UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2023

OR

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

Commission file number: 001-13149

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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**
0.250% Notes due 2024	**SYK24A**	**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**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 and 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 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	☐	Small 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $109,722,902,589 at June 30, 2023. There were 380,264,036 shares outstanding of the registrant's common stock, $0.10 par value, on January 31, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement to be filed with the U.S. Securities and Exchange Commission relating to the 2024 Annual Meeting of Shareholders (the 2024 proxy statement) are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS.

Stryker Corporation (Stryker 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, Orthopaedics and Spine that help improve patient and healthcare outcomes. Alongside our customers around the world, we impact more than 150 million patients annually.

Our core values guide our behaviors and actions and are fundamental to how we execute our mission.

missionvaluesa10.jpg

Stryker was incorporated in Michigan in 1946 as the successor company to a business founded in 1941 by Dr. Homer H. Stryker, a prominent orthopaedic surgeon and inventor of several medical products. Our products are sold in approximately 75 countries through company-owned subsidiaries and branches as well as third-party dealers and distributors, and include surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; clinical communication and workflow solutions; neurosurgical and neurovascular devices; implants used in joint replacement and trauma surgeries; Mako Robotic-Arm Assisted technology; spinal devices; as well as other products used in a variety of medical specialties. Most of our products are marketed directly to doctors, hospitals and other healthcare facilities.

As used herein, and except where the context otherwise requires, "Stryker," "we," "us," and "our" refer to Stryker Corporation and its consolidated subsidiaries.

Business Segments and Geographic Information

We segregate our operations into two reportable business segments: (i) MedSurg and Neurotechnology and (ii) Orthopaedics and Spine. Financial information regarding our reportable business segments and certain geographic information is included under "Consolidated Results of Operations" in Item 7 of this report and Note 14 to our Consolidated Financial Statements.

Net Sales by Reportable Segment

	2023			2022			2021		
MedSurg and Neurotechnology	$ 11,836	58	%	$ 10,611	58	%	$ 9,538	56	%
Orthopaedics and Spine	8,662	42		7,838	42		7,570	44	
Total	**$ 20,498**	**100**	**%**	**$ 18,449**	**100**	**%**	**$ 17,108**	**100**	**%**

MedSurg and Neurotechnology

MedSurg products include surgical equipment, patient and caregiver safety technologies, and navigation systems (Instruments), endoscopic and communications systems and reprocessed and remanufactured medical devices (Endoscopy), and patient handling, emergency medical equipment, intensive care disposable products and clinical communication and workflow solutions (Medical). Neurotechnology includes neurosurgical, neurovascular and craniomaxillofacial implant products. Our neurotechnology offering includes products used for minimally invasive endovascular procedures; 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 products (Neuro Cranial); and minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke (Neurovascular). The craniomaxillofacial implant offering includes cranial, maxillofacial and chest wall devices as well as dural substitutes and sealants.

We are one of five leading global competitors in Instruments; the other four being Zimmer Biomet Holdings, Inc. (Zimmer), Medtronic plc (Medtronic), Johnson & Johnson and ConMed Linvatec, Inc. (a subsidiary of CONMED Corporation). We are one of seven leading global competitors in Endoscopy; the other six being Karl Storz GmbH & Co., Olympus Optical Co. Ltd., Smith & Nephew plc (Smith & Nephew), ConMed Linvatec, Arthrex, Inc. and STERIS plc. We are one of five leading global competitors in Medical; the other four being Baxter International Inc., Zoll Medical Corporation, Medline Industries and Ferno-Washington, Inc. We are one of five leading global competitors in Neurotechnology; the other four being Medtronic, Johnson & Johnson, Terumo Corporation and Penumbra, Inc.

Composition of MedSurg and Neurotechnology Net Sales

	2023			2022		
Instruments	$ 2,569	22	%	$ 2,279	21	%
Endoscopy	3,033	26		2,725	26	
Medical	3,459	29		3,031	29	
Neurovascular	1,226	10		1,200	11	
Neuro Cranial	1,549	13		1,376	13	
Total	**$ 11,836**	**100**	**%**	**$ 10,611**	**100**	**%**

In 2023 Instruments launched the Neptune S, which is the only constantly closed low-fluid waste management system on the market. Instruments also saw continued momentum from the launch of the System 9 total joint power tool.

Endoscopy expanded its product offering with the launch of the 4K 1788 Camera platform that features several enhancements for a broader range of clinical applications and specialties, including urology, neurology and ear, nose and throat. In addition, 1788 can be used to visualize indocyanine green and Cytalux.

Medical launched the Xpedition powered stair chair, designed with an integrated workflow for first responders, maintaining the same storage footprint as Stryker's Stair-PRO and enhanced user interface for ease of use. Xpedition allows caregivers to safely and ergonomically move patients over a variety of

Dollar amounts in millions except per share amounts or as otherwise specified.	**1**

Orthopaedics and Spine

Orthopaedics products consist primarily of implants used in total joint replacements, such as hip, knee and shoulder, 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 the technology and services they need as they develop new surgical techniques. The Mako Robotic-Arm Assisted Surgical System was designed to help surgeons provide patients with a personalized surgical experience based on their specific diagnosis and anatomy. The Mako System currently offers three applications supporting Partial Knee, Total Hip and Total Knee procedures. Mako is the only robotic-arm assisted technology enabled by 3D CT-based pre-operative planning and, with AccuStop™ haptic technology, Mako provides surgeons the ability to know more about their patients' anatomy so they can cut less in bone preparation and implant placement with intra-operative haptic guidance.

Our spinal implant offering includes cervical and thoracolumbar systems that include fixation, minimally invasive and interbody systems used in spinal injury, complex spine and degenerative therapies. Our spine enabling technologies portfolio includes best in class imaging solutions, image-guided surgical technology, patient specific implants and digital health solutions supporting surgeons and their patients throughout the continuum of care.

We are one of four leading global competitors for joint replacement and trauma and extremities products and robotics; the other three being Zimmer, DePuy Synthes (a Johnson & Johnson company) and Smith & Nephew. We are one of four leading global competitors in Spine; the other three being Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic), Globus Medical, Inc. (including Nuvasive) and DePuy Synthes.

Composition of Orthopaedics and Spine Net Sales

	2023			2022			2021		
Knees	$ 2,273	26	%	$ 1,997	25	%	$ 1,848	25	%
Hips	1,544	18		1,413	18		1,342	18	
Trauma and Extremities	3,147	36		2,807	36		2,664	35	
Spine	1,189	14		1,146	15		1,167	15	
Other	509	6		475	6		549	7	
Total	**$ 8,662**	**100**	**%**	**$ 7,838**	**100**	**%**	**$ 7,570**	**100**	**%**

In 2023 we continued our full commercial launch of the Insignia hip stem. Insignia received approval in Japan from the Pharmaceuticals and Medical Devices Agency and clinical cases occurred in December 2023. With the addition of Japan, Insignia is now being used clinically in six countries worldwide (United States, Canada, Japan, New Zealand, Singapore and Hong Kong). We also saw our first clinical use of the Triathlon Hinge revision knee system in August 2023. The Hinge product helps restore patient mobility in challenging cases and we anticipate moving towards full commercial launch in 2024. In 2023 we celebrated the 10th anniversary of the Triathlon Tritanium Baseplate. Since its introduction in 2013, Triathlon Cementless, which includes the Triathlon Tritanium Baseplate,

Raw Materials and Inventory

Raw materials essential to our business are generally readily available from multiple sources; however, certain of our raw materials are currently sourced from single suppliers. Substantially all products we manufacture are stocked in inventory, while certain MedSurg products are assembled to order.

Patents and Trademarks

Patents and trademarks are significant to our business to the extent that a product or an attribute of a product represents a unique design or process. Patent protection of such products restricts competitors from duplicating these unique designs and features. We seek to obtain patent protection on our products whenever appropriate for protecting our competitive advantage. On December 31, 2023 we owned approximately 5,200 United States patents and approximately 7,700 patents in other countries.

Seasonality

Our business is generally not seasonal in nature; however, the number of orthopaedic implant surgeries is typically lower in the summer months, and sales of capital equipment are generally higher in the fourth quarter.

Competition

In each of our product lines we compete with local and global companies. The development of innovative products is important to our success in all areas of our business. Competition in research involving the development and improvement of new and existing products and processes is particularly significant. The competitive environment requires substantial investments in continuing research and maintaining sales forces.

We believe our commitment to innovation, quality and service and our reputation differentiates us in the highly competitive product categories in which we operate and enables us to compete effectively. We believe that our competitive position in the future will depend to a large degree on our ability to develop new products and make improvements to existing products.

Regulation

Our businesses are subject to varying degrees of governmental regulation in the countries in which we operate, and the general trend is toward increasingly stringent regulation. We are required to comply with the unique regulatory requirements of each country in which we market and sell our products.

In the United States the Medical Device Amendments of 1976 to the Federal Food, Drug and Cosmetic Act and its subsequent amendments and the regulations issued and proposed thereunder provide for federal regulation by the United States Food and Drug Administration (FDA) of the design, manufacture and marketing of medical devices, including most of our products. In addition, state licensing requirements often apply to certain of our business operations and products. On the federal level, many of our new products fall into FDA classifications that require notification submitted as a 510(k) and review by the FDA before we begin marketing them. Certain of our products require extensive clinical testing, consisting of safety and efficacy studies, followed by pre-market approval applications for specific surgical indications. Certain of our products also fall under other FDA classifications, such as drugs and Human Cells, Tissues, and Cellular and Tissue-Based Products.

state, local and foreign governments that must be complied with in the manufacture and marketing of our products.

The European Union enacted the European Union Medical Device Regulation in May 2017 with an original effective date of May 2021, which imposes stricter requirements for the marketing and sale of medical devices, including in the areas of clinical evaluation requirements, quality systems, labeling and post-market surveillance. Extended transition timelines were published in 2023 which range from May 2026 through December 2028 depending on the type of device and our implementation is on track to meet these timelines.

Initiatives to limit the growth of general healthcare expenses and hospital costs are ongoing in the markets we do business. These initiatives are sponsored by government agencies, legislative bodies and the private sector and include price regulation and competitive pricing. It is not possible to predict at this time the long-term impact of such cost containment measures on our future business. In addition, business practices in the healthcare industry are scrutinized, particularly in the United States, by federal and state government agencies. The resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Environment

We are subject to various rules and regulation in the United States and internationally related to the protection of human health and the environment. Our operations involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. We believe our policies, practices and procedures are properly designed to comply, in all material respects, with applicable environmental laws and regulations. We do not expect compliance with these requirements to have a material effect on purchases of property, plant and equipment, cash flows, net earnings or competitive position.

Employees

On December 31, 2023 we had approximately 52,000 employees globally, with approximately 27,000 employees in the United States. Our talented employees are an integral reason for our standing as a global leader in medical technologies where, together with our customers, we are driven to make healthcare better. Our company values of integrity, accountability, people and performance are a key component of that mission. Our people, as one of our core values, continue to be a key focus.

Our success depends on our ability to attract the best talent. To do so, we continue to focus on creating and maintaining a great workplace. We believe in attracting the right people, maintaining and building employee engagement and developing our employees. We believe when people are able to do what they do best, they will look forward to coming to work and, in turn, will deliver great business results.

Our leadership team and Board of Directors receive regular updates on our people and culture strategy and provide feedback on our strategy and goals, including alignment to our mission and values, peer benchmarking and stakeholder feedback.

Employee Development

Our employee development is extensive and exists at all levels of the organization, including company-wide training on our Code of Conduct, job-related technical training and

We encourage all employees to establish development objectives, in partnership with their manager, to help employees gain the needed development experience to grow their careers.

Employee Engagement

An engaged workplace culture that drives performance and business outcomes is central to our mission. Listening to and learning from our employees forms the foundation of an engaging culture. More than 90% of our employees participate in our annual engagement survey, which provides a valued platform for listening and allows us to take action based on the feedback collected.

We supplement our annual engagement survey with targeted pulse surveys to gather feedback on topics relevant to the current climate. In addition, we establish forums for collecting qualitative feedback to gain insights and identify actions we can take so that employees feel included, engaged and able to achieve their full potential.

We also provide tools and resources that enable managers and teams to act on the insights we gain from our surveys and to drive employee engagement and strong business outcomes.

