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Press release

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Stryker reports first quarter 2025 operating results

Portage, Michigan – May 1, 2025 – Stryker (NYSE:SYK) reported operating results for the first quarter of 2025:

First Quarter Results

- **Reported net sales increased 11.9% to $5.9 billion**
- **Organic net sales increased 10.1%**
- **Reported operating income margin of 14.3%**
- **Adjusted operating income margin(1) increased 100 bps to 22.9%**
- **Reported EPS decreased 17.6% to $1.69**
- **Adjusted EPS(1) increased 13.6% to $2.84**

First Quarter Net Sales Growth Overview

	Reported	Foreign Currency Exchange	Constant Currency	Acquisitions / Divestitures	Organic
MedSurg and Neurotechnology	13.4 %	(0.8)%	14.2 %	3.5 %	10.7 %
Orthopaedics	9.7	(1.0)	10.7	1.4	9.3
Total	**11.9 %**	**(0.9)%**	**12.8 %**	**2.7 %**	**10.1 %**

"Our 2024 momentum continued into the first quarter as we delivered double-digit organic sales growth and continued to expand adjusted operating margins," said Kevin A. Lobo, Chair and CEO. "We remain confident in our sales and earnings power for 2025, fueled by the strength of procedural volumes, demand for our capital products and our commercial execution."

Sales Analysis

Consolidated net sales of $5.9 billion increased 11.9% in the quarter and 12.8% in constant currency. Organic net sales increased 10.1% in the quarter including 9.4% from increased unit volume and 0.7% from higher prices.

MedSurg and Neurotechnology net sales of $3.5 billion increased 13.4% in the quarter and 14.2% in constant currency. Organic net sales increased 10.7% in the quarter including 9.5% from increased unit volume and 1.2% from higher prices.

Orthopaedics net sales of $2.4 billion increased 9.7% in the quarter and 10.7% in constant currency. Organic net sales increased 9.3% in the quarter including 9.3% from increased unit volume.

Earnings Analysis

Reported net earnings of $654 million decreased 17.0% in the quarter. Reported net earnings per diluted share of $1.69 decreased 17.6% in the quarter. Reported gross profit margin and reported operating income margin were 63.8% and 14.3% in the quarter. Reported net earnings include certain items, such as charges for acquisition and integration-related activities, the amortization of purchased intangible assets, structural optimization and other special charges, goodwill and other impairments, costs to comply with certain medical device regulations, recall-related matters, regulatory and legal matters and tax matters. Excluding the aforementioned items, adjusted gross profit margin(1) was 65.5% in the quarter, and adjusted operating income margin(1) was 22.9% in the quarter. Adjusted net earnings(1) of $1.1 billion increased 14.0% in the quarter. Adjusted net earnings per diluted share(1) of $2.84 increased 13.6% in the quarter.

2025 Outlook

Considering our first quarter results, strong demand for our capital products and our commercial momentum in the end markets in which we operate, we are raising our full year 2025 organic net sales growth(2) guidance range to 8.5% to 9.5%. Our updated sales guidance reflects a modestly favorable pricing impact and a slightly unfavorable foreign exchange impact should foreign exchange rates hold near current levels.

We expect our adjusted net earnings per diluted share[2] to be the range of $13.20 to $13.45. Our previous guidance on adjusted net earnings per diluted share[2] was $13.45 to $13.70, excluding a dilutive impact of $0.20 to $0.30 from the Inari Medical, Inc. (Inari) acquisition. Our updated guidance reiterates our previous guidance inclusive of dilution from the Inari acquisition while also offsetting a tariff impact of approximately $200 million, which is based on currently available information and our best estimates at this time.

(1) A reconciliation of the non-GAAP financial measures: adjusted gross profit margin, adjusted operating income and adjusted operating income margin, adjusted net earnings and adjusted net earnings per diluted share, to the most directly comparable GAAP measures: gross profit margin, operating income and operating income margin, net earnings and net earnings per diluted share, and other important information accompanies this press release.

(2) We are unable to present a quantitative reconciliation of our expected net sales growth to expected organic net sales growth as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of acquisitions and divestitures and the impact of foreign currency exchange rates. We are unable to present a quantitative reconciliation of our expected net earnings per diluted share to expected adjusted net earnings per diluted share as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of structural optimization and other special charges, acquisition-related expenses and the outcome of certain regulatory, legal and tax matters. The financial impact of these items is uncertain and is dependent on various factors, including timing, and could be material to our Consolidated Statements of Earnings.

Conference Call on Thursday, May 1, 2025

As previously announced, we will host a conference call on **Thursday, May 1, 2025** at 4:30 p.m., Eastern Time, to discuss our operating results for the quarter ended March 31, 2025 and provide an operational update.

