, 2025 are classified within accrued expenses and other liabilities and other noncurrent liabilities in our Consolidated Balance Sheets based on the timing of when we expect to complete our performance obligations.

Changes in contract liabilities during the six months 2026 were as follows:

	June 30 2026
Beginning contract liabilities	**$ 1,024**
Revenue recognized from beginning of year contract liabilities	(537)
Net advance consideration received during the period	510
Ending contract liabilities	**$ 997**

Transfers and Servicing of Financial Assets

We sell certain customer lease agreements and the related leased assets to third-party financial institutions to accelerate our cash collection cycle. The lease receivables are sold without recourse and are derecognized from our Consolidated Balance Sheets at the time of sale. Under the terms of our arrangements, we collect lease payments on behalf of the financial institutions but maintain no other form of continuing involvement. Sales of these lease agreements are classified as operating activities in our Consolidated Statements of Cash Flows. Fees earned for our servicing activities are immaterial. Revenue related to customer lease agreements sold under these arrangements represented less than 4% of our total revenue for the three and six months 2026 and 2025.

NOTE 3 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME (AOCI)

Three Months 2026	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ 69**	**$ 24**	**$ (676)**	**$ (583)**
OCI	2	(3)	22	21
Income taxes	—	—	4	4
Reclassifications to:				
Cost of sales	—	(11)	—	(11)
Interest expense	—	(1)	—	(1)
Other income	(2)	—	(10)	(12)
Income taxes	1	2	3	6
Net OCI	$ 1	$ (13)	$ 19	$ 7
Ending	**$ 70**	**$ 11**	**$ (657)**	**$ (576)**

Three Months 2025	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ 4**	**$ 17**	**$ (430)**	**$ (409)**
OCI	3	22	(425)	(400)
Income taxes	(1)	(3)	62	58
Reclassifications to:				
Cost of sales	—	(3)	—	(3)
Interest expense	—	—	—	—
Other income	—	—	(11)	(11)
Income taxes	—	1	2	3
Net OCI	$ 2	$ 17	$ (372)	$ (353)
Ending	**$ 6**	**$ 34**	**$ (802)**	**$ (762)**

Six Months 2026	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ 70**	**$ 42**	**$ (799)**	**$ (687)**
OCI	1	(10)	156	147
Income taxes	1	1	1	3
Reclassifications to:				
Cost of sales	—	(24)	—	(24)
Interest expense	—	(2)	—	(2)
Other income	(3)	—	(20)	(23)
Income taxes	1	4	5	10
Net OCI	$ —	$ (31)	$ 142	$ 111
Ending	**$ 70**	**$ 11**	**$ (657)**	**$ (576)**

Dollar amounts are in millions except per share amounts or as otherwise specified. 6

Six Months 2025	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ 4**	**$ 31**	**$ (328)**	**$ (293)**
OCI	3	6	(585)	(576)
Income taxes	(1)	1	128	128
Reclassifications to:				
Cost of sales	—	(5)	—	(5)
Interest expense	—	(1)	—	(1)
Other income	—	—	(22)	(22)
Income taxes	—	2	5	7
Net OCI	$ 2	$ 3	$ (474)	$ (469)
Ending	**$ 6**	**$ 34**	**$ (802)**	**$ (762)**

NOTE 4 - DERIVATIVE INSTRUMENTS

We use operational and economic hedges, foreign currency exchange forward contracts, net investment hedges (both derivative and non-derivative financial instruments) and interest rate derivative instruments to manage the impact of currency exchange and interest rate fluctuations on earnings, cash flow and equity. We do not enter into derivative instruments for speculative purposes. We are exposed to potential credit loss in the event of nonperformance by counterparties on our outstanding derivative instruments but do not anticipate nonperformance by any of our counterparties. Should a counterparty default, our maximum loss exposure is the asset balance of the instrument. We have not changed our hedging strategies, accounting practices or objectives from those disclosed in our Annual Report on Form 10-K for 2025.

Foreign Currency Hedges

June 2026	Cash Flow	Net Investment	Non-Designated	Total
Gross notional amount	**$ 1,925**	**$ 2,566**	**$ 3,268**	**$ 7,759**
Maximum term in years				**8.2**
Fair value:				
Other current assets	$ 28	$ —	$ 41	$ 69
Other noncurrent assets	3	9	—	12
Other current liabilities	(28)	(39)	(9)	(76)
Other noncurrent liabilities	(3)	(28)	—	(31)
Total fair value	**$ —**	**$ (58)**	**$ 32**	**$ (26)**

December 2025	Cash Flow	Net Investment	Non-Designated	Total
Gross notional amount	**$ 1,738**	**$ 2,647**	**$ 4,391**	**$ 8,776**
Maximum term in years				**8.7**
Fair value:				
Other current assets	$ 33	$ —	$ 11	$ 44
Other noncurrent assets	2	—	—	2
Other current liabilities	(10)	(71)	(21)	(102)
Other noncurrent liabilities	(2)	(66)	—	(68)
Total fair value	**$ 23**	**$ (137)**	**$ (10)**	**$ (124)**

We had €2.3 billion at June 30, 2026 and December 31, 2025 in certain forward currency contracts designated as net investment hedges, for which the maximum term is 8.2 years, to hedge a portion of our investments in certain of our entities with functional currencies denominated in Euros. In addition to these derivative financial instruments designated as net investment hedges, we had €5.0 billion at June 30, 2026 and December 31, 2025 of senior unsecured notes designated as net investment hedges to selectively hedge portions of our investment in certain international subsidiaries. The currency effects of our Euro-denominated senior unsecured notes are reflected in AOCI within shareholders' equity where they offset gains and losses recorded on our net investment in international subsidiaries.

The total after-tax gain (loss) recognized in OCI related to designated net investment hedges was $180 in the six months 2026.

Currency Exchange Rate Gains (Losses) Recognized in Net Earnings

Derivative Instrument	Recognized in:	Three Months 2026	Three Months 2025	Six Months 2026	Six Months 2025
Cash Flow	Cost of sales	$ 11	$ 3	$ 24	$ 5
Net Investment	Other income	10	11	20	22
Non-Designated	Other income	3	15	2	28
	Total	**$ 24**	**$ 29**	**$ 46**	**$ 55**

Pretax gains (losses) on derivatives designated as cash flow hedges of $8 and net investment hedges of $30 recorded in AOCI are expected to be reclassified to cost of sales and other income in earnings within 12 months of June 30, 2026. This cash flow hedge reclassification is primarily due to the sale of inventory that includes previously hedged purchases. A component of the AOCI amounts related to net investment hedges is reclassified over the life of the hedge instruments as we elected to exclude the initial value of the component related to the spot-forward difference from the effectiveness assessment.

Interest Rate Hedges

Pretax gains of $6 recorded in AOCI related to interest rate hedges closed in conjunction with debt issuances are expected to be reclassified to interest expense in earnings within 12 months of June 30, 2026. The cash flow effect of interest rate hedges is recorded in cash flow from operations.

NOTE 5 - FAIR VALUE MEASUREMENTS

Our policies for managing risk related to foreign currency, interest rates, credit and markets and our process for determining fair value have not changed from those described in our Annual Report on Form 10-K for 2025.

In the six months 2026 we recorded $271 of contingent consideration related to the acquisition of Amplitude Vascular Systems, Inc. (AVS) described in Note 7.

In 2025 we assumed contingent consideration liabilities with a fair value of $90 related to previous acquisitions made by Inari Medical, Inc. (Inari). Refer to Note 7 for further information on the acquisition of Inari.

There were no significant transfers into or out of any level of the fair value hierarchy in 2026.