Diversity, Equity and Inclusion (DE&I)

An essential part of our culture is respecting each individual's strengths and values. Building on this foundation, we are focused on maintaining an inclusive, engaging work environment and prioritizing DE&I in keeping with our values of integrity and people. Our DE&I strategy is centered around these three commitments:

- Strengthen the diversity of our workforce
- Advance a culture of inclusion, engagement and belonging
- Maximize the power of inclusion to drive innovation and growth

We are advancing our commitments through the following actions, among others:

- Increasing access to talent through strategic partnerships and campaigns
- Growing and engaging talent with a range of opportunities to learn and develop
- Aligning our employee resource groups to focus on creating community and belonging

As of December 31, 2023 approximately 38.1% of our employees were women and 27.9% of our employees in the United States identified as racially or ethnically diverse.

Attracting and Hiring

We understand that every employee drives our success. We focus on attracting, identifying and selecting strong candidates who will be successful at Stryker and ensuring that each person we hire brings the talent, expertise and passion we need to continue to be successful.

Health and Safety

Ensuring our employees' safety is a top priority. It is a responsibility that we share throughout the company and one that has evolved to meet the needs of our workforce. Employees' safety risks vary depending on the roles they perform, so we tailor our safety efforts accordingly.

Competitive Pay and Benefits

Our compensation and benefits programs are designed to attract and retain top talent and to incentivize performance and alignment to our mission and values.

We offer market-competitive base pay and benefits to our employees in countries around the world. We regularly evaluate our compensation and benefit offerings and levels, using recognized outside consulting firms to ensure internal fairness and competitiveness in our offerings.

Most of our employees also have variable components to their compensation packages that reward employees based on individual, business unit and/or company-wide performance.

Our proxy statement provides more detail on the competitive compensation programs we offer.

Information about our Executive Officers

As of January 31, 2024

Name	Age	Title	First Became an Executive Officer
Kevin A. Lobo	58	Chair, Chief Executive Officer and President	2011
Yin C. Becker	60	Vice President, Chief Corporate Affairs Officer	2016
William E. Berry Jr.	58	Vice President, Chief Accounting Officer	2014
Glenn S. Boehnlein	62	Vice President, Chief Financial Officer	2016
M. Kathryn Fink	54	Vice President, Chief Human Resources Officer	2016
Robert S. Fletcher	53	Vice President, Chief Legal Officer	2019
Viju S. Menon	56	Group President, Global Quality and Operations	2018
J. Andrew Pierce	50	Group President, MedSurg and Neurotechnology	2021
Spencer S. Stiles	47	Group President, Orthopaedics and Spine	2021

Each of our executive officers was elected by our Board of Directors to serve in the office indicated until the first meeting of the Board of Directors following the annual meeting of shareholders in 2024 or until a successor is chosen and qualified or until his or her resignation or removal. Each of our executive officers held the position above or served Stryker in various executive or administrative capacities for at least five years, except for Mr. Fletcher. Prior to joining Stryker in April 2019, Mr. Fletcher held various legal leadership roles with Johnson & Johnson for the previous 14 years, most recently as the Worldwide Vice President, Litigation.

Available Information

Our main corporate website address is *www.stryker.com.* The information on our website is not incorporated by reference into this report. Copies of our filings with the United States Securities and Exchange Commission (SEC) are available free of charge on our website within the "Investors Relations" section as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC's website at *www.sec.gov*.

ITEM 1A. RISK FACTORS.

underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. 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:

- weakening of economic conditions, or the anticipation thereof, that could adversely affect the level of demand for our products;
- geopolitical risks, including from international conflicts and upcoming elections in the United States and other countries, which could, among other things, lead to increased market volatility;
- pricing pressures generally, including cost-containment measures that could adversely affect the price of or demand for our 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 by the FDA and foreign regulatory agencies;
- inflationary pressures;
- increased interest rates or interest rate volatility;
- supply chain disruptions;
- changes in labor markets;
- changes in reimbursement levels from third-party payors;
- 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;
- changes in the competitive environment;
- our ability to integrate and realize the anticipated benefits of acquisitions in full or at all or within the expected timeframes;
- our ability to realize anticipated cost savings;
- potential negative impacts resulting from 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;
- breaches or failures of our or our vendors' or customers' information technology systems or products, including by cyber-attack, data leakage, unauthorized access or theft; and
- other risks detailed in our filings with the SEC.

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.

Our operations and financial results are subject to various risks and uncertainties discussed below that could materially and adversely affect our business, cash flows, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem not to be material or that could apply to any company may also materially and adversely affect our business, cash flows, financial condition or results of operations. If any of the risks discussed below or other risks actually occur or continue to occur, our business, financial condition, operating results or cash flows could be materially adversely affected. Accordingly, you should carefully consider the following risk factors, as well as other information contained in or incorporated by reference in this report.

BUSINESS AND OPERATIONAL RISKS

We use a variety of raw materials, components, devices and third-party services in our global supply chains, production and distribution processes; significant shortages, price increases or unavailability of third-party services have in the past increased, and could in the future increase, our operating costs and could require significant capital expenditures or adversely impact the competitive position of our products: Our reliance on certain suppliers to secure raw materials, components and finished devices, and on certain third-party service providers, such as sterilization service providers, exposes us to product shortages and unanticipated increases in prices, whether due to inflationary pressure, regulatory changes, litigation exposure, geopolitical tensions or otherwise. For example, in the past we experienced limited product availability due to an electronic components shortage in certain product lines. If a similar shortage occurs in the future with respect to other raw materials or components, we may not be able to obtain them from our suppliers on a timely basis, or at all, or identify alternative suppliers. In addition, several raw materials, components, finished devices and services are procured from a sole source due to the quality considerations, unique intellectual property considerations or constraints associated with regulatory requirements. If sole-source suppliers or service providers are unable or unwilling to deliver these materials or services as a result of financial difficulties, acquisition by a third party, natural disasters or otherwise, we may not be able to manufacture or have available one or more products during such period of unavailability and our business could suffer. In certain cases, we may not be able to establish additional or replacement suppliers for such materials or service providers for such services in a timely or cost-effective manner, often as a result of FDA and other regulations that require, among other things, validation of materials, components and services prior to their use in or with our products. In certain instances we have been unable to meet demand due to supply chain challenges, which has led to loss of sales. Although the impacts have not been material to date, an inability to meet demand due to supply chain challenges in the future could materially adversely impact

continue to result in, higher interest rates and increased capital, energy, shipping and labor costs, weakening or strengthening exchange rates against the United States Dollar and other similar effects. We have experienced, and may continue to experience, inflationary increases in manufacturing costs and operating expenses, as well as negative impacts from weakening or strengthening exchange rates against the United States Dollar. Although we have been able to pass certain cost increases on to our customers, we have not been able to pass along all cost increases and we cannot guarantee that we will be able to do so in the future. Inflation, higher interest rates or interest rate volatility may also cause our customers to reduce or delay orders for our products and services. Any of the foregoing could have a material adverse impact on our sales, profitability and results of operations.

We are subject to pricing pressures as a result of cost containment measures in the United States and other countries and other factors: Initiatives to limit the growth of general healthcare expenses and hospital costs are ongoing in the markets in which we do business. These initiatives are sponsored by government agencies, legislative bodies and the private sector and include price regulation and competitive pricing. For example, China has implemented a volume-based procurement process designed to decrease prices for medical devices and other products. This has already impacted our joint replacement and spine businesses on a national level, and our trauma and certain neurovascular products on a provincial level, and we expect further adoption of volume-based procurement provincially or nationally in China in 2024. Pricing pressure has also increased due to continued consolidation among healthcare providers, trends toward managed care, the shift toward governments becoming the primary payers of healthcare expenses, reduction in reimbursement levels and medical procedure volumes and government laws and regulations relating to sales and promotion, reimbursement and pricing generally. We have also reduced prices for certain products due to increased competition and if we further reduce prices, we could become less profitable. In addition, due to healthcare industry consolidation in recent years, competition to provide goods and services to industry participants has become, and may continue to become, more intense, and this consolidation has produced, and may continue to produce, larger enterprises with more bargaining power. Pricing pressures related to any of the foregoing or other factors have impacted and could in the future impact our results of operations and profitability.

We operate in a highly competitive industry in which competition in the development and improvement of new and existing products is significant: The markets in which we compete are highly competitive, and a significant element of our strategy is to increase revenue growth by focusing on innovation and new product development. New business models, products and surgical procedures are introduced on an ongoing basis and our present or future products could be rendered obsolete or uneconomical by internal or external technological advances, as we continue to innovate to address physician and patient needs, or by our existing competitors and new market entrants. Our existing competitors and new market entrants may respond more quickly to or integrate new or emerging technologies such as robotics, artificial intelligence and machine learning in their product offerings, undertake more extensive marketing campaigns, have greater access to clinical

new products, our ability to maintain or expand our market position in the markets in which we participate may be negatively impacted.

We may be unable to maintain adequate working relationships with healthcare professionals: We seek to maintain close working relationships with respected physicians and medical personnel in healthcare organizations, such as hospitals and universities, who assist in product research and development. We rely on these professionals to assist us in the development and improvement of proprietary products. If we are unable to maintain these relationships due to regulatory restrictions, hospital access restrictions for non-patients or for other reasons, our ability to develop, market and sell new and improved products could be adversely affected. For example, China's National Health Commission has launched an anti-corruption campaign focused on investigating government officials and individuals employed by state-owned entities and public institutions in the healthcare sector, which has resulted in us seeing some limitations to physician and surgeon access. Although this has not had a material impact on our business, if other jurisdictions were to take this approach, our business could be adversely impacted.

We rely on indirect distribution channels and major distributors that are independent of Stryker: In many markets we rely on indirect distribution channels to market, distribute and sell our products. These indirect channels often are the main point of contact for the healthcare professionals and healthcare organization customers who buy and use our products. Our ability to continue to market, distribute and sell our products may be at risk if the indirect channels become insolvent, choose to sell competitive products, choose to stop selling medical technology, fail to adhere to Stryker requirements or are subject to new or additional government regulation.

We are subject to risks associated with our extensive global operations: We develop, manufacture and distribute our products globally. Our global operations are subject to risks and costs related to, among other things, changes in reimbursement; changes in regulatory requirements (such as the staggered phase-in period for manufacturers to comply with the European Union Medical Device Regulation (MDR) through December 2028); differing local product preferences and product requirements; diminished protection of intellectual property in some countries; tariffs and other trade protection measures, as well as increasing localization and protectionism policies in certain jurisdictions; international trade disputes and import or export requirements; difficulty in staffing and managing foreign operations; introduction of new internal business structures and programs; political and economic instability; current or potential geopolitical conflicts, such as the tensions between China and Taiwan and the wars in Ukraine and the Middle East, and related sanctions and other developments; disruptions of transportation, including port closures, increased border controls or border closures or reduced transportation availability, due to military conflicts, a global pandemic of contagious diseases like COVID-19 or otherwise; increased energy or transportation costs; fluctuations in currency exchange rates and financial markets; and increased security threats to our supply chain. Many of these risks are rapidly evolving and subject to an accelerating pace of change. Our business could be adversely impacted if we are unable to successfully manage these and other risks of including our acquisition of Cerus in 2023. Such investments are inherently risky, and we cannot guarantee that any acquisition will be successful or will not have a material unfavorable impact on us. The risks include the activities required and resources allocated to integrate new businesses, diversion of management time that could adversely affect management's ability to focus on other projects, the inability to realize the expected benefits, savings or synergies from the acquisition, the loss of key personnel, litigation resulting from the acquisition and exposure to unexpected liabilities of acquired companies. Certain acquisitions are subject to antitrust and competition laws, and antitrust scrutiny by regulatory agencies and changes to the regulatory approval process in the United States and foreign jurisdictions may cause approvals to take longer than anticipated to obtain, not be obtained at all, or contain burdensome conditions, which may jeopardize, delay or reduce the anticipated benefits of acquisitions to us and could impede the execution of our business strategy. In addition, we cannot be certain that the businesses we acquire will become or remain profitable.