Please register for this conference call at: https://www.veracast.com/webcasts/stryker/events/SYK1Q25.cfm. After registering, a confirmation will be sent via email, including dial-in details and unique conference call access codes required for call entry. Registration is open throughout the live call. To ensure you are connected prior to the beginning of the call, we suggest registering a minimum of 15 minutes before the start of the call.

A simultaneous webcast of the call will be accessible via the Investor Relations page of our website at www.stryker.com. For those not planning to ask a question of management, we recommend listening via the webcast. Please allow 15 minutes to register, download and install any necessary software.

Following the conference call, a replay will be available on our website up to one year from the time of the earnings call.

Caution Concerning Forward-Looking Statements

This press release contains information that includes or is based on forward-looking statements within the meaning of the federal securities law that are subject to various risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements. Such risks and uncertainties include, but are not limited to: weakening of economic conditions, or the anticipation thereof, that could adversely affect the level of demand for our or Inari products; geopolitical risks, including from tariffs and the potential for further changes in trade policies and international conflicts, which have led to and could continue to lead to, among other things, increased market volatility; pricing pressures generally, including cost-containment measures that have adversely affected and could in the future adversely affect the price of or demand for our or Inari's products; changes in foreign currency exchange markets; legislative and regulatory actions; unanticipated issues arising in connection with clinical studies and otherwise that affect approval of new products, including Inari products, by the United States Food and Drug Administration and foreign regulatory agencies; inflationary pressures; increased interest rates or interest rate volatility; supply chain disruptions; changes in labor markets; changes in coverage and reimbursement levels from third-party payors; changes in the competitive environment; breaches, failures or other disruptions of our or our vendors' or customers' information technology systems or products, including by cyber-attack, data leakage, unauthorized access or theft; a significant increase in product liability claims; the ultimate total cost with respect to recall-related and other regulatory and quality matters; the impact of investigative and legal proceedings and compliance risks; resolution of tax audits; changes in tax laws and regulations; the impact of legislation to reform the healthcare system in the United States or other countries; costs to comply with medical device regulations; changes in financial markets; changes in our credit ratings; our ability to integrate and realize the anticipated benefits of acquisitions in full or at all or within the expected timeframes, including our acquisition of Inari; our ability to realize any anticipated cost savings; risks relating to climate change or other environmental, social and governance and sustainability related matters; the impact on our operations and financial results of any public health emergency and any related policies and actions by governments or other third parties; unexpected liabilities, costs, charges or expenses in connection with the acquisition of Inari; and the effects of the Inari transaction on the parties' relationships with employees, customers, other business partners or governmental entities. Additional information concerning these and other factors is contained in our filings with the United States Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We 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, except to the extent required by law.

Stryker 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. More information is available at www.stryker.com.

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STRYKER CORPORATION
For the Three Months March 31
(Unaudited - Millions of Dollars, Except Per Share Amounts)

CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months		
	2025	2024	% Change
Net sales	**$ 5,866**	**$ 5,243**	**11.9 %**
Cost of sales	2,122	1,910	11.1
Gross profit	**$ 3,744**	**$ 3,333**	**12.3 %**
% of sales	63.8 %	63.6 %	
Research, development and engineering expenses	405	368	10.1
Selling, general and administrative expenses	2,300	1,837	25.2
Amortization of intangible assets	167	153	9.2
Goodwill and other impairments	35	3	nm
Total operating expenses	$ 2,907	$ 2,361	23.1 %
Operating income	**$ 837**	**$ 972**	**(13.9) %**
% of sales	14.3 %	18.5 %	
Other income (expense), net	(73)	(49)	49.0
Earnings before income taxes	**$ 764**	**$ 923**	**(17.2) %**
Income taxes	110	135	(18.5)
Net earnings	**$ 654**	**$ 788**	**(17.0) %**
Net earnings per share of common stock:			
Basic	$ 1.71	$ 2.07	(17.4) %
Diluted	$ 1.69	$ 2.05	(17.6) %
Weighted-average shares outstanding (in millions):			
Basic	381.7	380.4	
Diluted	386.4	385.1	