Assets Measured at Fair Value

	June 30 2026	December 31 2025
Cash and cash equivalents	$ 3,391	$ 4,011
Trading marketable securities	336	307
Level 1 - Assets	**$ 3,727**	**$ 4,318**
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	$ 47	$ 52
United States treasury debt securities	38	37
Total available-for-sale marketable securities	$ 85	$ 89
Foreign currency exchange forward contracts	81	46
Level 2 - Assets	**$ 166**	**$ 135**
Total assets measured at fair value	**$ 3,893**	**$ 4,453**

Dollar amounts are in millions except per share amounts or as otherwise specified. 7

Liabilities Measured at Fair Value

	June 30 2026	December 31 2025
Deferred compensation arrangements	$ 336	$ 307
Level 1 - Liabilities	**$ 336**	**$ 307**
Foreign currency exchange forward contracts	$ 107	$ 170
Level 2 - Liabilities	**$ 107**	**$ 170**
Contingent consideration:		
Beginning	$ 518	$ 452
Additions	271	123
Change in estimate and foreign exchange	7	24
Settlements	(40)	(81)
Ending	$ 756	$ 518
Level 3 - Liabilities	**$ 756**	**$ 518**
Total liabilities measured at fair value	**$ 1,199**	**$ 995**

Fair Value of Available for Sale Securities by Maturity

	June 30 2026	December 31 2025
Due in one year or less	$ 31	$ 41
Due after one year through three years	$ 54	$ 48

On June 30, 2026 and December 31, 2025 the aggregate difference between the cost and fair value of available-for-sale marketable securities was nominal. Interest income on cash and cash equivalents, short-term investments and income from marketable securities was $26 and $24 in the three months 2026 and 2025, and $60 and $62 in the six months 2026 and 2025, which was recorded in other income.

Our investments in available-for-sale marketable securities had a minimum credit quality rating of A2 (Moody's), A (Standard & Poor's) and A (Fitch). We do not plan to sell the investments, and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost basis, which may be maturity.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor, tax, intellectual property and other matters. The outcomes of these matters will generally not be known for prolonged periods of time. In certain of the legal proceedings the claimants seek damages as well as other compensatory and equitable relief that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which management had sufficient information to reasonably estimate our future obligations, a liability representing management's best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. If actual outcomes are less favorable than those estimated by management, additional expense may be incurred, which could unfavorably affect future operating results. We are self-insured for certain claims and expenses. The ultimate cost to us with respect to product liability claims could be materially different than the amount of the current estimates and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

Leases

	June 30 2026	December 31 2025
Right-of-use assets	$ 521	$ 519
Lease liabilities, current	$ 159	$ 153
Lease liabilities, non-current	$ 345	$ 348
Other information:		
Weighted-average remaining lease term (years)	4.6	5.0
Weighted-average discount rate	3.80 %	3.77 %

	Three Months		Six Months	
	2026	2025	2026	2025
Operating lease cost	$ 53	$ 52	$ 109	$ 105

Other Contractual Obligations and Commitments

Our outstanding balances of confirmed invoices in the supplier financing program were $78 and $75 at June 30, 2026 and December 31, 2025 and are included within accounts payable in our Consolidated Balance Sheets.

NOTE 7 - ACQUISITIONS

We acquire stock in companies and various assets that continue to support our capital deployment and product development strategies. In the six months 2026 and 2025 cash paid for acquisitions, net of cash acquired was $459 and $4,814.

In May 2026 we completed the acquisition of AVS for net cash consideration of $435 and up to $400 in future milestone payments that had a fair value of $271 at the acquisition date. AVS is developing a next-generation intravascular lithotripsy platform designed to treat complex peripheral arterial disease. AVS is part of our Peripheral Vascular business within MedSurg and Neurotechnology. Acquired in-process research and development intangible assets represent projects where the related product has not yet received regulatory approval. The purchase price allocation for AVS is based on preliminary valuations, primarily related to in-process research and development. Goodwill attributable to the acquisition reflects the strategic benefits of expanding our peripheral vascular portfolio. This goodwill is not deductible for tax purposes.

In February 2025 we completed the acquisition of Inari for $80 per share, or an aggregate purchase price of $4,810, net of cash acquired. Inari's product portfolio includes minimally invasive products for the treatment of venous thromboembolism. Inari is part of our Peripheral Vascular business within MedSurg and Neurotechnology. Goodwill attributable to the acquisition reflects the strategic benefits of expanding our market presence, diversifying our product portfolio and advancing innovations. This goodwill is not deductible for tax purposes. Share-based awards for Inari employees vested upon our acquisition and a charge of $139 was recorded in selling, general and administrative expenses in the six months 2025.

Dollar amounts are in millions except per share amounts or as otherwise specified. 8

The purchase price allocations for AVS and Inari are:

Purchase Price Allocation of Acquired Net Assets

	2026	2025
	AVS	Inari
Tangible assets acquired:		
Accounts receivable	$ —	$ 78
Inventory	—	215
Deferred income tax assets	3	134
Other assets	14	84
Deferred income tax liabilities	(99)	(489)
Other liabilities	(14)	(189)
Intangible assets:		
Developed technologies	—	1,458
In-process research and development	404	—
Customer relationships	—	330
Other intangibles	—	72
Goodwill	398	3,117
Purchase price, net of cash acquired of $10 and $64	**$ 706**	**$ 4,810**
Weighted average amortization period at acquisition (years):		
Developed technologies	—	13
Customer relationships	—	13
Other intangibles	—	9

Consolidated estimated annual amortization expense for definite-lived intangible assets is:

Remainder of 2026	2027	2028	2029	2030
$ 351	$ 715	$ 634	$ 617	$ 599

NOTE 8 - DEBT AND CREDIT FACILITIES

We have lines of credit issued by various financial institutions that are available to fund our day-to-day operating needs. Certain of our credit facilities require us to comply with financial and other covenants. We were in compliance with all covenants on June 30, 2026.

On June 30, 2026 we had $250 outstanding under our commercial paper programs which allows for maturities up to 397 days from the date of issuance. The maximum amount of our commercial paper that can be outstanding at any time is $3,000.

In March 2026 we repaid $1,000 of 3.500% senior unsecured notes. The following table summarizes our total debt at June 30:

Summary of Total Debt

Rate	Due	June 30 2026	December 31 2025
Senior unsecured notes:			
3.500%	March 15, 2026	—	1,000
4.550%	February 10, 2027	499	498
2.125%	November 30, 2027	854	881
4.700%	February 10, 2028	698	697
3.650%	March 7, 2028	599	599
4.850%	December 8, 2028	597	597
3.375%	December 11, 2028	683	704
0.750%	March 1, 2029	911	939
4.250%	September 11, 2029	745	744
4.850%	February 10, 2030	794	794
1.950%	June 15, 2030	995	995
2.625%	November 30, 2030	737	759
1.000%	December 3, 2031	850	876
3.375%	September 11, 2032	906	934
4.625%	September 11, 2034	741	741
5.200%	February 10, 2035	990	990
3.625%	September 11, 2036	675	695
4.100%	April 1, 2043	393	393
4.375%	May 15, 2044	396	396
4.625%	March 15, 2046	985	984
2.900%	June 15, 2050	643	643
Commercial paper		250	—
Other		1	—
Total debt		**$ 14,942**	**$ 15,859**
Less current maturities		750	1,000
Total long-term debt		**$ 14,192**	**$ 14,859**

	June 30 2026	December 31 2025
Unamortized debt issuance costs	$ 63	$ 70
Borrowing capacity on existing facilities	$ 2,910	$ 2,911
Fair value of senior unsecured notes	$ 14,024	$ 15,344

The fair value of the senior unsecured notes was estimated using quoted interest rates, maturities and amounts of borrowings based on quoted active market prices and yields that took into account the underlying terms of the debt instruments. Substantially all of our debt is classified within Level 2 of the fair value hierarchy.