We, our business partners or our third-party vendors could experience a material failure or breach of a key information technology system, network, process or site: We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, cloud and software-as-a-service solutions, data hosting and processing facilities and tools and other hardware, software (including open-source software) and technical applications and platforms, some of which are managed, hosted, provided and/or used by third parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats have posed, and will continue to pose, risks to the security of our IT systems, networks and product offerings, as well as the confidentiality, availability and integrity of our data. Some of our products and services, and information technology systems, contain or use open-source software, which poses particular risks, including potential security vulnerabilities, licensing compliance issues and quality issues. We, our customers and third-party hosting services have experienced, and expect to continue to experience, security breaches of, or unauthorized access to, products or systems. While such breaches or unauthorized access have not been material to date, we cannot guarantee that any future breach or unauthorized access will not be material and any breach or unauthorized access could impact the use of such products and systems and the security of information stored therein. Although we have made investments and expect to continue to make investments seeking to address these threats, including monitoring of networks and systems, use of artificial intelligence, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures.

When cybersecurity incidents occur, we follow our incident response protocols and address them in accordance with applicable governmental regulations and other legal requirements. Our response to these incidents and our investments to protect our product offerings and information technology infrastructure and data may not shield us from significant losses and potential liability or prevent any future

not be immediately clear, and it may take a significant amount of time before such investigation can be completed and full and reliable information about the incident is known. New regulations may require us to disclose information about a material cybersecurity incident before it has been resolved or fully investigated. Additionally, as threats continue to evolve and increase, and as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, we may be required to devote significant additional resources to modify and enhance our security controls and to identify and remediate any security vulnerabilities, which could adversely impact our net income. In addition, a significant number of our employees working remotely has exposed us, and may continue to expose us, to greater risks related to cybersecurity and cyber-liability. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches or unauthorized access and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action.

An inability to successfully manage the implementation of our new commercial global enterprise resource planning (ERP) system could adversely affect our operations and operating results: We are in the process of implementing a new commercial ERP system. This system will replace many of our existing operating and financial systems. The implementation is a major undertaking, both financially and from a management and personnel perspective. Any material disruptions, delays or deficiencies in the design and implementation of our new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations or otherwise operate our business.

We may be unable to attract, develop and retain executives and key employees: Our sales, technical and other key personnel play an integral role in the development, marketing and selling of new and existing products. Our future performance also depends in large part on the continued services of our senior management. If we are unable to recruit, hire, develop and retain a talented, competitive work force in our highly competitive industry, or if we are unable to plan effective succession for the future, we may not be able to meet our strategic business objectives. Inflationary pressures, labor demand and shortages and other macroeconomic factors have increased and could further increase the cost of labor and could harm our ability to recruit, hire and retain talented employees. In addition, increased unionization could negatively impact our labor costs and ability to create an engaging, connected culture, which could adversely affect our ability to recruit, hire, develop and retain a talented, competitive workforce. Further, if we are unable to maintain competitive and equitable compensation and benefit programs, including incentive programs which reward financial and operational performance, our ability to recruit, hire, engage, motivate and retain talent could be negatively affected. Additionally, if we are unable to maintain an inclusive culture that aligns our diverse workforce with our mission and values, it could adversely impact our which could adversely impact our ability to recruit, hire, develop and retain a talented, competitive workforce.

Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving executives and other key employees could hinder our strategic planning and execution. Changes in our management team may be disruptive to our business, and any failure to successfully integrate key new hires or promoted employees could adversely affect our business and results of operations. The loss of the services of any of our senior management or other key personnel, or our inability to attract highly qualified senior management and other key personnel, could harm our business. Our ability to execute our business strategy could be impaired if we are unable to replace such persons timely. In addition, recent legal and regulatory changes affect our ability to enforce post-termination obligations from certain employees with respect to non-competition, non-solicitation and protection of confidential information. This may negatively impact our ability to retain employees and protect our information and relationships with customers and other third parties.

Interruption of manufacturing operations could adversely affect our business: We and our suppliers have manufacturing and supply sites all over the world. However, the manufacturing of certain of our product lines is concentrated in one or more plants or geographic regions. We have principal manufacturing and distribution facilities in the United States in Arizona, California, Florida, Illinois, Indiana, Michigan, Minnesota, New Jersey, Puerto Rico, Tennessee, Texas, Utah, Virginia and Washington, and outside the United States in China, France, Germany, Ireland, Mexico, the Netherlands, Poland, Switzerland and Turkey. Damage to our facilities, to our suppliers' or service providers' facilities, or to our central distribution centers as a result of natural disasters, fires, explosions or otherwise, as well as issues in our manufacturing arising from a failure to follow specific internal protocols and procedures, compliance concerns relating to the quality systems regulation, equipment breakdown or malfunction, IT system failures or cybersecurity incidents, environmental hazard incidents or changes to environmental regulations or other factors, could adversely affect the availability of our products. In the event of an interruption in manufacturing, we may be unable to move quickly to alternate means of producing and distributing affected products to meet customer demand. In the event of a significant interruption, we may experience lengthy delays in resuming production or distribution of affected products due to the need for regulatory approvals, and we may experience loss of market share, additional expense and harm to our reputation.

Our insurance program may not be adequate to cover future losses: We maintain third-party insurance to cover our exposure to certain property and casualty losses and are self-insured for claims and expenses related to other property and casualty losses, including product liability, intellectual property infringement and enforcement, environmental, and cybersecurity and data privacy losses. We manage a portion of our exposure to self-insured losses through a wholly-owned captive insurance company. Insurance coverage limits provided by third-party insurers and/or our captive insurance company may not be sufficient to fully cover certain losses we may experience.

We have experienced, and may continue to experience, a

our business, cash flows, financial condition and results of operations. It is not possible to predict whether elective medical procedures will again be suspended or reduced in the future and, to the extent individuals and customers are required to delay or cancel elective procedures, our business, cash flows, financial condition and results of operations could be negatively affected. Further, our customers have experienced, and could continue to experience, staffing shortages that may result in decreased demand for our products, which could negatively affect our business and financial results.

In addition, during the COVID-19 pandemic our products in certain divisions, such as Medical, experienced higher demand as our customers were focused on treating COVID-19 patients and preparing for future public health emergencies. Unpredictable increases in demand for certain of our products have exceeded in the past, and could exceed in the future, our capacity to meet such demand timely, which could adversely affect our customer relationships and result in negative publicity. In this regard, the accelerated development and production of products and services to address medical and other requirements could increase the risk of regulatory enforcement actions, product defects or related claims or reputational harm.

Pandemics and public health emergencies, and the fear thereof, have in the past materially adversely affected and could in the future materially adversely affect, our operations, supply chain, manufacturing, product distribution, customers and other business activities: In connection with COVID-19, governmental authorities and private enterprises implemented, and may in the future implement in connection with another pandemic or public health emergency (or in response to the fear thereof), measures, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Our customers, global suppliers, distributors and manufacturing facilities have in the past been, and could in the future be, materially affected by restrictive measures implemented in response to a pandemic or public health emergency, which has in the past caused and could in the future cause them to be unable to hire and retain employees, distribute or use our products or provide required services. We have as a result experienced, and could in the future experience, delays in, or the suspension of, our manufacturing operations, sales activities, research and product development activities, regulatory work streams, clinical development programs and other important commercial functions, which may result in our inability to satisfy consumer demand for our products in a timely manner or at all and which could harm our reputation, future sales and profitability. The extent of any future pandemic or public health emergency's effect on our business and industry will depend on, among other things, the severity of the disease, the successful development, distribution and acceptance of vaccines for diseases, future resurgences and/or the spread of disease variants, all of which are uncertain and difficult to predict. The COVID-19 pandemic materially impacted us, and any future pandemic or public health emergency could materially impact us and would heighten many of the other risks described in this report.

LEGAL AND REGULATORY RISKS

Current economic and political conditions make tax rules in jurisdictions subject to significant change: Our future results of operations could be affected by changes in the two proposed frameworks—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules and ensure a minimal level of taxation, respectively. On December 12, 2022, the European Union member states agreed to implement the Inclusive Framework's global corporate minimum tax rate of 15%, and various countries (both within and outside the European Union) have enacted new laws implementing Pillar Two or have proposed legislation. The OECD continues to release additional guidance on the two-pillar framework, with widespread implementation anticipated by 2024. These changes, and any additional contemplated changes, could increase tax expense.

We could be negatively impacted by future changes in the allocation of income to each of the income tax jurisdictions in which we operate: We operate in multiple income tax jurisdictions both in the United States and internationally. Accordingly, our management must determine the appropriate allocation of income to each jurisdiction based on current interpretations of complex income tax regulations. Income tax authorities regularly perform audits of our income tax filings. Income tax audits associated with the allocation of income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period to resolve and may result in significant income tax adjustments.

The impact of healthcare reform legislation on our business remains uncertain: Several markets where we sell our products are making efforts to expand access to health care or health insurance coverage while decreasing costs. These efforts may have a direct or unintended negative impact on access to medical technology and could have a significant effect on our business. We cannot predict what healthcare programs and regulations could ultimately be implemented at the federal or state level or the effect that any future legislation or regulation in the United States may have on our business. Similarly, we cannot predict the impact that healthcare reform legislation in other countries where we sell our products may have on our business.

We are subject to extensive governmental regulation relating to the classification, manufacturing, sterilization, licensing, labeling, marketing and sale of our products: The classification, manufacturing, sterilization, licensing, labeling, marketing and sale of our products are subject to extensive and evolving regulations and rigorous regulatory enforcement by the FDA, state governments, European Union and other governmental authorities in the United States and internationally. These governmental authorities may impose additional requirements or limits on the methods, procedures or agents we use to manufacture and sterilize our products, which could have a negative impact on our business. In addition, the process of obtaining licenses, regulatory clearances and/or approvals to market and sell our products can be costly and time consuming and the clearances and/or approvals might not be granted timely. We have ongoing responsibilities under the laws and regulations applicable to the manufacturing of products within our facilities and those contracted by third parties that are subject to periodic inspections by the FDA, state Boards of Pharmacy and other governmental authorities to determine compliance with the quality system, medical device reporting regulations and other requirements. We incur significant costs to comply with regulations, including the MDR. If we fail to comply with applicable regulatory requirements, we

We are subject to federal, state and foreign healthcare regulations, including anti-bribery, anti-corruption, anti-kickback and false claims laws, globally and could face substantial penalties if we fail to comply with such regulations and laws: The relationships that we, and third parties that market and/or sell our products, have with healthcare professionals, such as physicians, hospitals, healthcare organizations and others, are subject to scrutiny under various state and federal laws often referred to collectively as healthcare fraud and abuse laws. In addition, the United States and foreign government regulators have increased the enforcement of the Foreign Corrupt Practices Act (FCPA) and other anti-bribery and anti-kickback laws. We also must comply with a variety of other laws that impose extensive tracking and reporting related to all transfers of value provided to certain healthcare professionals and others. These laws and regulations are broad in scope and are subject to evolving interpretation and we have in the past been, and in the future could be, required to incur substantial costs to investigate, audit and monitor compliance or to alter our practices. Violations or alleged violations of these laws could result in litigation and we may be subject to criminal or civil penalties and sanctions, including substantial fines, imprisonment of current or former employees and exclusion from participation in governmental healthcare programs. In 2013 and 2018 we settled claims brought by the SEC related to the FCPA. Pursuant to these settlements, we paid fines and penalties and retained an independent compliance consultant. We continue to implement recommendations that resulted from the independent compliance consultant's review of our commercial practices to enhance our commercial business practices. In addition, we are currently investigating whether certain business activities in certain foreign countries violated provisions of the FCPA and have been contacted by the SEC, United States Department of Justice and certain other regulatory authorities. Although we are currently unable to predict the outcome of the investigations or the potential impact, if any, on our financial statements, the impacts could potentially be significant.

We are subject to privacy, data protection and data security regulations and laws globally, and could face substantial penalties if we fail to comply with such regulations and laws: We are subject to a variety of laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personally identifiable healthcare information. For example, in the United States, privacy and security regulations under the Health Insurance Portability and Accountability Act of 1996, including the expanded requirements under the Health Information Technology for Economic and Clinical Health Act of 2009, establish comprehensive standards with respect to the use and disclosure of protected health information (PHI), by covered entities, in addition to setting standards to protect the confidentiality, integrity and security of PHI. Regulators are also imposing new data privacy and security requirements, including new and greater monetary fines for privacy violations. For example, the European Union's General Data Protection Regulation (GDPR) established rules regarding the handling of personal data. Non-compliance with the GDPR may result in monetary penalties of up to 4% of total company revenue. Various U.S. states and other governmental authorities around the world have imposed or are considering similar types of laws

the case of data breaches, have increased and may further increase.