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31 2025	December 31 2024
Assets		
Cash and cash equivalents	$ 2,320	$ 3,652
Short-term investments	—	750
Marketable securities	89	91
Accounts receivable, net	3,961	3,987
Inventories	5,105	4,774
Prepaid expenses and other current assets	1,547	1,593
Total current assets	**$ 13,022**	**$ 14,847**
Property, plant and equipment, net	3,536	3,448
Goodwill and other intangibles, net	25,221	20,250
Noncurrent deferred income tax assets	1,411	1,742
Other noncurrent assets	2,816	2,684
Total assets	**$ 46,006**	**$ 42,971**
Liabilities and shareholders' equity		
Current liabilities	$ 7,929	$ 7,616
Long-term debt, excluding current maturities	14,383	12,188
Income taxes	372	349
Other noncurrent liabilities	2,392	2,184
Shareholders' equity	20,930	20,634
Total liabilities and shareholders' equity	**$ 46,006**	**$ 42,971**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months	
	2025	2024
Operating activities		
Net earnings	**$ 654**	**$ 788**
Depreciation	105	107
Amortization of intangible assets	167	153
Changes in operating assets, liabilities, income taxes payable and other, net	(676)	(844)
Net cash provided by operating activities	**$ 250**	**$ 204**
Investing activities		
Acquisitions, net of cash acquired	$ (4,749)	$ (246)
Proceeds from maturity of short-term investments	750	—
Purchases of property, plant and equipment	(123)	(167)
Other investing, net	(14)	5
Net cash used in investing activities	**$ (4,136)**	**$ (408)**
Financing activities		
Borrowings (payments) of debt, net	$ 2,979	$ (1)
Payments of dividends	(320)	(304)
Other financing, net	(125)	(113)
Net cash provided by (used in) financing activities	**$ 2,534**	**$ (418)**
Effect of exchange rate changes on cash and cash equivalents	20	(19)
Change in cash and cash equivalents	**$ (1,332)**	**$ (641)**

STRYKER CORPORATION
For the Three Months March 31
(Unaudited - Millions of Dollars)

SALES GROWTH ANALYSIS

	Three Months			
			Percentage Change	
	2025	2024	As Reported	Constant Currency
Geographic:				
United States	$ 4,440	$ 3,914	13.4 %	13.4 %
International	1,426	1,329	7.3	10.8
Total	**$ 5,866**	**$ 5,243**	**11.9 %**	**12.8 %**
Segment:				
MedSurg and Neurotechnology	$ 3,511	$ 3,097	13.4 %	14.2 %
Orthopaedics	2,355	2,146	9.7	10.7
Total	**$ 5,866**	**$ 5,243**	**11.9 %**	**12.8 %**

SUPPLEMENTAL SALES GROWTH ANALYSIS

	Three Months						
					United States	International	
			Percentage Change				
	2025	2024	As Reported	Constant Currency	As Reported	As Reported	Constant Currency
MedSurg and Neurotechnology:							
Instruments	$ 730	$ 667	9.4 %	10.1 %	10.4 %	5.5 %	8.7 %
Endoscopy	867	778	11.4	12.1	11.6	10.6	14.6
Medical	945	864	9.4	10.1	12.3	(4.3)	(0.6)
Vascular	406	310	31.0	33.3	67.0	7.9	11.1
Neuro Cranial	563	478	17.8	18.5	19.1	12.3	15.8
	$ 3,511	**$ 3,097**	**13.4 %**	**14.2 %**	**15.6 %**	**6.0 %**	**9.5 %**
Orthopaedics:							
Knees	$ 639	$ 588	8.7 %	9.8 %	8.3 %	10.0 %	13.9 %
Hips	443	393	12.7	14.1	7.6	21.7	25.7
Trauma and Extremities	945	830	13.9	14.7	16.6	6.0	9.2
Spinal Implants	166	171	(2.9)	(2.4)	(0.1)	(10.5)	(7.6)
Other	162	164	(1.2)	0.1	(1.9)	1.2	4.3
	$ 2,355	**$ 2,146**	**9.7 %**	**10.7 %**	**10.1 %**	**8.8 %**	**12.3 %**
Total	**$ 5,866**	**$ 5,243**	**11.9 %**	**12.8 %**	**13.4 %**	**7.3 %**	**10.8 %**

Note: In the first quarter 2025 we changed the name of our Neurovascular business to Vascular due the acquisition of Inari. In the fourth quarter 2024 we reorganized our Spine business to align with certain updates to our internal reporting structure. The spine enabling technologies portfolio (Enabling Technologies) was reclassified to Other Orthopaedics, the interventional spine portfolio was reclassified to Neuro Cranial and the remaining Spine business was renamed to Spinal Implants. Neuro Cranial includes sales related to interventional spine of $118 and $98 for the three months 2025 and 2024. Other Orthopaedics includes sales related to Enabling Technologies of $29 and $31 for the three months 2025 and 2024. We have reflected these changes in all historical periods presented.

SUPPLEMENTAL INFORMATION - RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

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.

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 that, when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures below, provide a more complete understanding of our business. 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 following reconciles the non-GAAP financial measures discussed above with the most directly comparable GAAP financial measures. 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.