Interest expense on outstanding debt and credit facilities, including required fees incurred totaled $136 and $159 for the three months 2026 and 2025 and $278 and $296 for the six months 2026 and 2025.

NOTE 9 - INCOME TAXES

Our effective tax rates were 18.4% and 16.3% in the three and six months 2026 and 13.0% and 13.6% in the three and six months 2025. The effective tax rates for the three and six months 2026 increased from the three and six months 2025 due to the 2025 tax benefit related to the sale of the Spinal Implants business. The effective tax rates for the three and six months 2026 and 2025 reflect the continued lower effective income tax rates as a result of our European operations and certain discrete tax items.

Income tax authorities in various jurisdictions globally conduct routine audits of our income tax returns to determine if they agree with our interpretations of income tax regulations. Any audit assessment, draft audit assessment or final audit report received is reviewed for new information and evaluated for proper financial statement treatment.

Dollar amounts are in millions except per share amounts or as otherwise specified. 9

NOTE 10 - SEGMENT INFORMATION

We segregate our operations into two reportable business segments: (i) MedSurg and Neurotechnology and (ii) Orthopaedics which aligns to our internal reporting structure and how our Chief Operating Decision Maker (CODM) assesses the performance and allocates resources. The CODM is the Chief Executive Officer. The CODM makes decisions on resource allocation, assesses performance of the business, and monitors budget versus actual results using segment operating income. Information about total assets by segment is not disclosed because such information is not regularly provided to, or used by, our CODM.

Segment Results

	Three Months		Six Months	
	2026	2025	2026	2025
MedSurg and Neurotechnology	$ 3,625	$ 3,305	$ 6,832	$ 6,361
Orthopaedics	2,964	2,717	5,777	5,527
Net sales	**$ 6,589**	**$ 6,022**	**$12,609**	**$11,888**
MedSurg and Neurotechnology	$ 1,343	$ 1,264	$ 2,634	$ 2,438
Orthopaedics	822	767	1,661	1,556
Cost of sales	**$ 2,165**	**$ 2,031**	**$ 4,295**	**$ 3,994**
MedSurg and Neurotechnology	$ 255	$ 228	$ 486	$ 437
Orthopaedics	155	153	309	318
Segment research, development and engineering expenses	**$ 410**	**$ 381**	**$ 795**	**$ 755**
MedSurg and Neurotechnology	$ 945	$ 909	$ 1,873	$ 1,768
Orthopaedics	850	781	1,695	1,669
Segment selling, general and administrative expenses	**$ 1,795**	**$ 1,690**	**$ 3,568**	**$ 3,437**
MedSurg and Neurotechnology	$ 63	$ 58	$ 120	$ 114
Orthopaedics	129	116	258	230
Segment depreciation and amortization	**$ 192**	**$ 174**	**$ 378**	**$ 344**
Corporate and Other	$ 37	$ 26	$ 66	$ 53
Amortization of intangible assets	175	187	355	354
Total depreciation and amortization	**$ 404**	**$ 387**	**$ 799**	**$ 751**
MedSurg and Neurotechnology	$ 1,019	$ 846	$ 1,719	$ 1,604
Orthopaedics	1,008	900	1,854	1,754
Segment operating income	**$ 2,027**	**$ 1,746**	**$ 3,573**	**$ 3,358**
Items not allocated to segments:				
Corporate and Other	$ (220)	$ (201)	$ (495)	$ (469)
Inventory stepped up to fair value	—	(65)	—	(99)
Acquisition and integration-related charges	(25)	(78)	(44)	(263)
Amortization of intangible assets	(175)	(187)	(355)	(354)
Structural optimization and other special charges	(95)	(11)	(213)	(52)
Goodwill and other impairments	(1)	(55)	(1)	(90)
Medical device regulation	(5)	(7)	(10)	(19)
Recall-related matters	(2)	(22)	(12)	(55)
Regulatory and legal matters	(3)	(7)	(6)	(7)
Reversal of 2025 tariffs	158	—	158	—
Consolidated operating income	**$ 1,659**	**$ 1,113**	**$ 2,595**	**$ 1,950**

Segment Capital Spending

	Six Months	
	2026	2025
Purchases of property, plant and equipment:		
MedSurg and Neurotechnology	$ 155	$ 86
Orthopaedics	90	110
Total segment purchases of property, plant and equipment	**$ 245**	**$ 196**
Corporate and Other	123	110
Total purchases of property, plant and equipment	**$ 368**	**$ 306**

NOTE 11 - GOODWILL AND OTHER INTANGIBLE ASSETS

In the first quarter 2026 we changed our organizational structure as further described in Note 1.

Following this reorganization we continue to have two reportable segments, MedSurg and Neurotechnology and Orthopaedics. The reorganization impacts the composition of the Instruments and Joint Replacement reporting units and results in a new reporting unit representing the Ortho Tech business.

In connection with this reorganization we reallocated the goodwill associated with the impacted businesses using the relative fair value approach, resulting in a reallocation of $518 of goodwill from the MedSurg and Neurotechnology segment to the Orthopaedics segment.

Dollar amounts are in millions except per share amounts or as otherwise specified. 10

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

ABOUT STRYKER

Stryker Corporation ("we" or the "Company") is a global leader in medical technologies and, together with our customers, we are driven to make healthcare better. We offer innovative products and services in MedSurg, Neurotechnology, and Orthopaedics that help improve patient and healthcare outcomes. Alongside our customers around the world, we impact more than 150 million patients annually. Our goal is to achieve sales growth at the high-end of the medical technology (MedTech) industry and maintain our long-term capital allocation strategy that prioritizes: (1) Acquisitions, (2) Dividends and (3) Share repurchases.

MedSurg and Neurotechnology products include surgical equipment, patient and caregiver safety technologies, and a comprehensive line of products for traditional brain and open skull-based surgical procedures orthobiologic and biosurgery products, including synthetic bone grafts and vertebral augmentation (Instruments), endoscopic and communications systems (Endoscopy), patient handling, emergency medical equipment, intensive care disposable products, clinical communication and artificial intelligence-assisted virtual care platform technology (Medical), and minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke and venous thromboembolism (Vascular). Orthopaedics products include implants and surgical equipment such as navigation systems and robotics used in total joint replacements, such as hip, knee and shoulder, ankle and trauma and extremities surgeries. We bring patients and physicians advanced implant designs and specialized instrumentation that make orthopaedic surgery and recovery simpler, faster and more effective. We support surgeons with technologies, products and services they need to support each patient's clinical challenge.

Overview of the Three and Six Months

In the three months 2026 we achieved sales growth of 9.4% from 2025. Excluding the impact of acquisitions and divestitures, sales grew 9.0% in constant currency. We reported operating income margin of 25.2%, net earnings of $1,276 and net earnings per diluted share of $3.30. Excluding the impact of certain items, adjusted operating income margin(1) increased by 170 basis points to 27.4%, with adjusted net earnings(1) of $1,424 and adjusted net earnings per diluted share(1) of $3.69, an increase of 17.9% from 2025.

In the six months 2026 we achieved sales growth of 6.1% from 2025. Excluding the impact of acquisitions and divestitures, sales grew 5.8% in constant currency. We reported operating income margin of 20.6%, net earnings of $2,021 and net earnings per diluted share of $5.23. Excluding the impact of certain items, adjusted operating income margin(1) increased by 10 basis points to 24.4%, with adjusted net earnings(1) of $2,428 and adjusted net earnings per diluted share(1) of $6.29, an increase of 5.4% from 2025.

(1) Refer to "Non-GAAP Financial Measures" for a discussion of non-GAAP financial measures used in this report and a reconciliation to the most directly comparable GAAP financial measure.