We may be adversely affected by product liability claims, unfavorable court decisions or legal settlements: We are exposed to potential product liability risks inherent in the design, manufacture and marketing of medical devices, many of which are implanted in the human body for long periods of time or indefinitely. We are currently defendants in a number of product liability matters, including those relating to our Rejuvenate and ABGII Modular-Neck hip stems, LFIT Anatomic CoCr V40 Femoral Heads and the product liability lawsuits and claims relating to Wright Medical Group N.V. (Wright) legacy hip products discussed in Note 7 to our Consolidated Financial Statements. These matters are subject to uncertainties and outcomes are not predictable. Further, the European Representative Actions Directive (the Collective Redress Directive), which became effective in 2023, mandates a class action regime in each EU member state to facilitate domestic and cross-border class actions in a wide range of areas, including product liability claims with medical devices. The Collective Redress Directive could result in additional litigation risks and significant legal expenses. In addition, we may incur significant legal expenses or reputational damage for product liability claims regardless of whether we are found to be liable.

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products: The medical device industry is characterized by extensive intellectual property litigation and, from time to time, we are the subject of claims of infringement or misappropriation. Regardless of the outcome, such claims are expensive to defend and divert management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against us could result in payment of significant monetary damages and/or royalty payments or negatively impact our ability to sell current or future products in the affected category.

Dependence on patent and other proprietary rights and failing to protect such rights or to be successful in litigation related to such rights may impact offerings in our product portfolios: Our long-term success largely depends on our ability to market technologically competitive products. If we fail to obtain or maintain adequate intellectual property protection, it could allow others to sell products that directly compete with proprietary features in our product portfolio. Also, our issued patents may be subject to claims challenging their validity and scope and raising other issues. In addition, currently pending or future patent applications may not result in issued patents.

MARKET RISKS

We have exposure to exchange rate fluctuations on cross border transactions and translation of local currency results into United States Dollars: We report our financial results in United States Dollars and approximately 25% of our net sales are denominated in foreign currencies, including the Australian Dollar, British Pound, Canadian Dollar, Euro and Japanese Yen. Cross border transactions with external parties and intercompany relationships result in increased exposure to foreign currency exchange effects. While we use derivative instruments to manage the impact of currency exchange, our hedging strategies may not be successful, and our unhedged

acquisitions and the need to refinance existing debt. Our ability to issue additional debt or enter into other financing arrangements on acceptable terms could be adversely affected by our debt levels, unfavorable changes in economic conditions or uncertainties that affect the capital markets. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our access to and cost of financing. Higher borrowing costs or the inability to access capital markets could adversely affect our ability to support future growth and operating requirements. In addition, we have experienced, and could in the future experience, loss of sales and profits due to delayed payments or insolvency of healthcare professionals, hospitals and other customers and suppliers facing liquidity issues due to the current macroeconomic environment, type and number of conditions being treated or for other reasons. As a result, we may be compelled to take additional measures to preserve our cash flow, including through the reduction of operating expenses or suspension of dividend payments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

We could be negatively impacted by corporate responsibility and sustainability-related matters: Governments, investors, customers, employees and other stakeholders have been increasingly focused on corporate responsibility practices and disclosures, and expectations in this area continue to rapidly evolve. On occasion, we announce new initiatives, including goals, under our corporate responsibility framework. This framework is aligned with our areas of interest, which include environment and sustainability, social impact, diversity, equity and inclusion and supply chain management, among others. Implementation of these goals and initiatives involves risks and uncertainties, requires investments and depends in part on third-party performance or data that is outside our control. We cannot guarantee that we will achieve our announced corporate responsibility goals and initiatives. The criteria by which our corporate responsibility practices are assessed may change due to the quickly evolving landscape, which could result in greater regulatory requirements or expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Moreover, the increasing attention to corporate responsibility initiatives could also result in reduced demand for our products, reduced profits and increased investigations and litigation. If we are unable to satisfy evolving criteria, investors and other stakeholders may conclude that our policies and/or actions with respect to corporate responsibility matters are inadequate. If we fail or are perceived to have failed to achieve previously announced initiatives or goals, comply with corporate responsibility laws and regulations, meet evolving expectations or accurately disclose our progress, we could face legal and regulatory proceedings and our reputation, business, financial condition and results of operations could be adversely impacted.

Physical effects of climate change or legal, regulatory or market measures intended to address climate change could adversely affect our operations and operating results: Risks associated with climate change are subject to increasing societal, regulatory and political focus in the United States and globally. Shifts in weather patterns caused by climate change are expected to increase the frequency, severity or duration of certain adverse weather conditions and natural disasters, such as hurricanes, tornadoes, earthquakes, wildfires, droughts, extreme temperatures or flooding, which could cause more significant business and supply chain interruptions, damage to our products and facilities as well as the infrastructure of hospitals, healthcare professionals and other customers, reduced workforce availability, increased costs of raw materials and components, increased liability claims, other financial risk, and other adverse effects on our business, financial condition, results of operations or cash flows. In addition, there may be legal, regulatory or market measures designed to mitigate the effects of climate change, which could include the adoption of more stringent environmental laws and regulations or stricter enforcement of existing laws and regulations. Such developments could result in increased compliance costs and adverse impacts on raw material availability and sourcing, manufacturing operations and the distribution of our products, which could adversely affect our operations and operating results.

ITEM 1B.	UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C.	CYBERSECURITY.

RISK MANAGEMENT AND STRATEGY

We review cybersecurity risk as part of our overall enterprise risk management program. This ensures that cybersecurity risk management remains a top priority in our business strategy and operations.

MANAGEMENT'S ROLE IN MANAGING RISK

Primary management responsibility for assessing, monitoring and managing our cybersecurity risks rests with our chief information security officer ("CISO"). Our current CISO has over 30 years of experience in information technology including over 20 years in cybersecurity and oversees a team of cybersecurity professionals with over 140 security, risk, and compliance certifications. The CISO is regularly informed about recent developments in cybersecurity, including potential threats and innovative risk management techniques.

The CISO implements and oversees processes for the regular monitoring of our information systems. We use various tools and methodologies to manage cybersecurity risk that are tested regularly. We also monitor and evaluate our cybersecurity posture and performance on an ongoing basis through regular vulnerability scans, penetration tests and threat intelligence feeds. In addition, we engage third-party consultants to conduct annual cybersecurity assessments and to conduct audits for compliance with regulatory, Sarbanes-Oxley Act, Service Organization Control Type 2 and International Organization for Standardization standards. We also engage third parties to assess our cybersecurity maturity and risk management programs.

We use a cross-departmental approach to addressing cybersecurity risk, with our cybersecurity, product security and legal teams presenting quarterly on key topics to a committee of leaders in finance, regulatory, and corporate affairs functions. This leadership committee meets quarterly to ensure that we have input and oversight from critical stakeholders into our cybersecurity program and evolving issues.

The CISO oversees a training and awareness program for employees to take part in protecting the Company against cybersecurity risks. We have implemented annual mandatory security education to help employees understand cybersecurity risks and comply with our cybersecurity policies. Additionally, we provide frequent communications around pertinent cybersecurity topics and policies to all employees. We also provide additional cybersecurity and data protection training to employees in certain roles.

As part of our cybersecurity risk management program, we also

In the event of a cybersecurity incident, we have an incident response plan that includes immediate actions to mitigate the impact and long-term strategies for remediation and prevention of future incidents. The cybersecurity and product security teams routinely practice this plan with functions across the organization. We conduct tabletop exercises with senior management, during which we practice the procedures in place to ensure that potentially material cybersecurity risks and incidents are escalated to management and the Board of Directors where applicable.

GOVERNANCE

Cybersecurity risks are overseen by the full Board of Directors and the Audit Committee. The Audit Committee is central to the Board of Directors' oversight of cybersecurity risks and bears the primary responsibility for overseeing cybersecurity risk. The Audit Committee actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major cybersecurity initiatives. This involvement ensures that cybersecurity considerations are integrated into our broader strategic objectives.

Our CISO provides comprehensive updates to the Audit Committee quarterly and the full Board of Directors at least annually. These briefings include a range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports and learnings from any cybersecurity events;
- Metrics demonstrating company and industry-standard prevention of common threats; and
- Regulatory changes impacting cybersecurity requirements and strategy.

The Board of Directors is aware of the critical nature of managing risks associated with cybersecurity threats and is actively engaged in our cybersecurity risk management strategy.

RISKS FROM CYBERSECURITY THREATS

Although cybersecurity risks have not materially affected us, including our business strategy, results of operations or financial condition, to date, we face numerous and evolving cybersecurity threats in our business. For more information about the cybersecurity risks we face, see the risk factor entitled "We, our business partners or our third-party vendors could experience a material failure or breach of a key information technology system, network, process or site" in Item 1A. Risk Factors.

ITEM 2. PROPERTIES.

We have approximately 28 company-owned and 294 leased locations worldwide including 43 manufacturing locations. We believe that our properties are in good operating condition and adequate for the manufacture and distribution of our products. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in various proceedings, legal actions and claims arising in the normal course of business, including

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is traded on the New York Stock Exchange under the symbol SYK.

Our Board of Directors considers payment of cash dividends at its quarterly meetings. On January 31, 2024 there were 2,501 shareholders of record of our common stock.

We did not repurchase any shares in the three months ended December 31, 2023 and the total dollar value of shares that could be acquired under our authorized repurchase program at December 31, 2023 was $1,033.

In the fourth quarter 2023 we issued 5 shares of our common stock as performance incentive awards to employees. These shares were not registered under the Securities Act of 1933 based on the conclusion that the awards were not events of sale within the meaning of Section 2(a)(3) of the Act.

The following graph compares our total returns (including reinvestment of dividends) against the Standard & Poor's (S&P) 500 Index and the S&P 500 Health Care Index. The graph assumes $100 (not in millions) invested on December 31, 2018 in our common stock and each of the indices.

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Company / Index	2018	2019	2020	2021	2022
Stryker Corporation	**$ 100.00**	**$ 135.33**	**$ 159.91**	**$ 176.26**	**$ 163.19**
S&P 500 Index	$ 100.00	$ 131.49	$ 155.68	$ 200.37	$ 164.08
S&P 500 Health Care Index	$ 100.00	$ 120.82	$ 137.07	$ 172.89	$ 169.51

ITEM 6. SELECTED FINANCIAL DATA.

Statement of Earnings Data	2023	2022	2021	2020	2019
Net sales	**$ 20,498**	**$ 18,449**	**$ 17,108**	**$ 14,351**	**$ 14,884**
Cost of sales	7,440	6,871	6,140	5,294	5,188
Gross profit	**$ 13,058**	**$ 11,578**	**$ 10,968**	**$ 9,057**	**$ 9,696**
Research, development and engineering expenses	1,388	1,454	1,235	984	971
Selling, general and administrative expenses	7,129	6,455	6,427	5,361	5,356
Recall charges, net	18	(15)	103	17	192
Amortization of intangible assets	635	627	619	472	464
Goodwill impairment	—	216	—	—	—
Total operating expenses	$ 9,170	$ 8,737	$ 8,384	$ 6,834	$ 6,983
Operating income	**$ 3,888**	**$ 2,841**	**$ 2,584**	**$ 2,223**	**$ 2,713**
Other income (expense), net	(215)	(158)	(303)	(269)	(151)
Earnings before income taxes	**$ 3,673**	**$ 2,683**	**$ 2,281**	**$ 1,954**	**$ 2,562**
Income taxes	508	325	287	355	479
Net earnings	**$ 3,165**	**$ 2,358**	**$ 1,994**	**$ 1,599**	**$ 2,083**
Net earnings per share of common stock:					
Basic	$ 8.34	$ 6.23	$ 5.29	$ 4.26	$ 5.57
Diluted	$ 8.25	$ 6.17	$ 5.21	$ 4.20	$ 5.48
Dividends declared per share of common stock	**$ 3.050**	**$ 2.835**	**$ 2.585**	**$ 2.355**	**$ 2.135**
Balance Sheet Data					
Cash, cash equivalents and current marketable securities	$ 3,053	$ 1,928	$ 3,019	$ 3,024	$ 4,425

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

About Stryker

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, Orthopaedics and Spine 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.