STRYKER CORPORATION
For the Three Months March 31
(Unaudited - Millions of Dollars, Except Per Share Amounts)

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

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	**$ 3,744**	**$ 2,300**	**$ 405**	**$ 837**	**$ (73)**	**$ 110**	**$ 654**	**14.4 %**	**$ 1.69**
Reported percent net sales	63.8 %	39.2 %	6.9 %	14.3 %	(1.2)%	nm	11.1 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	34	—	—	34	—	8	26	0.5	0.07
Other acquisition and integration-related (a)	13	(171)	(1)	185	—	6	179	(2.5)	0.47
Amortization of purchased intangible assets	—	—	—	167	—	34	133	1.4	0.35
Structural optimization and other special charges (b)	22	(19)	—	41	—	14	27	1.0	0.07
Goodwill and other impairments (c)	—	—	—	35	—	9	26	0.7	0.06
Medical device regulations (d)	1	—	(11)	12	—	3	9	0.1	0.02
Recall-related matters (e)	31	(2)	—	33	—	8	25	0.5	0.06
Regulatory and legal matters (f)	—	—	—	—	—	1	(1)	—	—
Tax matters (g)	—	—	—	—	—	(19)	19	(2.4)	0.05
Adjusted	**$ 3,845**	**$ 2,108**	**$ 393**	**$ 1,344**	**$ (73)**	**$ 174**	**$ 1,097**	**13.7 %**	**$ 2.84**
Adjusted percent net sales	65.5 %	35.9 %	6.7 %	22.9 %	(1.2)%	nm	18.7 %		

Three Months 2024	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	**$ 3,333**	**$ 1,837**	**$ 368**	**$ 972**	**$ (49)**	**$ 135**	**$ 788**	**14.6 %**	**$ 2.05**
Reported percent net sales	63.6 %	35.0 %	7.0 %	18.5 %	(0.9)%	nm	15.0 %		
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	—	13	—	(13)	—	1	(14)	0.3	(0.04)
Amortization of purchased intangible assets	—	—	—	153	—	32	121	1.4	0.31
Structural optimization and other special charges (b)	3	(8)	—	11	—	3	8	0.2	0.03
Goodwill and other impairments (c)	—	—	—	3	—	—	3	—	—
Medical device regulations (d)	1	—	(12)	13	—	3	10	0.1	0.03
Recall-related matters (e)	—	(5)	—	5	—	1	4	0.1	0.01
Regulatory and legal matters (f)	—	(2)	—	2	—	1	1	—	—
Tax matters (g)	—	—	—	—	—	(41)	41	(4.4)	0.11
Adjusted	**$ 3,337**	**$ 1,835**	**$ 356**	**$ 1,146**	**$ (49)**	**$ 135**	**$ 962**	**12.3 %**	**$ 2.50**
Adjusted percent net sales	63.6 %	35.0 %	6.8 %	21.9 %	(0.9)%	nm	18.3 %		

nm - not meaningful

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

	Three Months 2025	Three Months 2024
Termination of sales relationships	$ —	$ 1
Employee retention and workforce reductions	16	—
Changes in the fair value of contingent consideration	(2)	(16)
Manufacturing integration costs	4	—
Stock compensation payments upon a change in control	139	—
Other integration-related activities (e.g., deal costs and legal entity rationalization)	28	2
Adjustments to Operating Income	**$ 185**	**$ (13)**
Charges for acquisition-related tax provisions	—	—
Other income taxes related to acquisition and integration-related costs	6	1
Adjustments to Income Taxes	**$ 6**	**$ 1**
Adjustments to Net Earnings	**$ 179**	**$ (14)**

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

	Three Months 2025	Three Months 2024
Employee retention and workforce reductions	$ 32	$ (1)
Closure/transfer of manufacturing and other facilities (e.g., site closure, contract termination and redundant employee costs)	5	6
Product line exits	3	—
Other charges	1	6
Adjustments to Operating Income	**$ 41**	**$ 11**
Adjustments to Income Taxes	**$ 14**	**$ 3**
Adjustments to Net Earnings	**$ 27**	**$ 8**

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

	Three Months 2025	Three Months 2024
Certain long-lived and intangible asset write-offs and impairments	$ 34	$ 3
Product line exits (e.g., long-lived asset and specifically-identified intangible asset write-offs)	1	—
Adjustments to Operating Income	**$ 35**	**$ 3**
Adjustments to Income Taxes	**$ 9**	**$ —**
Adjustments to Net Earnings	**$ 26**	**$ 3**

(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	
	2025	2024
Adjustments related to the transfer of certain intellectual properties between tax jurisdictions	$ (47)	$ (47)
Other tax matters	28	6
Adjustments to Income Taxes	**$ (19)**	**$ (41)**
Charges / (benefits) for certain tax audit settlements	—	—
Adjustments to Other Income (Expense), Net	**$ —**	**$ —**
Adjustments to Net Earnings	**$ 19**	**$ 41**