CONSOLIDATED RESULTS OF OPERATIONS

	Three Months					Six Months				
			Sales		Percentage			Sales		Percentage
	2026	2025	2026	2025	Change	2026	2025	2026	2025	Change
Net sales	**$ 6,589**	**$ 6,022**	**100.0 %**	**100.0 %**	**9.4 %**	**$12,609**	**$11,888**	**100.0 %**	**100.0 %**	**6.1 %**
Gross profit	4,498	3,841	68.3	63.8	17.1	8,308	7,585	65.9	63.8	9.5
Research, development and engineering expenses	434	407	6.6	6.8	6.6	847	812	6.7	6.8	4.3
Selling, general and administrative expenses	2,229	2,079	33.8	34.5	7.2	4,510	4,379	35.8	36.8	3.0
Amortization of intangible assets	175	187	2.7	3.1	(6.4)	355	354	2.8	3.0	0.3
Goodwill and other impairments	1	55	—	0.9	nm	1	90	—	0.8	nm
Interest expense	(141)	(159)	(2.1)	(2.6)	(11.3)	(289)	(296)	(2.3)	(2.5)	(2.4)
Other income	46	62	0.7	1.0	(25.8)	108	126	0.9	1.1	(14.3)
Income taxes	288	132	nm	nm	118.2	393	242	nm	nm	62.4
Net earnings	**$ 1,276**	**$ 884**	**19.4 %**	**14.7 %**	**44.3 %**	**$ 2,021**	**$ 1,538**	**16.0 %**	**12.9 %**	**31.4 %**
Net earnings per diluted share	**$ 3.30**	**$ 2.29**			**44.1 %**	**$ 5.23**	**$ 3.98**			**31.4 %**
Adjusted net earnings per diluted share(1)	**$ 3.69**	**$ 3.13**			**17.9 %**	**$ 6.29**	**$ 5.97**			**5.4 %**

nm - not meaningful

Dollar amounts are in millions except per share amounts or as otherwise specified. 11

SALES GROWTH ANALYSIS

	Three Months				Six Months			
			Percentage Change				Percentage Change	
	2026	2025	As Reported	Constant Currency	2026	2025	As Reported	Constant Currency
MedSurg and Neurotechnology:								
Instruments								
United States	$ 840	$ 776	8.4 %	8.4 %	$ 1,606	$ 1,478	8.7 %	8.7 %
International	163	142	13.9	12.3	317	278	13.9	9.6
Total	**$ 1,003**	**$ 918**	**9.3 %**	**9.0 %**	**$ 1,923**	**$ 1,756**	**9.6 %**	**8.9 %**
Endoscopy								
United States	$ 819	$ 742	10.2 %	10.2 %	$ 1,520	$ 1,452	4.6 %	4.6 %
International	185	157	18.8	16.5	352	314	12.4	8.1
Total	**$ 1,004**	**$ 899**	**11.7 %**	**11.3 %**	**$ 1,872**	**$ 1,766**	**6.0 %**	**5.3 %**
Medical								
United States	$ 945	$ 840	12.6 %	12.6 %	$ 1,692	$ 1,642	3.1 %	3.1 %
International	177	150	17.9	15.0	332	293	13.2	8.1
Total	**$ 1,122**	**$ 990**	**13.4 %**	**13.0 %**	**$ 2,024**	**$ 1,935**	**4.6 %**	**3.9 %**
Vascular								
United States	$ 250	$ 268	(6.7)%	(6.7)%	$ 530	$ 471	12.5 %	12.5 %
International	246	230	6.3	4.0	483	433	11.3	7.1
Total	**$ 496**	**$ 498**	**(0.7)%**	**(1.8)%**	**$ 1,013**	**$ 904**	**11.9 %**	**9.9 %**
MedSurg and Neurotechnology								
United States	$ 2,854	$ 2,626	8.7 %	8.7 %	$ 5,348	$ 5,043	6.1 %	6.1 %
International	771	679	13.3	11.1	1,484	1,318	12.5	8.1
Total	**$ 3,625**	**$ 3,305**	**9.7 %**	**9.2 %**	**$ 6,832**	**$ 6,361**	**7.4 %**	**6.5 %**
Orthopaedics:								
Knees								
United States	$ 488	$ 460	6.2 %	6.2 %	$ 960	$ 924	3.8 %	3.8 %
International	205	180	14.0	12.4	403	355	13.7	9.2
Total	**$ 693**	**$ 640**	**8.4 %**	**8.0 %**	**$ 1,363**	**$ 1,279**	**6.6 %**	**5.3 %**
Hips								
United States	$ 296	$ 283	4.9 %	4.9 %	$ 572	$ 552	3.6 %	3.6 %
International	183	183	—	(0.8)	367	357	2.9	(0.6)
Total	**$ 479**	**$ 466**	**2.9 %**	**2.6 %**	**$ 939**	**$ 909**	**3.3 %**	**1.9 %**
Trauma and Extremities								
United States	$ 791	$ 702	12.5 %	12.5 %	$ 1,558	$ 1,415	10.1 %	10.1 %
International	281	255	10.3	8.5	549	487	12.7	7.7
Total	**$ 1,072**	**$ 957**	**11.9 %**	**11.5 %**	**$ 2,107**	**$ 1,902**	**10.7 %**	**9.4 %**
Ortho Tech								
United States	$ 530	$ 483	9.5 %	9.5 %	$ 997	$ 942	5.8 %	5.8 %
International	187	166	12.8	11.8	366	324	12.9	9.2
Total	**$ 717**	**$ 649**	**10.3 %**	**10.0 %**	**$ 1,363**	**$ 1,266**	**7.6 %**	**6.7 %**
	$ 2,961	**$ 2,712**	**9.2 %**	**8.8 %**	**$ 5,772**	**$ 5,356**	**7.7 %**	**6.5 %**
Spinal Implants								
United States	$ —	$ —	(100.0)%	(100.0)%	$ —	$ 118	(100.0)%	(100.0)%
International	3	5	(36.7)	(40.9)	5	53	(90.2)	(91.2)
Total	**$ 3**	**$ 5**	**(36.7)%**	**(40.9)%**	**$ 5**	**$ 171**	**(96.9)%**	**(97.1)%**
Orthopaedics								
United States	$ 2,105	$ 1,928	9.1 %	9.1 %	$ 4,087	$ 3,951	3.4 %	3.4 %
International	859	789	8.9	7.6	1,690	1,576	7.2	3.0
Total	**$ 2,964**	**$ 2,717**	**9.1 %**	**8.7 %**	**$ 5,777**	**$ 5,527**	**4.5 %**	**3.3 %**
Geographic:								
United States	$ 4,959	$ 4,554	8.9 %	8.9 %	$ 9,435	$ 8,994	4.9 %	4.9 %
International	1,630	1,468	11.0	9.2	3,174	2,894	9.7	5.3
Total	**$ 6,589**	**$ 6,022**	**9.4 %**	**9.0 %**	**$ 12,609**	**$ 11,888**	**6.1 %**	**5.0 %**

Note: In the first quarter 2026 we announced a change in our organizational structure. Our new Ortho Tech business combines the orthopaedic instruments portfolio (Orthopaedic Instruments) from Instruments with Other Orthopaedics. In addition, Neuro Cranial and the spine enabling technologies portfolio (Enabling Technologies) from Other Orthopaedics were combined with the remaining Instruments business to align with our internal reporting structure. Ortho Tech includes sales related to Orthopaedic Instruments of $523 and $501 and Other Orthopaedics of $194 and $148 for the three months 2026 and 2025. For the six months 2026 and 2025 Ortho Tech includes sales related to Orthopaedic Instruments of $1,012 and $985 and Other Orthopaedics of $351 and $281. Instruments includes sales related to Neuro Cranial of $681 and $616 and Enabling Technologies of $28 and $34 for the three months 2026 and 2025. For the six months 2026 and 2025 Instruments includes sales related to Neuro Cranial of $1,287 and $1,179 and Enabling Technologies of $54 and $63. We have reflected these changes in all historical periods presented.