Macroeconomic Environment

The global economy continues to experience increased inflationary pressures in part due to global supply chain disruptions, labor shortages and other impacts of the macroeconomic environment which we anticipate will continue. Higher interest rates and capital costs, higher shipping costs, increased costs of labor, fluctuating foreign currency exchange rates and the military conflicts in Russia and Ukraine and the Middle East create additional economic challenges and uncertainties. These conditions may cause our customers to decrease or delay orders for our products and services, and the higher interest rates may impact deal mix for our capital products.

Overview of 2023

In 2023 we achieved reported net sales growth of 11.1%. Excluding the impact of acquisitions and divestitures, sales grew 11.5% in constant currency. We reported net earnings of $3,165 and net earnings per diluted share of $8.25. Excluding the impact of certain items, we achieved adjusted net earnings[(1)] of $4,066 and adjusted net earnings per diluted share[(1)] of $10.60 representing growth of 13.5%.

We continued our capital allocation strategy by investing $390 in acquisitions and paying $1,139 in dividends to our shareholders.

In May 2023 we acquired Cerus for net cash consideration of $289 and up to $225 in future milestone payments. Cerus designs, develops and manufactures neurovascular products used for the treatment of hemorrhagic stroke. Cerus is part of our Neurovascular business within MedSurg and Neurotechnology. Refer to Note 6 to our Consolidated Financial Statements for further information.

During 2023 we made payments of $850 to extinguish the remaining balance on the $1.5 billion term loan scheduled to mature February 22, 2025.

In August 2023 we issued €500 of floating rate senior notes due November 16, 2024. The notes bear interest at a rate based on the three-month Euro Interbank Offered Rate (EURIBOR) plus 0.3%. The notes are callable at February 16, 2024, May 16, 2024 or October 16, 2024 either by us or at the option of the notes holders.

In November 2023 we repaid the outstanding €550 principal amount of 1.125% senior unsecured notes due November 30, 2023 and in December 2023 we repaid the outstanding $600 principal amount of 0.600% senior unsecured notes due December 1, 2023. We subsequently issued $600 of 4.850% senior unsecured notes due December 8, 2028 and €600 of 3.375% senior unsecured notes due December 11, 2028.

(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

	2023	2022	2021	Percent Net Sales 2023	Percent Net Sales 2022	Percent Net Sales 2021	Percentage Change 2023 vs. 2022	Percentage Change 2022 vs. 2021
Net sales	**$ 20,498**	**$ 18,449**	**$ 17,108**	**100.0 %**	**100.0 %**	**100.0 %**	**11.1 %**	**7.8 %**
Gross profit	13,058	11,578	10,968	63.7	62.8	64.1	12.8	5.6
Research, development and engineering expenses	1,388	1,454	1,235	6.8	7.9	7.2	(4.5)	17.7
Selling, general and administrative expenses	7,129	6,455	6,427	34.8	35.0	37.6	10.4	0.4
Recall charges, net	18	(15)	103	0.1	(0.1)	0.6	nm	nm
Amortization of intangible assets	635	627	619	3.1	3.4	3.6	1.3	1.3
Goodwill impairment	—	216	—	—	1.2	—	nm	nm
Other income (expense), net	(215)	(158)	(303)	(1.0)	(0.9)	(1.8)	36.1	(47.9)
Income taxes	508	325	287	nm	nm	nm	56.3	13.2
Net earnings	**$ 3,165**	**$ 2,358**	**$ 1,994**	**15.4 %**	**12.8 %**	**11.7 %**	**34.2 %**	**18.3 %**
Net earnings per diluted share	**$ 8.25**	**$ 6.17**	**$ 5.21**				**33.7 %**	**18.4 %**
Adjusted net earnings per diluted share[(1)]	**$ 10.60**	**$ 9.34**	**$ 9.09**				**13.5 %**	**2.8 %**

nm - not meaningful

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

Geographic and Segment Net Sales	2023	2022	2021	Percentage Change 2023 vs. 2022 As Reported	2023 vs. 2022 Constant Currency	2022 vs. 2021 As Reported	2022 vs. 2021 Constant Currency
Geographic:							
United States	$ 15,257	$ 13,638	$ 12,321	11.9 %	11.9 %	10.7 %	10.7 %
International	5,241	4,811	4,787	8.9	10.9	0.5	11.7
Total	**$ 20,498**	**$ 18,449**	**$ 17,108**	**11.1 %**	**11.6 %**	**7.8 %**	**11.0 %**
Segment:							
MedSurg and Neurotechnology	$ 11,836	$ 10,611	$ 9,538	11.5 %	12.1 %	11.2 %	14.1 %
Orthopaedics and Spine	8,662	7,838	7,570	10.5	11.1	3.5	7.0
Total	**$ 20,498**	**$ 18,449**	**$ 17,108**	**11.1 %**	**11.6 %**	**7.8 %**	**11.0 %**

Supplemental Net Sales Growth Information

	2023	2022	2021	Percentage Change 2023 vs. 2022 As Reported	Constant Currency	United States As Reported	International As Reported	International Constant Currency	20 As Reported	20 Constant Currency
MedSurg and Neurotechnology:										
Instruments	$ 2,569	$ 2,279	$ 2,111	12.7 %	13.0 %	13.3 %	10.4 %	11.8 %	8.0 %	10.4 %
Endoscopy	3,033	2,725	2,418	11.3	11.7	12.1	7.6	9.9	12.7	15.2
Medical	3,459	3,031	2,607	14.1	14.4	15.0	10.8	12.3	16.2	18.6
Neurovascular	1,226	1,200	1,188	2.1	4.0	8.1	(1.4)	1.5	1.1	7.2
Neuro Cranial	1,549	1,376	1,214	12.6	13.0	11.9	16.1	18.4	13.3	15.4
	$ 11,836	**$ 10,611**	**$ 9,538**	**11.5 %**	**12.1 %**	**13.0 %**	**7.0 %**	**9.1 %**	**11.2 %**	**14.1 %**
Orthopaedics and Spine:										
Knees	$ 2,273	$ 1,997	$ 1,848	13.9 %	14.4 %	12.2 %	18.8 %	20.9 %	8.0 %	11.2 %
Hips	1,544	1,413	1,342	9.2	10.4	10.1	7.7	10.7	5.3	10.1
Trauma and Extremities	3,147	2,807	2,664	12.1	12.2	12.9	10.1	10.5	5.4	8.7
Spine	1,189	1,146	1,167	3.8	4.0	5.7	(1.6)	(0.9)	(1.8)	1.1
Other	509	475	549	7.1	8.8	(2.0)	33.8	40.9	(13.3)	(10.3)
	$ 8,662	**$ 7,838**	**$ 7,570**	**10.5 %**	**11.1 %**	**10.2 %**	**11.2 %**	**13.0 %**	**3.5 %**	**7.0 %**
Total	**$ 20,498**	**$ 18,449**	**$ 17,108**	**11.1 %**	**11.6 %**	**11.9 %**	**8.9 %**	**10.9 %**	**7.8 %**	**11.0 %**

Note: Beginning in the first quarter 2023 we consolidated Other MedSurg and Neurotechnology into Endoscopy as Other MedSurg and Neurotechnology (primarily Sustainability Solutions) has been fully integrated into our Endoscopy business. Endoscopy includes

sales related to Other of $343, $302 and $277 for 2023, 2022 and 2021. We have reflected these changes in all historical periods presented.

Consolidated Net Sales

Consolidated net sales in 2023 increased 11.1% as reported and 11.6% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.5%. Excluding the 0.1% impact of acquisitions and divestitures, net sales in constant currency increased by 10.9% from increased unit volume and 0.6% due to higher prices. The unit volume increase was primarily due to higher shipments across all product lines.

Consolidated net sales in 2022 increased 7.8% as reported and 11.0% in constant currency, as foreign currency exchange rates negatively impacted net sales by 3.2%. Excluding the 1.3% impact of acquisitions and divestitures, net sales in constant currency increased by 10.6% from increased unit volume partially offset by 0.9% due to lower prices. The unit volume increase was due to higher shipments across all MedSurg and Neurotechnology products and most Orthopaedics and Spine products.

MedSurg and Neurotechnology Net Sales

MedSurg and Neurotechnology net sales in 2023 increased 11.5% as reported and 12.1% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.6%. Excluding the 0.3% impact of acquisitions and divestitures, net sales in constant currency increased by 10.2% from increased unit volume and 1.6% due to higher prices. The unit volume increase was due to higher shipments across all MedSurg and Neurotechnology products.

MedSurg and Neurotechnology net sales in 2022 increased 11.2% as reported and 14.1% in constant currency, as foreign currency exchange rates negatively impacted net sales by 2.9%. Excluding the 2.3% impact of acquisitions and divestitures, net sales in constant currency increased by 11.2% from increased unit volume and 0.6% due to higher prices. The unit volume increase was due to higher shipments across all MedSurg and Neurotechnology products.

Orthopaedics and Spine Net Sales

Orthopaedics and Spine net sales in 2023 increased 10.5% as reported and 11.1% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.6%. Net sales in constant currency increased by 11.9% from increased unit volume partially offset by 0.8% due to lower prices. The unit volume increase was due to higher shipments across all Orthopaedics and Spine products.

Orthopaedics and Spine net sales in 2022 increased 3.5% as reported and 7.0% in constant currency, as foreign currency exchange rates negatively impacted net sales by 3.5%. Net sales in constant currency increased by 9.9% from increased unit volume partially offset by 2.9% due to lower prices. The unit volume increase was due to higher shipments across most Orthopaedics and Spine products.

Gross Profit

Gross profit was $13,058, $11,578 and $10,968 in 2023, 2022, and 2021. The key components of the change were:

	Gross Profit Percent Net Sales
2021	**64.1 %**
Sales pricing	(30) bps
Volume and mix	110 bps
Manufacturing and supply chain costs	(360) bps
Inventory stepped up to fair value	150 bps
2022	**62.8 %**
Sales pricing	20 bps
Volume and mix	100 bps
Manufacturing and supply chain costs	(40) bps
Inventory stepped up to fair value	10 bps
2023	**63.7 %**

Gross profit as a percentage of net sales increased to 63.7% in 2023 from 62.8% in 2022 due to higher sales pricing and favorable volume offset by higher manufacturing and supply chain costs primarily due to higher raw material costs in the first six months of 2023 and supply chain inefficiencies.

Gross profit as a percentage of net sales decreased to 62.8% in 2022 from 64.1% in 2021 due to higher manufacturing and supply chain costs primarily due to increased costs from purchases of electronic components at premium prices on the spot market and other inflationary pressures, primarily related to labor, steel and transportation, as well as inefficiencies from supply chain disruptions partially offset by favorable volume and lower amortization of inventory stepped up to fair value.

While segment mix was not a significant driver of the change in gross profit as a percent of net sales between 2023, 2022 and 2021, 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 and Spine segment.

Research, Development and Engineering Expenses

Research, development and engineering expenses as a percentage of net sales in 2023 decreased to 6.8% from 7.9% in 2022 primarily due to increased spending for product launches, the write-off of certain intangible assets and higher spend related to medical device regulations in the European Union in 2022.

Research, development and engineering expenses as a percentage of net sales in 2022 increased to 7.9% from 7.2% in 2021 primarily due to increased spending for product launches, the write-off of certain intangible assets and higher spend related to the new medical device regulations in the European Union in 2022.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of net sales in 2023 decreased to 34.8% from 35.0% in 2022 primarily due to charges of $132 related to share-based awards for Vocera employees that vested upon our acquisition in 2022, partially offset by disciplined increases in spend and investments in 2023 to support our growth, including sales growth incentives and increased spend on travel and meetings. In addition, in 2022 we determined that certain commercial and regulatory milestones related to technology acquired in the purchase of Mobius Imaging and Cardan Robotics were no longer probable of being achieved and recorded $110 to reduce the fair value of contingent consideration. In addition, we recorded charges of $132 related to share-based awards for Vocera employees that vested upon our acquisition in 2022.

Recall Charges, Net

Recall charges, net were $18, ($15) and $103 in 2023, 2022 and 2021. Charges in 2021 were primarily due to the previously disclosed Rejuvenate and ABGII Modular-Neck hip stems and LFIT Anatomic CoCr V40 Femoral Heads voluntary recalls. Refer to Note 7 to our Consolidated Financial Statements for further information.

Amortization of Intangible Assets

Amortization of intangible assets was $635, $627 and $619 in 2023, 2022 and 2021. These amounts include amortization related to intangible assets acquired in the second quarter 2023 from Cerus and in the first quarter 2022 from Vocera. Refer to Notes 6 and 8 to our Consolidated Financial Statements for further information.

Goodwill Impairment

In 2022 we recorded a goodwill impairment charge of $216 related to our Spine business. Refer to Note 8 to our Consolidated Financial Statements for further information.

Operating Income

Operating income was $3,888, $2,841 and $2,584 in 2023, 2022 and 2021. Operating income increased as a percentage of sales to 19.0% in 2023 from 15.4% in 2022 and from 15.1% in 2021. Refer to the comments above for discussion of the primary drivers of the change.

MedSurg and Neurotechnology operating income as a percentage of net sales increased to 28.2% in 2023 from 25.8% in 2022. MedSurg and Neurotechnology operating income as a percentage of net sales decreased to 25.8% in 2022 from 29.4% in 2021. Orthopaedics and Spine operating income as a percentage of net sales decreased to 27.7% in 2023 from 29.3% in 2022. Orthopaedics and Spine operating income as a percentage of net sales increased to 29.3% in 2022 from 28.8% in 2021. The key components of the change were:

	Operating Income Percent Net Sales	
	MedSurg and Neurotechnology	Orthopaedics and Spine
2021	**29.4 %**	**28.8 %**
Sales pricing	40 bps	(210) bps
Volume	440 bps	440 bps
Manufacturing and supply chain costs	(570) bps	(80) bps
Research, development and engineering expenses	(70) bps	(40) bps
Selling, general and administrative expenses	(200) bps	(60) bps
2022	**25.8 %**	**29.3 %**
Sales pricing	120 bps	(60) bps
Volume	390 bps	540 bps

manufacturing and supply chain costs due to supply chain challenges impacting capital products in our MedSurg businesses in 2022 which improved in 2023 partially offset by higher selling, general and administrative expenses due to continued investments including sales growth incentives and a more normalized cadence of travel and meetings.

The decrease in MedSurg and Neurotechnology operating income as a percentage of net sales in 2022 from 2021 was primarily driven by higher manufacturing and supply chain costs due to supply chain challenges impacting capital products in our MedSurg businesses and higher selling, general and administrative expenses due to a return to more normal levels following the COVID pandemic partially offset by higher unit volumes and prices.

The decrease in Orthopaedics and Spine operating income as a percentage of net sales for 2023 from 2022 was primarily driven by higher selling, general and administrative expenses due to continued investments including sales growth incentives and a more normalized cadence of travel and meetings and higher manufacturing and supply chain costs primarily due to increased inventory reserves partially offset by higher unit volumes.

The increase in Orthopaedics and Spine operating income as a percentage of net sales for 2022 from 2021 was primarily driven by higher unit volumes partially offset by lower prices.

Other Income (Expense), Net

Other income (expense), net was ($215), ($158) and ($303) in 2023, 2022 and 2021. The increase in net expense in 2023 compared to 2022 was primarily due to the release of accrued interest of $50 in 2022 related to the effective settlement of the United States federal income tax audit for years 2014 through 2018. Refer to Note 11 to our Consolidated Financial Statements for further information. The decrease in net expense in 2022 compared to 2021 was primarily due to the aforementioned release of accrued interest and higher interest income in 2022.

Income Taxes

Our effective tax rate was 13.8%, 12.1% and 12.6% for 2023, 2022 and 2021. The effective income tax rate for 2023 increased from 2022 due to the 2022 effective settlement of the United States federal income tax audit for years 2014 through 2018 and the 2022 reversal of deferred income tax on undistributed earnings of foreign subsidiaries partially offset by the 2023 tax effect related to transfers of intellectual property between tax jurisdictions. The effective income tax rate for 2022 decreased from 2021 due to the 2022 effective settlement of the United States federal income tax audit for years 2014 through 2018 and the 2022 reversal of deferred income tax on undistributed earnings of foreign subsidiaries. The effective income tax rates for 2023, 2022 and 2021 reflect the continued lower effective income tax rates as a result of our European operations, the tax effect related to the transfers of intellectual property between tax jurisdictions, the tax effect of future remittances of the undistributed earnings of foreign subsidiaries and certain discrete tax items.

Net Earnings

Net earnings for 2023 increased to $3,165 or $8.25 per diluted share from $2,358 or $6.17 per diluted share in 2022 and $1,994 or $5.21 per diluted share in 2021. Refer to the comments above for discussion of the primary drivers of the change.

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

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 the Most Directly Comparable GAAP Financial Measure to Non-GAAP Financial Measure

2023	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	**$ 13,058**	**$ 7,129**	**$ 1,388**	**$ 3,888**	**$ (215)**	**$ 508**	**$ 3,165**	**13.8 %**	**$ 8.25**
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	—	(20)	—	20	—	(25)	45	(0.8)	0.12
Amortization of purchased intangible assets	—	—	—	635	—	132	503	1.2	1.31
Structural optimization and other special charges (b)	39	(166)	(1)	206	—	47	159	0.5	0.42
Goodwill impairment	—	—	—	—	—	—	—	—	—
Medical device regulations (c)	2	—	(94)	96	—	22	74	0.2	0.19
Recall-related matters (d)	—	—	—	18	—	4	14	—	0.04
Regulatory and legal matters (e)	—	(92)	—	92	—	29	63	0.4	0.16
Tax matters (f)	—	—	—	—	(8)	(51)	43	(1.2)	0.11
Adjusted	**$ 13,099**	**$ 6,851**	**$ 1,293**	**$ 4,955**	**$ (223)**	**$ 666**	**$ 4,066**	**14.1 %**	**$ 10.60**

2022	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	**$ 11,578**	**$ 6,455**	**$ 1,454**	**$ 2,841**	**$ (158)**	**$ 325**	**$ 2,358**	**12.1 %**	**$ 6.17**
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	12	—	—	12	—	3	9	—	0.02
Other acquisition and integration-related (a)	—	(138)	—	138	—	34	104	0.5	0.27
Amortization of purchased intangible assets	—	—	—	627	—	132	495	1.7	1.30
Structural optimization and other special charges (b)	56	(206)	(87)	349	—	66	283	0.7	0.74
Goodwill impairment	—	—	—	216	—	—	216	(1.1)	0.57
Medical device regulations (c)	3	—	(137)	140	—	25	115	0.2	0.30
Recall-related matters (d)	—	—	—	(15)	—	(3)	(12)	—	(0.03)
Regulatory and legal matters (e)	—	(76)	—	76	—	7	69	(0.2)	0.18
Tax matters (f)	—	—	—	—	(75)	(9)	(66)	0.1	(0.18)
Adjusted	**$ 11,649**	**$ 6,035**	**$ 1,230**	**$ 4,384**	**$ (233)**	**$ 580**	**$ 3,571**	**14.0 %**	**$ 9.34**

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

2021	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	**$ 10,968**	**$ 6,427**	**$ 1,235**	**$ 2,584**	**$ (303)**	**$ 287**	**$ 1,994**	**12.6 %**	**$ 5.21**
Acquisition and integration-related costs:									
Inventory stepped-up to fair value	266	—	—	266	—	63	203	1.0	0.53
Other acquisition and integration-related (a)	—	(319)	—	319	—	75	244	1.2	0.64
Amortization of purchased intangible assets	—	—	—	619	—	130	489	1.6	1.28
Structural optimization and other special charges (b)	28	(358)	—	386	11	52	345	(0.3)	0.90
Goodwill impairment	—	—	—	—	—	—	—	—	—
Medical device regulations (c)	5	—	(102)	107	—	17	90	—	0.24
Recall-related matters (d)	—	—	—	103	—	14	89	—	0.23
Regulatory and legal matters (e)	—	2	—	(2)	(7)	3	(12)	0.2	(0.02)
Tax matters (f)	—	—	—	—	—	(32)	32	(1.4)	0.08
Adjusted	**$ 11,267**	**$ 5,752**	**$ 1,133**	**$ 4,382**	**$ (299)**	**$ 609**	**$ 3,474**	**14.9 %**	**$ 9.09**

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

	2023	2022	2021
Termination of sales relationships	$ 5	$ 21	$ 154
Employee retention and workforce reductions	6	33	90
Changes in the fair value of contingent consideration	(1)	(135)	—
Manufacturing integration costs	2	32	16
Stock compensation payments upon a change in control	—	132	—
Other integration-related activities	8	55	59
Adjustments to Operating Income	**$ 20**	**$ 138**	**$ 319**
Charges for acquisition-related tax provisions	(30)	—	—
Other income taxes related to acquisition and integration-related costs	5	34	75
Adjustments to Income Taxes	**$ (25)**	**$ 34**	**$ 75**
Adjustments to Net Earnings	**$ 45**	**$ 104**	**$ 244**

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

	2023	2022	2021
Employee retention and workforce reductions	$ 69	$ 74	$ 39
Closure/transfer of manufacturing and other facilities	50	83	52
Product line exits	32	80	61
Certain long-lived and intangible asset write-offs and impairments	28	96	203
Other charges	27	16	31
Adjustments to Operating Income	**$ 206**	**$ 349**	**$ 386**
Adjustments to Other Income (Expense), Net	**$ —**	**$ —**	**$ 11**
Adjustments to Income Taxes	**$ 47**	**$ 66**	**$ 52**
Adjustments to Net Earnings	**$ 159**	**$ 283**	**$ 345**

(c) 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.

(d) 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.

(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 regulatory or other legal matters and the amount of favorable awards from settlements.

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

	2023	2022	2021
Adjustments related to the transfer of certain intellectual properties between tax jurisdictions	$ (89)	$ (182)	$ (77)
Certain tax audit settlements	24	162	—
Reversal of deferred income tax on undistributed earnings of foreign subsidiaries	—	71	—
Other significant and discrete tax items	14	(60)	45
Adjustments to Income Taxes	**$ (51)**	**$ (9)**	**$ (32)**
Benefits for certain tax audit settlements	(9)	(45)	—
Other tax related adjustments	1	(30)	—
Adjustments to Other Income (Expense), Net	**$ (8)**	**$ (75)**	**$ —**
Adjustments to Net Earnings	**$ 43**	**$ (66)**	**$ 32**

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

FINANCIAL CONDITION AND LIQUIDITY

Net cash provided by (used in):	2023	2022	2021
Operating activities	$ 3,711	$ 2,624	$ 3,263
Investing activities	(962)	(2,924)	(859)
Financing activities	(1,594)	(749)	(2,365)
Effect of exchange rate changes	(28)	(51)	(38)
Change in cash and cash equivalents	**$ 1,127**	**$ (1,100)**	**$ 1**

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and to readily access capital markets at competitive rates despite the current macroeconomic environment. Operating cash flow provides the primary source of cash to fund operating needs and capital expenditures. Excess operating cash is used first to fund acquisitions to complement our portfolio of businesses. Other discretionary uses include dividends and share repurchases. We supplement operating cash flow with debt to fund our activities as necessary. Our overall cash position reflects our business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

Operating Activities

Cash provided by operating activities was $3,711, $2,624 and $3,263 in 2023, 2022 and 2021. The increase from 2022 was primarily due to higher net earnings and increased collections on accounts receivable. The decrease in 2022 compared to 2021 was due to higher costs for certain electronic components and pre-buying of critical raw materials to manage supply chain delays as well as higher accounts receivable as a result of sales occurring near the end of the year, partially offset by increased net earnings.

Investing Activities

Cash used in investing activities was $962, $2,924 and $859 in 2023, 2022 and 2021. The decrease in cash used in 2023 was primarily due to lower amounts paid for acquisitions. Our 2023 acquisitions included Cerus and in 2022 we acquired Vocera.

Financing Activities

Cash used in financing activities was $1,594, $749 and $2,365 in 2023, 2022 and 2021. Cash used in 2023 was primarily driven by dividend payments of $1,139 and repayments of debt, including $850 to pay off the $1,500 term loan used to fund the acquisition of Vocera and $1,208 to pay off maturing senior unsecured notes. These repayments were offset by net proceeds of $1,781 from the issuance of various senior unsecured notes as described in Note 10 to our Consolidated Financial Statements. In 2022 we made payments of $653 on long-term debt and dividend payments of $1,051. In 2021 we made payments of $1,151 on long-term debt and dividend payments of $950. There were no share repurchases in 2023, 2022 or 2021.

We maintain debt levels that we consider appropriate after evaluating a number of factors including cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities) and overall cost of

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 also have a revolving credit agreement maturing in October 2026 with an aggregate principal amount of $2,250.