Dollar amounts are in millions except per share amounts or as otherwise specified. 12

Consolidated Net Sales

Consolidated net sales increased 9.4% in the three months 2026 as reported and 9.0% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.4%. Net sales in constant currency increased by 9.0% from increased unit volume. The unit volume increase was due to higher product shipments across most MedSurg and Neurotechnology businesses and all Orthopaedics businesses.

Consolidated net sales increased 6.1% in the six months 2026 as reported and 5.0% in constant currency as foreign currency exchange rates positively impacted net sales by 1.1%. Excluding the (0.8)% impact of acquisitions and divestitures, net sales in constant currency increased by 5.6% from increased unit volume and 0.2% due to higher prices. The unit volume increase was due to higher product shipments across all MedSurg and Neurotechnology businesses and all Orthopaedics businesses.

MedSurg and Neurotechnology Net Sales

MedSurg and Neurotechnology net sales increased 9.7% in the three months 2026 as reported and 9.2% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.5%. Net sales in constant currency increased by 9.1% from increased unit volume and 0.1% from higher prices. The unit volume increase was due to higher shipments across most Medsurg and Neurotechnology businesses.

MedSurg and Neurotechnology net sales increased 7.4% in the six months 2026 as reported and 6.5% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.9%. Excluding the 1.3% impact of acquisitions and divestitures, net sales in constant currency increased by 4.9% from increased unit volume and 0.3% from higher prices. The unit volume increase was due to higher shipments across all MedSurg and Neurotechnology businesses.

Orthopaedics Net Sales

Orthopaedics net sales increased 9.1% in the three months 2026 as reported and 8.7% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.4%. Excluding the 0.1% impact of acquisitions and divestitures, net sales in constant currency increased 8.6% from increased unit volume. The unit volume increase was due to higher shipments across all Orthopaedics businesses.

Orthopaedics net sales increased 4.5% in the six months 2026 as reported and 3.3% in constant currency, as foreign currency exchange rates positively impacted net sales by 1.2%. Excluding the (3.1)% impact of acquisitions and divestitures, net sales in constant currency increased 6.4% from increased unit volume. The unit volume increase was due to higher shipments across all Orthopaedics businesses.

Gross Profit

Gross profit was $4,498 and $3,841 in the three months 2026 and 2025. The key components of the change were:

	Gross Profit Percent Net Sales
Three Months 2025	**63.8 %**
Volume and mix	70 bps
Manufacturing and supply chain costs	(30) bps
Structural optimization and other special charges	40 bps
Inventory stepped up to fair value	110 bps
Reversal of 2025 tariffs	260 bps
Three Months 2026	**68.3 %**

Gross profit as a percentage of net sales in the three months 2026 increased to 68.3% from 63.8% in 2025 primarily driven by a reduction of certain import tariffs and lower amortization of inventory stepped up to fair value.

Gross profit was $8,308 and $7,585 in the six months 2026 and 2025. The key components of the change were:

	Gross Profit Percent Net Sales
Six Months 2025	**63.8 %**
Sales pricing	10 bps
Volume and mix	40 bps
Manufacturing and supply chain costs	(100) bps
Structural optimization and other special charges	50 bps
Inventory stepped up to fair value	80 bps
Reversal of 2025 tariffs	130 bps
Six Months 2026	**65.9 %**

Gross profit as a percentage of net sales in the six months 2026 increased to 65.9% from 63.8% in 2025 driven by a reduction of certain import tariffs and lower amortization of inventory stepped up to fair value partially offset by higher manufacturing and supply chain costs primarily due to idle production time related to the cybersecurity incident in the first quarter 2026.

While segment mix was not a significant driver of the change in gross profit as a percent of net sales between the six months 2026 and 2025, we generally expect segment mix to have an unfavorable impact for the foreseeable future as we anticipate more rapid sales growth in our lower gross margin MedSurg and Neurotechnology segment than our Orthopaedics segment.

Research, Development and Engineering Expenses

Research, development and engineering expenses increased $27 or 6.6% in the three months 2026 and $35 or 4.3% in the six months 2026. Expenses as a percentage of net sales of 6.6% in the three months and 6.7% in the six months 2026 remained relatively flat with 6.8% in the three and six months 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $150 or 7.2% in the three months 2026. As a percentage of net sales, expenses decreased to 33.8% from 34.5% in 2025, primarily due to continued spend discipline and lower acquisition and integration-related charges partially offset by higher structural optimization and other special charges.

Selling, general and administrative expenses increased $131 or 3.0% in the six months 2026. As a percentage of net sales, expenses decreased to 35.8% from 36.8% in 2025, primarily due to lower acquisition-related costs and continued spend discipline partially offset by higher structural optimization and other special charges. Expenses in the six months 2025 included a charge of $139 for share-based awards for Inari employees that vested upon our acquisition.

Amortization of Intangible Assets

Amortization of intangible assets was $175 and $187 in the three months and $355 and $354 in the six months 2026 and 2025. Refer to Note 7 to our Consolidated Financial Statements for further information.

Goodwill and Other Impairments

Goodwill and other impairments was $1 and $55 in the three months and $1 and $90 in the six months 2026 and 2025.

Operating Income

Dollar amounts are in millions except per share amounts or as otherwise specified. 13

Operating income was $1,659 and $1,113 in the three months 2026 and 2025. Operating income as a percentage of net sales in the three months 2026 increased to 25.2% from 18.5% in 2025. Refer to the discussion above for the primary drivers of the change.

Operating income was $2,595 and $1,950 in the six months 2026 and 2025. Operating income as a percentage of net sales in the six months 2026 increased to 20.6% from 16.4% in 2025. Refer to the discussion above for the primary drivers of the change.

MedSurg and Neurotechnology operating income as a percentage of net sales increased to 28.1% in the three months 2026 from 25.6% in 2025. Orthopaedics operating income as a percentage of net sales increased to 34.0% in the three months 2026 from 33.1% in 2025. The key components of the change were:

	Operating Income Percent Net Sales	
	MedSurg and Neurotechnology	Orthopaedics
Three Months 2025	**25.6 %**	**33.1 %**
Volume	60 bps	50 bps
Manufacturing and supply chain costs	60 bps	(20) bps
Research, development and engineering expenses	(10) bps	40 bps
Selling, general and administrative expenses	140 bps	20 bps
Three Months 2026	**28.1 %**	**34.0 %**

The increase in MedSurg and Neurotechnology operating income as a percentage of net sales for the three months was primarily driven by lower selling, general and administrative expenses, lower manufacturing and supply chain costs and higher unit volumes, partially offset by higher research, development and engineering expenses.

The increase in Orthopaedics operating income as a percentage of net sales for the three months was primarily driven by higher unit volumes, lower research, development and engineering expenses and lower selling, general and administrative expenses, partially offset by higher manufacturing and supply chain costs.

MedSurg and Neurotechnology operating income as a percentage of net sales of 25.2% in the six months 2026 remained flat with 2025. Orthopaedics operating income as a percentage of net sales increased to 32.1% in the six months 2026 from 31.7% in 2025. The key components of the change were:

	Operating Income Percent Net Sales	
	MedSurg and Neurotechnology	Orthopaedics
Six Months 2025	**25.2 %**	**31.7 %**
Sales pricing	10 bps	0 bps
Volume	40 bps	20 bps
Manufacturing and supply chain costs	(70) bps	(100) bps
Research, development and engineering expenses	(20) bps	40 bps
Selling, general and administrative expenses	40 bps	80 bps
Six Months 2026	**25.2 %**	**32.1 %**

MedSurg and Neurotechnology operating income as a percentage of net sales for the six months remained flat and was primarily driven by lower selling, general and administrative expenses and higher unit volumes and prices, offset by higher manufacturing and supply chain costs and research, development and engineering expenses.