We raised funds in the capital 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 and marketable securities held in locations outside the United States was approximately 25% and 36% on December 31, 2023 and 2022.

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.

CONTRACTUAL OBLIGATIONS AND FORWARD-LOOKING CASH REQUIREMENTS

In 2023 we recorded charges for various legal matters as further described in Note 7 to our Consolidated Financial Statements. Recorded reserves represent the 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. The final outcome of these matters is dependent on many variables that are difficult to predict. The ultimate cost to entirely resolve these matters may be materially different from the amount of the current estimates and could have a material adverse effect on our financial position, results of operations and cash flows. We are not able to reasonably estimate the future periods in which payments will be made.

As further described in Note 11 to our Consolidated Financial Statements, on December 31, 2023 we had a reserve for uncertain income tax positions of $371. Due to uncertainties regarding the ultimate resolution of income tax audits, we are not able to reasonably estimate the future periods in which any income tax payments to settle these uncertain income tax positions will be made.

As further described in Note 12 to our Consolidated Financial Statements, on December 31, 2023 our defined benefit pension plans were underfunded by $341, of which approximately $337 related to plans outside the United States. Due to the rules affecting tax-deductible contributions in the jurisdictions in which the plans are offered and the impact of future plan asset performance, changes in interest rates and potential changes in legislation in the United States and other foreign jurisdictions, we are not able to reasonably estimate the amounts that may be required to fund defined benefit pension plans.

Contractual Obligations	**Total**	**2024**	**2025 - 2026**	**2027 - 2028**	**After 2028**
Debt repayments	$ 13,080	$ 2,097	$ 2,400	$ 3,582	$ 5,001
Interest payments	3,163	348	560	453	1,802
Unconditional purchase obligations	2,750	2,349	296	85	20
Minimum lease payments	520	150	195	97	78

policies and the others set forth in Note 1 to our Consolidated Financial Statements are critical to understanding our results of operations and financial condition. Actual results could differ from our estimates and assumptions, and any such differences could be material to our results of operations and financial condition.

Income Taxes

Our annual tax rate is determined based on our income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Tax law requires certain items be included in the tax return at different times than the items are reflected in the financial statements. Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences are temporary and reverse over time, such as depreciation expense. These temporary differences create deferred tax assets and liabilities.

Deferred tax assets generally represent the tax effect of items that can be used as a tax deduction or credit in future years for which we have already recorded the tax benefit in our income statement. Deferred tax liabilities generally represent tax expense recognized in our financial statements for which payment was deferred, the tax effect of expenditures for which a deduction was taken in our tax return but has not yet been recognized in our financial statements or assets recorded at fair value in business combinations for which there was no corresponding tax basis adjustment.

Inherent in determining our annual tax rate are judgments regarding business plans, tax planning opportunities and expectations about future outcomes. Realization of certain deferred tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

We operate in multiple jurisdictions with complex tax policy and regulatory environments. In certain of these jurisdictions, we may take tax positions that management believes are supportable but are potentially subject to successful challenge by the applicable taxing authority. These differences of interpretation with the respective governmental taxing authorities can be impacted by the local economic and fiscal environment. We evaluate our tax positions and establish liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. We review these tax uncertainties in light of changing facts and circumstances, such as the progress of tax audits, and adjust them accordingly. We have a number of audits in process in various jurisdictions. Although the resolution of these tax positions is uncertain, based on currently available information, we believe that it is more likely than not that the ultimate outcomes will not have a material adverse effect on our financial position, results of operations or cash flows.

Due to the number of estimates and assumptions inherent in calculating the various components of our tax provision, certain changes or future events, such as changes in tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans, could have an impact on those estimates and our effective tax rate.

Acquisitions, Goodwill and Intangibles, and Long-Lived Assets

Our financial statements include the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded on the date of acquisition at their respective estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant items. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. We typically use an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, the economic barriers to entry and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur that could affect the accuracy or validity of the estimates and assumptions.

Determining the useful life of an intangible asset also requires judgment. With the exception of certain trade names, the majority of our acquired intangible assets (e.g., certain trademarks or brands, customer and distributor relationships, patents and technologies) are expected to have determinable useful lives. Our assessment as to the useful lives of these intangible assets is based on a number of factors including competitive environment, market share, trademark, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarked or branded products are sold. Our estimates of the useful lives of determinable-lived intangibles are primarily based on these same factors. Determinable-lived intangible assets are amortized to expense over their estimated useful life.

In some of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. For acquisitions accounted for as business combinations, IPRD is considered to be an indefinite-lived intangible asset until the research is completed (then it becomes a determinable-lived intangible asset) or determined to have no future use (then it is impaired). For asset acquisitions, IPRD is expensed immediately unless there is an alternative future use.

Indefinite-lived intangible assets and goodwill are not amortized but are tested annually for impairment or whenever events or circumstances indicate such assets may be impaired. Our annual impairment testing date is October 31. When it is unlikely that an indefinite-lived intangible asset or goodwill of a reporting unit is impaired, we perform a qualitative assessment. For goodwill, that qualitative assessment may be periodically supplemented with a corroborative quantitative analysis.

When necessary, we perform a quantitative impairment test and determine the fair value of the indefinite-lived intangible asset or reporting unit using an income approach. For the quantitative

future cash flows and requires certain assumptions and estimates be made regarding market conditions and our future profitability. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows used to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal business plans. We believe such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

During 2022 our Spine reporting unit's operating performance was affected by several factors, including a slower than anticipated recovery of surgery volumes as we emerged from the COVID-19 pandemic, rising costs and our competitive environment. Consequently, for the year ended December 31, 2022 revenues, gross margin and operating income were 3%, 4% and 33% below budgeted amounts. For our annual impairment test at October 31, 2022 we performed a quantitative impairment test and recognized a goodwill impairment charge of $216 in our Consolidated Statements of Earnings. Due to the impairment charge in 2022, we also performed a quantitative impairment test for our Spine reporting unit at October 31, 2023 and determined that its fair value exceeded its carrying amount by 10%. Accordingly, we did not record any additional impairment charges. At October 31, 2023, goodwill attributable to the Spine reporting unit was approximately $1.0 billion.

In our quantitative impairment tests, the fair value of our Spine reporting unit was determined using a discounted cash flow analysis, which is a form of the income approach. Significant inputs to the analysis included assumptions for future revenue growth, operating margin and the rate used to discount the estimated future cash flows to their present value, based on the reporting unit's estimated weighted average cost of capital. Our assumptions for revenue growth and operating margin considered several operating factors, including surgery volumes, increased costs and our competitive environment. We believe our estimates are appropriate based upon current and future market conditions and the best information available at the impairment assessment date. However, future impairment charges could be required if we do not achieve our cash flow, revenue and profitability projections or if there is an increase in the weighted average cost of capital.

The assumptions used in the discounted cash flow analysis are subject to inherent uncertainties and subjectivity. The use of different assumptions, estimates or judgments with respect to the estimation of future cash flows and the determination of the discount rate used to reduce such estimated future cash flows to their net present value could materially affect the determination of any impairment charges. Hypothetical changes in our estimates of the discount rate, long-term revenue growth and long-term operating margin would result in impairment charges as follows:

Change in selected assumption	Percentage decline in fair value		Impairment charge	
100 bps increase in discount rate	12	%	$	51
100 bps decrease in long-term revenue growth	7			—

reporting units exceeded their respective carrying amounts. Future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets, including discount rates and cash flow projections, could result in significantly different estimates of fair value. A significant reduction in estimated fair values could result in impairment charges that could materially affect our results of operations.

We review our other long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual asset level or the asset group level. The undiscounted cash flows expected to be generated by the related assets are estimated over their useful life based on updated projections. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related assets or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale, if any, are recorded at the lower of carrying amount or fair value less costs to sell.

Legal and Other Contingencies

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor, intellectual property, and other matters that are more fully described in Note 7 to our Consolidated Financial Statements. 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, for the resolution of these legal matters 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 projected by management, additional expense may be incurred, which could unfavorably affect future operating results. We are currently 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.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 to our Consolidated Financial Statements for further information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We sell our products globally and, as a result, our operations and financial results could be significantly affected by market risk exposure from exchange rate risk. Our operating results are primarily exposed to changes in exchange rates among the United States Dollar, Australian Dollar, British Pound, Canadian Dollar, Euro and Japanese Yen. We develop and manufacture products in the United States, Canada, China, Costa Rica, France, Germany, India, Ireland, Mexico, Switzerland, Turkey and the United Kingdom and incur costs in the applicable local currencies. This global deployment of facilities serves to partially mitigate the impact of currency exchange rate changes on our cost of sales. Refer to Notes 1, 4 and 5 to our Consolidated Financial Statements for information regarding our use of derivative instruments to mitigate these risks. A hypothetical 10% change in foreign currencies relative to the United States Dollar would change the December 31, 2023 fair value of these instruments by approximately $389.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Stryker Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Stryker Corporation and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 14, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Uncertain Tax Positions
Description of the Matter	As described in Note 11 to the consolidated financial statements, the Company operates in multiple jurisdictions with complex tax policy and regulatory environments and establishes reserves for uncertain tax positions in accordance with the accounting guidance governing uncertainty in income taxes. Assessing tax positions involves judgment including interpreting tax laws of multiple jurisdictions and assumptions relevant to the measurement of an unrecognized tax benefit, including the estimated amount of tax liability that may be incurred should the tax position not be sustained upon inspection by a tax authority. These judgments and assumptions can significantly affect the reserve for uncertain tax positions. At December 31, 2023, the Company had accrued liabilities of $371 million relating to uncertain tax positions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting process for uncertain tax positions. For example, we tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the inputs and calculations of unrecognized income tax benefits when recorded. Our audit procedures to test the Company's uncertain tax positions included, among others, involvement of our tax professionals, including transfer pricing professionals. This included evaluating third-party transfer pricing studies obtained by the Company and assessing the Company's correspondence with the relevant tax authorities. We analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and tested the accuracy of the calculations. Our testing also included the evaluation of the ongoing positions and consideration of changes, the recording of penalties and interest and the ultimate settlement and payment of certain tax matters. We also evaluated the adequacy of the Company's disclosures included in Note 11 related to these tax matters.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1974.
Grand Rapids, Michigan
February 14, 2024

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

	2023	2022	2021
Net sales	**$ 20,498**	**$ 18,449**	**$ 17,108**
Cost of sales	7,440	6,871	6,140
Gross profit	**$ 13,058**	**$ 11,578**	**$ 10,968**
Research, development and engineering expenses	1,388	1,454	1,235
Selling, general and administrative expenses	7,129	6,455	6,427
Recall charges, net	18	(15)	103
Amortization of intangible assets	635	627	619
Goodwill impairment	—	216	—
Total operating expenses	$ 9,170	$ 8,737	$ 8,384
Operating income	**$ 3,888**	**$ 2,841**	**$ 2,584**
Other income (expense), net	(215)	(158)	(303)
Earnings before income taxes	**$ 3,673**	**$ 2,683**	**$ 2,281**
Income taxes	508	325	287
Net earnings	**$ 3,165**	**$ 2,358**	**$ 1,994**
Net earnings per share of common stock:			
Basic	$ 8.34	$ 6.23	$ 5.29
Diluted	$ 8.25	$ 6.17	$ 5.21
Weighted-average shares outstanding (in millions):			
Basic	379.6	378.2	377.0
Effect of dilutive employee stock compensation	4.1	4.0	5.3
Diluted	**383.7**	**382.2**	**382.3**

Anti-dilutive shares excluded from the calculation of dilutive employee stock options were 4.3 in 2022 and de minimis in all other periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2023	2022	2021
Net earnings	**$ 3,165**	**$ 2,358**	**$ 1,994**
Other comprehensive income (loss), net of tax			
Marketable securities	1	(1)	3
Pension plans	(59)	186	104
Unrealized gains (losses) on designated hedges	(13)	12	50
Financial statement translation	(124)	113	469
Total other comprehensive income (loss), net of tax	**$ (195)**	**$ 310**	**$ 626**
Comprehensive income	**$ 2,970**	**$ 2,668**	**$ 2,620**