The increase in Orthopaedics operating income as a percentage of net sales for the six months was primarily driven by lower selling, general and administrative expenses, lower research, development and engineering expenses and higher unit volumes, partially offset by higher manufacturing and supply chain costs.

Interest Expense

Interest expense was $141 and $159 in the three months and $289 and $296 in the six months 2026 and 2025. The decrease in interest expense in the three months and six months 2026 from 2025 was due to lower outstanding debt and credit facilities partially offset by higher average interest rates.

Other Income

Other income was $46 and $62 in the three months and $108 and $126 in the six months 2026 and 2025. The decrease in other income in the three and six months 2026 from 2025 was primarily due to lower interest income in 2026.

Income Taxes

Our effective tax rates were 18.4% and 16.3% in the three and six months 2026 and 13.0% and 13.6% in the three and six months 2025. The effective tax rate for the three and six months 2026 increased from the three and six months 2025 due to the 2025 tax benefit related to the sale of the Spinal Implants business. The effective tax rates for the three and six months 2026 and 2025 reflect the continued lower effective income tax rates as a result of our European operations and certain discrete tax items.

Our future results of operations could be affected by changes in the effective tax rate as a result of changes in tax laws, regulations and judicial rulings. We are continuing to evaluate the impact of tax reform in the countries in which we operate as new guidance is published and new regulations are adopted.

Net Earnings

Net earnings increased to $1,276 or $3.30 per diluted share in the three months 2026 from $884 or $2.29 per diluted share in 2025. Net earnings increased to $2,021 or $5.23 per diluted share in six months 2026 from $1,538 or $3.98 per diluted share in 2025. Refer to the discussion above for the primary drivers of the change.

Non-GAAP Financial Measures

Dollar amounts are in millions except per share amounts or as otherwise specified. 14

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States (GAAP) with certain non-GAAP financial measures, including percentage sales growth in constant currency; percentage organic sales growth; adjusted gross profit; adjusted selling, general and administrative expenses; adjusted research, development and engineering expenses; adjusted operating income; adjusted other income (expense), net; adjusted income taxes; adjusted effective income tax rate; adjusted net earnings; and adjusted net earnings per diluted share (Diluted EPS). We believe these non-GAAP financial measures provide meaningful information to assist investors and shareholders in understanding our financial results and assessing our prospects for future performance. Management believes percentage sales growth in constant currency and the other adjusted measures described above are important indicators of our operations because they exclude items that may not be indicative of or are unrelated to our core operating results and provide a baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures for reviewing the operating results of reportable business segments and analyzing potential future business trends in connection with our budget process and bases certain management incentive compensation on these non-GAAP financial measures. To measure percentage sales growth in constant currency, we remove the impact of changes in foreign currency exchange rates that affect the comparability and trend of sales. Percentage sales growth in constant currency is calculated by translating current and prior year results at the same foreign currency exchange rate. To measure percentage organic sales growth, we remove the impact of changes in foreign currency exchange rates, acquisitions and divestitures, which affect the comparability and trend of sales. Percentage organic sales growth is calculated by translating current year and prior year results at the same foreign currency exchange rates excluding the impact of acquisitions and divestitures. To measure earnings performance on a consistent and comparable basis, we exclude certain items that affect the comparability of operating results and the trend of earnings. The income tax effect of each adjustment was determined based on the tax effect of the jurisdiction in which the related pre-tax adjustment was recorded. These adjustments are irregular in timing and may not be indicative of our past and future performance. The following are examples of the types of adjustments that may be included in a period:

1. *Acquisition and integration-related costs*. Costs related to integrating recently acquired businesses (e.g., costs associated with the termination of sales relationships, employee retention and workforce reductions, manufacturing integration costs and other integration-related activities), changes in the fair value of contingent consideration, amortization of inventory stepped-up to fair value, specific costs (e.g., deal costs and costs associated with legal entity rationalization) related to the consummation of the acquisition process and legal entity rationalization and acquisition-related tax items.
2. *Amortization of purchased intangible assets*. Periodic amortization expense related to purchased intangible assets.
3. *Structural optimization and other special charges.* Costs associated with employee retention and workforce reductions, the closure or transfer of manufacturing and other facilities (e.g., site closure costs, contract termination costs and redundant employee costs during the work transfers), product line exits (primarily inventory, long-lived asset and specifically-identified intangible asset write-offs), certain long-lived and intangible asset write-offs and impairments and other charges.
4. *Medical device regulations.* Costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the new medical device reporting regulations and other requirements of the European Union.
5. *Recall-related matters*. Changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve the Rejuvenate, LFIT V40, Wright legacy hip products and other product recalls.
6. *Regulatory and legal matters*. Changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve certain regulatory or other legal matters and the amount of favorable awards from settlements.
7. *Tax matters*. Impact of accounting for certain significant and discrete tax items.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales growth, gross profit, selling, general and administrative expenses, research, development and engineering expenses, operating income, other income (expense), net, income taxes, effective income tax rate, net earnings and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures at the end of the discussion of Consolidated Results of Operations below. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The weighted-average diluted shares outstanding used in the calculation of adjusted net earnings per diluted share are the same as those used in the calculation of reported net earnings per diluted share for the respective period.

Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Three Months 2026	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 4,498**	**$ 2,229**	**$ 434**	**$ 1,659**	**$ (95)**	**$ 288**	**$ 1,276**	**18.4 %**	**$ 3.30**
Reported percent net sales	68.3 %	33.8 %	6.6 %	25.2 %	(1.4)%	nm	19.4 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	7	(14)	(4)	25	—	3	22	—	0.06
Amortization of purchased intangible assets	—	—	—	175	—	33	142	0.3	0.37
Structural optimization and other special charges (b)	5	(89)	(1)	95	(6)	20	69	0.3	0.18
Goodwill and other impairments (c)	—	—	—	1	—	—	1	—	—
Medical device regulations (d)	—	—	(5)	5	—	1	4	—	0.01
Recall-related matters (e)	(1)	(3)	—	2	—	1	1	—	—
Regulatory and legal matters (f)	—	(3)	—	3	—	—	3	—	—
Tax matters (g)	—	—	—	—	—	(39)	39	(2.5)	0.11
Reversal of 2025 tariffs	(158)	—	—	(158)	—	(25)	(133)	—	(0.34)
Adjusted	**$ 4,351**	**$ 2,120**	**$ 424**	**$ 1,807**	**$ (101)**	**$ 282**	**$ 1,424**	**16.5 %**	**$ 3.69**
Adjusted percent net sales	66.0 %	32.2 %	6.4 %	27.4 %	(1.5)%	nm	21.6 %		

Dollar amounts are in millions except per share amounts or as otherwise specified. 15

Three Months 2025	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 3,841**	**$ 2,079**	**$ 407**	**$ 1,113**	**$ (97)**	**$ 132**	**$ 884**	**13.0 %**	**$ 2.29**
Reported percent net sales	63.8 %	34.5 %	6.8 %	18.5 %	(1.6)%	nm	14.7 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	65	—	—	65	—	16	49	0.5	0.12
Other acquisition and integration-related (a)	1	(76)	(1)	78	—	20	58	0.7	0.15
Amortization of purchased intangible assets	—	—	—	187	—	39	148	1.0	0.37
Structural optimization and other special charges (b)	6	(2)	(3)	11	(9)	(2)	4	(0.2)	0.01
Goodwill and other impairments (c)	—	—	—	55	—	22	33	1.2	0.10
Medical device regulations (d)	—	—	(7)	7	—	1	6	0.1	0.02
Recall-related matters (e)	21	(1)	—	22	—	1	21	(0.3)	0.06
Regulatory and legal matters (f)	—	(7)	—	7	—	1	6	0.1	0.01
Tax matters (g)	—	—	—	—	—	(2)	2	(0.2)	—
Adjusted	**$ 3,934**	**$ 1,993**	**$ 396**	**$ 1,545**	**$ (106)**	**$ 228**	**$ 1,211**	**15.9 %**	**$ 3.13**
Adjusted percent net sales	65.4 %	33.1 %	6.6 %	25.7 %	(1.8)%	nm	20.1 %		

nm - not meaningful

(a) Charges represent certain acquisition and integration-related costs associated with acquisitions, including:

	Three Months 2026	Three Months 2025
Termination of sales relationships	$ 6	$ —
Employee retention and workforce reductions	(3)	29
Changes in the fair value of contingent consideration	6	3
Manufacturing integration costs	5	3
Other integration-related activities	11	43
Adjustments to Operating Income	**$ 25**	**$ 78**
Adjustments to Income Taxes	**$ 3**	**$ 20**
Adjustments to Net Earnings	**$ 22**	**$ 58**

(b) Structural optimization and other special charges represent the costs associated with:

	Three Months 2026	Three Months 2025
Employee retention and workforce reductions	$ 6	$ 5
Closure/transfer of manufacturing and other facilities	4	7
Product line exits	9	(10)
Termination of sales relationships in certain countries	6	(3)
Other charges	70	12
Adjustments to Operating Income	**$ 95**	**$ 11**
Adjustments to Other Income (Expense), Net	**$ (6)**	**$ (9)**
Adjustments to Income Taxes	**$ 20**	**$ (2)**
Adjustments to Net Earnings	**$ 69**	**$ 4**

(c) Goodwill and other impairments represent the costs associated with:

	Three Months 2026	Three Months 2025
Certain long-lived and intangible asset write-offs and impairments	$ —	$ 52
Product line exits (e.g., long-lived asset and specifically-identified intangible asset write-offs)	1	3
Adjustments to Operating Income	**$ 1**	**$ 55**
Adjustments to Income Taxes	**$ —**	**$ 22**
Adjustments to Net Earnings	**$ 1**	**$ 33**

(d) Charges represent the costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the medical device reporting regulations and other requirements of the new medical device regulations in the European Union.

(e) Charges represent changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve certain recall-related matters.

(f) Charges represent changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve certain regulatory or other legal matters and the amount of favorable awards from settlements.

(g) Benefits / (charges) represent the accounting impact of certain significant and discrete tax items, including:

	Three Months 2026	Three Months 2025
Adjustments related to the transfer of certain intellectual properties between tax jurisdictions	$ (55)	$ (45)
Other tax matters	16	43
Adjustments to Income Taxes	**$ (39)**	**$ (2)**
Adjustments to Other Income (Expense), Net	**$ —**	**$ —**
Adjustments to Net Earnings	**$ 39**	**$ 2**

Dollar amounts are in millions except per share amounts or as otherwise specified. 16

Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Six Months 2026	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 8,308**	**$ 4,510**	**$ 847**	**$ 2,595**	**$ (181)**	**$ 393**	**$ 2,021**	**16.3 %**	**$ 5.23**
Reported percent net sales	65.9 %	35.8 %	6.7 %	20.6 %	(1.4)%	nm	16.0 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	9	(27)	(8)	44	—	7	37	—	0.10
Amortization of purchased intangible assets	—	—	—	355	—	63	292	0.3	0.75
Structural optimization and other special charges (b)	19	(193)	(1)	213	(17)	45	151	0.6	0.39
Goodwill and other impairments (c)	—	—	—	1	—	—	1	—	—
Medical device regulations (d)	—	—	(10)	10	—	2	8	—	0.02
Recall-related matters (e)	—	(12)	—	12	—	3	9	—	0.02
Regulatory and legal matters (f)	—	(6)	—	6	—	1	5	—	0.01
Tax matters (g)	—	—	—	—	—	(37)	37	(1.5)	0.11
Reversal of 2025 tariffs	(158)	—	—	(158)	—	(25)	(133)	—	(0.34)
Adjusted	**$ 8,178**	**$ 4,272**	**$ 828**	**$ 3,078**	**$ (198)**	**$ 452**	**$ 2,428**	**15.7 %**	**$ 6.29**
Adjusted percent net sales	64.9 %	33.9 %	6.6 %	24.4 %	(1.6)%	nm	19.3 %		

Six Months 2025	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 7,585**	**$ 4,379**	**$ 812**	**$ 1,950**	**$ (170)**	**$ 242**	**$ 1,538**	**13.6 %**	**$ 3.98**
Reported percent net sales	63.8 %	36.8 %	6.8 %	16.4 %	(1.4)%	nm	12.9 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	99	—	—	99	—	24	75	0.5	0.19
Other acquisition and integration-related (a)	14	(247)	(2)	263	—	26	237	(0.7)	0.62
Amortization of purchased intangible assets	—	—	—	354	—	73	281	1.1	0.72
Structural optimization and other special charges (b)	28	(21)	(3)	52	(9)	12	31	0.3	0.08
Goodwill and other impairments (c)	—	—	—	90	—	31	59	1.0	0.16
Medical device regulations (d)	1	—	(18)	19	—	4	15	0.1	0.04
Recall-related matters (e)	52	(3)	—	55	—	9	46	0.1	0.12
Regulatory and legal matters (f)	—	(7)	—	7	—	2	5	0.1	0.01
Tax matters (g)	—	—	—	—	—	(21)	21	(1.2)	0.05
Adjusted	**$ 7,779**	**$ 4,101**	**$ 789**	**$ 2,889**	**$ (179)**	**$ 402**	**$ 2,308**	**14.9 %**	**$ 5.97**
Adjusted percent net sales	65.4 %	34.5 %	6.6 %	24.3 %	(1.5)%	nm	19.4 %		

(a) Charges represent certain acquisition and integration-related costs associated with acquisitions, including:

	Six Months 2026	Six Months 2025
Termination of sales relationships	$ 6	$ —
Employee retention and workforce reductions	—	45
Changes in the fair value of contingent consideration	9	1
Manufacturing integration costs	10	7
Stock compensation payments upon a change in control	—	139
Other integration-related activities	19	71
Adjustments to Operating Income	**$ 44**	**$ 263**
Adjustments to Income Taxes	**$ 7**	**$ 26**
Adjustments to Net Earnings	**$ 37**	**$ 237**

(b) Structural optimization and other special charges represent the costs associated with:

	Six Months 2026	Six Months 2025
Employee retention and workforce reductions	$ 13	$ 38
Closure/transfer of manufacturing and other facilities (e.g., site closure, contract termination and redundant employee costs)	9	12
Product line exits (e.g., inventory, long-lived asset and specifically-identified intangible asset write-offs)	11	(7)
Termination of sales relationships in certain countries	87	(4)
Other charges	93	13
Adjustments to Operating Income	**$ 213**	**$ 52**
Adjustments to Other Income (Expense), Net	**$ (17)**	**$ (9)**
Adjustments to Income Taxes	**$ 45**	**$ 12**
Adjustments to Net Earnings	**$ 151**	**$ 31**

Dollar amounts are in millions except per share amounts or as otherwise specified. 17

(c) Goodwill and other impairments represent the costs associated with:

	Six Months 2026	Six Months 2025
Certain long-lived and intangible asset write-offs and impairments	$ —	$ 86
Product line exits (e.g., long-lived asset and specifically-identified intangible asset write-offs)	1	4
Adjustments to Operating Income	**$ 1**	**$ 90**
Adjustments to Income Taxes	**$ —**	**$ 31**
Adjustments to Net Earnings	**$ 1**	**$ 59**

(d) Charges represent the costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the medical device reporting regulations and other requirements of the new medical device regulations in the European Union.

(e) Charges represent changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve certain recall-related matters.

(f) Charges represent changes in our best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within a range is not known, to resolve certain regulatory or other legal matters and the amount of favorable awards from settlements.

(g) Benefits / (charges) represent the accounting impact of certain significant and discrete tax items, including:

	Six Months 2026	Six Months 2025
Adjustments related to the transfer of certain intellectual properties between tax jurisdictions	$ (75)	$ (92)
Other tax matters	38	71
Adjustments to Income Taxes	**$ (37)**	**$ (21)**
Adjustments to Other Income (Expense), Net	**$ —**	**$ —**
Adjustments to Net Earnings	**$ 37**	**$ 21**

FINANCIAL CONDITION AND LIQUIDITY

Net cash provided by (used in):	Six Months 2026	Six Months 2025
Operating activities	$ 1,842	$ 1,361
Investing activities	(824)	(4,240)
Financing activities	(1,605)	1,545
Effect of exchange rate changes	(33)	57
Change in cash and cash equivalents	**$ (620)**	**$ (1,277)**

Operating Activities

Cash provided by operating activities was $1,842 and $1,361 in the six months 2026 and 2025. The increase was primarily due to changes in working capital accounts.

Investing Activities

Cash used in investing activities was $824 and $4,240 in the six months 2026 and 2025. The six months 2026 included cash paid for purchases of property, plant and equipment. The six months 2025 included cash paid to acquire Inari and purchases of property, plant and equipment partially offset by proceeds from the sale of short-term investments. Refer to Note 7 to our Consolidated Financial Statements for further information on acquisitions.

Financing Activities

Cash used in financing activities was $1,605 in the six months 2026 and cash provided by financing activities was $1,545 in the six months 2025. In 2026, cash used was primarily driven by repayments of $1,000 to pay off maturing unsecured notes as described in Note 8 to our Consolidated Financial Statements and dividend payments. Cash provided by financing activities in 2025 was primarily driven by proceeds from the issuance of various senior unsecured notes which was partially offset by dividend payments.

Liquidity

Cash, cash equivalents, short-term investments and marketable securities were $3,476 and $4,100 on June 30, 2026 and December 31, 2025. Current assets exceeded current liabilities by $7,734 and $6,961 on June 30, 2026 and December 31, 2025. We anticipate being able to support our short-term liquidity and operating needs from a variety of sources including cash from operations, commercial paper and existing credit lines.

We have raised funds in the capital markets and have accessed the credit markets in the past and may continue to do so from time-to-time. We continue to have strong investment-grade short-term and long-term debt ratings that we believe should enable us to refinance our debt as needed.

Our cash, cash equivalents, short-term investments and marketable securities held in locations outside the United States was 51% on June 30, 2026 compared to 20% on December 31, 2025.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There were no changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for 2025, except as follows:

Refer to Note 11 for discussion on the impact of changes to our organizational structure in the first quarter 2026 on our reportable segments and the related goodwill.

Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, of a magnitude that we believe could have a material impact on our financial condition or liquidity.

OTHER MATTERS

Legal and Regulatory Matters

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of our business, including proceedings related to product, labor, tax, intellectual property and other matters. Refer to Note 6 to our Consolidated Financial Statements for further information.

FORWARD-LOOKING STATEMENTS

Dollar amounts are in millions except per share amounts or as otherwise specified. 18

This report contains statements that are not historical facts and are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current projections about operations, industry conditions, financial condition and liquidity. Words that identify forward-looking statements include, without limitation, words such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," "goal," "strategy" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, an acquisition or our businesses. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict, including uncertainties related to the impact of the cybersecurity incident first reported on March 11, 2026 on our operations and financial results. Therefore, actual results could differ materially and adversely from these forward-looking statements, historical experience or our present expectations. Some important factors that could cause our actual results to differ from our expectations in any forward-looking statements include the risks discussed in Item 1A. "Risk Factors" of our Annual Report on Form 10-K for 2025. This Form 10-Q should be read in conjunction with our Consolidated Financial Statements and accompanying notes to our Consolidated Financial Statements in our Annual Report on Form 10-K for 2025. While we believe that the assumptions underlying such forward-looking statements are reasonable, there can be no assurance that future events or developments will not cause such statements to be inaccurate. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement. We expressly disclaim any intention or obligation to publicly update or revise any forward-looking statement to reflect any change in our expectations or in events, conditions or circumstances on which those expectations may be based, or that affect the likelihood that actual results will differ from those contained in the forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We consider our greatest potential area of market risk exposure to be exchange rate risk on our operating results. Quantitative and qualitative disclosures about exchange rate risk are included in Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for 2025. There were no material changes from the information provided therein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer (the Certifying Officers), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) on June 30, 2026. Based on that evaluation, the Certifying Officers concluded the Company's disclosure controls and procedures were effective as of June 30, 2026.

Changes in Internal Control Over Financial Reporting

There was no change to our internal control over financial reporting during the six months 2026 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1A. RISK FACTORS

We are not aware of any material changes to the risk factors included in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for 2025 and Part II, Item 1A. "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We issued 1,929 shares of our common stock in the three months 2026 as performance incentive awards to employees. These shares are not registered under the Securities Act of 1933 based on the conclusion that the awards would not be events of sale within the meaning of Section 2(a)(3) of the Act.

In March 2015 we announced that our Board of Directors had authorized us to purchase up to $2,000 of our common stock. The manner, timing and amount of repurchases are determined by management based on an evaluation of market conditions, stock price, and other factors and are subject to regulatory considerations. Purchases are made from time-to-time in the open market, in privately negotiated transactions or otherwise.

In the six months 2026 we did not repurchase any shares of our common stock under our authorized repurchase program. The total dollar value of shares of our common stock that could be acquired under our authorized repurchase program was $1,033 as of June 30, 2026.

ITEM 5. OTHER INFORMATION

Certain of our officers or directors have made elections to participate in, and are participating in, our employee stock purchase plan and 401(k) plan and have made, and may from time to time make, elections to have shares withheld to cover withholding taxes due or pay the exercise price of stock options, restricted stock units and performance stock units, which may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

10(i)*	Transition Agreement, dated May 15, 2026, between Stryker Corporation and William E. Berry, Jr. – Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated May 20, 2026 (Commission File No. 001-13149).
10(ii)*	Letter Agreement, dated May 15, 2026, between Stryker Corporation and Emily Baculik – Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated May 20, 2026 (Commission File No. 001-13149).
31(i)†	Certification of Principal Executive Officer of Stryker Corporation pursuant to Rule 13a-14(a).
31(ii)†	Certification of Principal Financial Officer of Stryker Corporation pursuant to Rule 13a-14(a).
32(i)††	Certification by Principal Executive Officer of Stryker Corporation pursuant to 18 U.S.C. Section 1350.
32(ii)††	Certification by Principal Financial Officer of Stryker Corporation pursuant to 18 U.S.C. Section 1350.
101.INS	iXBRL Instance Document
101.SCH	iXBRL Schema Document
101.CAL	iXBRL Calculation Linkbase Document
101.DEF	iXBRL Definition Linkbase Document
101.LAB	iXBRL Label Linkbase Document
101.PRE	iXBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Compensation arrangement
† Filed with this Form 10-Q
†† Furnished with this Form 10-Q

SIGNATURES

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

STRYKER CORPORATION
(Registrant)

Date: July 31, 2026

/s/ KEVIN A. LOBO
Kevin A. Lobo
Chair and Chief Executive Officer

Date: July 31, 2026

/s/ PRESTON W. WELLS
Preston W. Wells
Vice President, Chief Financial Officer