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 2,971	$ 1,844
Marketable securities	82	84
Accounts receivable, less allowance of $182 ($154 in 2022)	3,765	3,565
Inventories:		
Materials and supplies	1,242	1,006
Work in process	330	348
Finished goods	3,271	2,641
Total inventories	**$ 4,843**	**$ 3,995**
Prepaid expenses and other current assets	857	787
Total current assets	**$ 12,518**	**$ 10,275**
Property, plant and equipment:		
Land, buildings and improvements	1,692	1,739
Machinery and equipment	4,652	4,066
Total property, plant and equipment	6,344	5,805
Less allowance for depreciation	3,129	2,835
Property, plant and equipment, net	**$ 3,215**	**$ 2,970**
Goodwill	15,243	14,880
Other intangibles, net	4,593	4,885
Noncurrent deferred income tax assets	1,670	1,410
Other noncurrent assets	2,673	2,464
Total assets	**$ 39,912**	**$ 36,884**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 1,517	$ 1,413
Accrued compensation	1,478	1,149
Income taxes	391	292
Dividend payable	304	284
Accrued product liabilities	209	230
Accrued expenses and other liabilities	1,928	1,744
Current maturities of debt	2,094	1,191
Total current liabilities	**$ 7,921**	**$ 6,303**
Long-term debt, excluding current maturities	10,901	11,857
Income taxes	567	641
Other noncurrent liabilities	1,930	1,467
Total liabilities	**$ 21,319**	**$ 20,268**
Shareholders' equity		
Common stock, $0.10 par value	38	38
Additional paid-in capital	2,200	2,034
Retained earnings	16,771	14,765
Accumulated other comprehensive loss	(416)	(221)
Total shareholders' equity	**$ 18,593**	**$ 16,616**
Total liabilities & shareholders' equity	**$ 39,912**	**$ 36,884**

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Common stock						
Beginning	378.7	$ 38	377.5	$ 38	376.1	$ 38
Issuance of common stock under stock compensation and benefit plans	1.4	—	1.2	—	1.4	—
Ending	**380.1**	**$ 38**	**378.7**	**$ 38**	**377.5**	**$ 38**
Additional paid-in capital						
Beginning		$ 2,034		$ 1,890		$ 1,741
Issuance of common stock under stock compensation and benefit plans		(39)		(24)		(22)
Share-based compensation		205		168		171
Ending		**$ 2,200**		**$ 2,034**		**$ 1,890**
Retained earnings						
Beginning		$ 14,765		$ 13,480		$ 12,462
Net earnings		3,165		2,358		1,994
Cash dividends declared		(1,159)		(1,073)		(976)
Ending		**$ 16,771**		**$ 14,765**		**$ 13,480**
Accumulated other comprehensive (loss) income						
Beginning		$ (221)		$ (531)		$ (1,157)
Other comprehensive income (loss)		(195)		310		626
Ending		**$ (416)**		**$ (221)**		**$ (531)**
Total shareholders' equity		**$ 18,593**		**$ 16,616**		**$ 14,877**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts in millions except per share amounts or as otherwise specified. 26

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2023	2022	2021
Operating activities			
Net earnings	**$ 3,165**	**$ 2,358**	**$ 1,994**
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	393	371	371
Amortization of intangible assets	635	627	619
Goodwill impairment	—	216	—
Asset impairments	36	54	264
Share-based compensation	205	168	171
Recall charges, net	18	(15)	103
Sale of inventory stepped up to fair value at acquisition	—	12	266
Deferred income tax (benefit) expense	(206)	58	(237)
Changes in operating assets and liabilities:			
Accounts receivable	(175)	(579)	(377)
Inventories	(797)	(762)	(189)
Accounts payable	77	290	329
Accrued expenses and other liabilities	533	328	315
Recall-related payments	(35)	(157)	(221)
Income taxes	(4)	(238)	(98)
Other, net	(134)	(107)	(47)
Net cash provided by operating activities	**$ 3,711**	**$ 2,624**	**$ 3,263**
Investing activities			
Acquisitions, net of cash acquired	(390)	(2,563)	(339)
Purchases of marketable securities	(52)	(52)	(49)
Proceeds from sales of marketable securities	54	43	55
Purchases of property, plant and equipment	(575)	(588)	(525)
Proceeds from settlement of net investment hedges	—	197	—
Other investing, net	1	39	(1)
Net cash used in investing activities	**$ (962)**	**$ (2,924)**	**$ (859)**
Financing activities			
Proceeds (payments) on short-term borrowings, net	540	(375)	(7)
Proceeds from issuance of long-term debt	1,241	1,500	5
Payments on long-term debt	(2,058)	(653)	(1,151)
Payments of dividends	(1,139)	(1,051)	(950)
Cash paid for taxes from withheld shares	(155)	(122)	(114)
Other financing, net	(23)	(48)	(148)
Net cash provided by (used in) financing activities	**$ (1,594)**	**$ (749)**	**$ (2,365)**
Effect of exchange rate changes on cash and cash equivalents	(28)	(51)	(38)
Change in cash and cash equivalents	**$ 1,127**	**$ (1,100)**	**$ 1**
Cash and cash equivalents at beginning of year	1,844	2,944	2,943
Cash and cash equivalents at end of year	**$ 2,971**	**$ 1,844**	**$ 2,944**
Supplemental cash flow disclosure:			
Cash paid for income taxes, net of refunds	$ 693	$ 505	$ 622
Cash paid for interest on debt	$ 356	$ 324	$ 325

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Stryker (the "Company," "we," "us," or "our") is a global leader in medical technologies and, together with its customers, is driven to make healthcare better. The Company offers innovative products and services in MedSurg, Neurotechnology, Orthopaedics and Spine that help improve patient and healthcare outcomes. Our products include surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; clinical communication and workflow solutions; neurosurgical and neurovascular devices; implants used in joint replacement and trauma surgeries; Mako Robotic-Arm Assisted technology; spinal devices; as well as other products used in a variety of medical specialties.

Basis of Presentation and Consolidation: The Consolidated Financial Statements include the Company and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. We have no material interests in variable interest entities and none that require consolidation. Certain prior year amounts have been reclassified to conform with current year presentation in our Consolidated Financial Statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of net sales and expenses in the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Sales are recognized as the performance obligations to deliver products or services (including services under extended warranty service contracts) are satisfied and are recorded based on the amount of consideration we expect to receive in exchange for satisfying the performance obligations. Our sales are recognized primarily when we transfer control to the customer, which can be on the date of shipment, the date of receipt by the customer or, for most Orthopaedics products, when we have received a purchase order and appropriate notification the product has been used or implanted. Products and services are primarily transferred to customers at a point in time, with some transfers of services taking place over time.

Sales represent the amount of consideration we expect to receive from customers in exchange for transferring products and services. Net sales exclude sales, value added and other taxes we collect from customers. Other costs to obtain and fulfill contracts are generally expensed as incurred due to the short-term nature of most of our sales. We extend terms of payment to our customers based on commercially reasonable terms for the markets of our customers, while also considering their credit quality.

A provision for estimated sales returns, discounts and rebates is recognized as a reduction of sales in the same period that the sales are recognized. Our estimate of the provision for sales returns has been established based on contract terms with our customers and historical business practices and current trends. Shipping and handling costs charged to

Cost of Sales: Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost to distribute products to customers, inbound freight costs, warehousing costs and other shipping and handling activity.

Research, Development and Engineering Expenses: Research, development and engineering costs are charged to expense as incurred. Costs include research, development and engineering activities relating to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of customers and patients. Costs primarily consist of salaries, wages, consulting and depreciation and maintenance of research facilities and equipment.

Selling, General and Administrative Expenses: Selling, general and administrative expense is primarily comprised of selling expenses, marketing expenses, administrative and other indirect overhead costs, amortization of loaner instrumentation, depreciation and amortization expense of non-manufacturing assets and other miscellaneous operating items.

Currency Translation: Financial statements of subsidiaries outside the United States generally are measured using the local currency as the functional currency. Adjustments to translate those statements into United States Dollars are recorded in other comprehensive income (OCI). Transactional exchange gains and losses are included in other income (expense), net.

Cash Equivalents: Highly liquid investments with remaining stated maturities of three months or less when purchased or other money market instruments that are redeemable upon demand are considered cash equivalents and recorded at cost.

Marketable Securities: Marketable securities consist of marketable debt securities, certificates of deposit and mutual funds. Mutual funds are acquired to offset changes in certain liabilities related to deferred compensation arrangements and are expected to be used to settle these liabilities and are recognized in other noncurrent assets. Pursuant to our investment policy, all individual marketable security investments must have a minimum credit quality of single A (Standard & Poor's and Fitch) and A2 (Moody's Corporation) at the time of acquisition, while the overall portfolio of marketable securities must maintain a minimum average credit quality of double A (Standard & Poor's and Fitch) or Aa (Moody's Corporation). In the event of a rating downgrade below the minimum credit quality subsequent to purchase, the marketable security investment is evaluated to determine the appropriate action to take to minimize the overall risk to our marketable security investment portfolio. Our marketable securities are classified as available-for-sale and trading securities. Investments in trading securities represent participant-directed investments of deferred employee compensation.

Accounts Receivable: Accounts receivable consists of trade and other miscellaneous receivables. An allowance is maintained for doubtful accounts for estimated losses in the collection of accounts receivable. Estimates are made regarding the ability of customers to make required payments based on historical credit experience, current market conditions and expected credit losses. Accounts receivable are written off

resulting from the potential inability to sell specific products at prices in excess of current carrying costs, reserves are maintained to reduce current carrying cost to net realizable value.

Financial Instruments: Our financial instruments consist of cash, cash equivalents, marketable securities, accounts receivable, other investments, accounts payable, debt and foreign currency exchange contracts. The carrying value of our financial instruments, with the exception of our senior unsecured notes, approximates fair value on December 31, 2023 and 2022. Refer to Notes 3 and 10 for further details.

All marketable securities are recognized at fair value. Adjustments to the fair value of marketable securities that are classified as available-for-sale are recognized as increases or decreases, net of income taxes, within accumulated other comprehensive income (AOCI) in shareholders' equity and adjustments to the fair value of marketable securities that are classified as trading are recognized in earnings. The amortized cost of marketable debt securities is adjusted for amortization of premiums and discounts to maturity computed under the effective interest method. Such amortization and interest and realized gains and losses are included in other income (expense), net. The cost of securities sold is determined by the specific identification method.

We review declines in the fair value of our investments classified as available-for-sale to determine whether the decline in fair value is a result of credit loss or other factors. Impairments of available-for-sale marketable debt securities related to credit loss are included in earnings and impairments related to other factors are recognized within AOCI.

Derivatives: All derivatives are recognized at fair value and reported on a gross basis. We enter into forward currency exchange contracts to mitigate the impact of currency fluctuations on transactions denominated in nonfunctional currencies, thereby limiting our risk that would otherwise result from changes in exchange rates. The periods of the forward currency exchange contracts correspond to the periods of the exposed transactions, with realized gains and losses included in the measurement and recording of transactions denominated in the nonfunctional currencies. All forward currency exchange contracts are recorded at their fair value each period.

Forward currency exchange contracts designated as cash flow hedges are designed to hedge the variability of cash flows associated with forecasted transactions denominated in a foreign currency that will take place in the future. These nonfunctional currency exposures principally relate to forecasted intercompany sales and purchases of manufactured products and generally have maturities up to eighteen months. Changes in value of derivatives designated as cash flow hedges are recorded in AOCI on the Consolidated Balance Sheets until earnings are affected by the variability of the underlying cash flows. At that time, the applicable amount of gain or loss from the derivative instrument that is deferred in shareholders' equity is reclassified into earnings and is included in cost of goods sold in the Consolidated Statements of Earnings. Cash flows associated with these hedges are included in cash from operations in the same category as the cash flows from the items being hedged.

Forward currency exchange contracts are used to offset our exposure to the change in value of specific foreign currency denominated assets and liabilities, primarily intercompany currency denominated assets and liabilities. The estimated fair value of our forward currency exchange contracts represents the measurement of the contracts at month-end spot rates as adjusted by current forward points.

From time to time, we designate derivative and non-derivative financial instruments as net investment hedges of our investments in certain international subsidiaries. For derivative instruments that are designated and qualify as a net investment hedge, the effective portion of the derivative's gain or loss is recognized in OCI and reported as a component of AOCI. We have elected to use the spot method to assess effectiveness for our derivatives designated as net investment hedges. Accordingly, the change in fair value attributable to changes in the spot rate is recorded in AOCI. We exclude the spot-forward difference from the assessment of hedge effectiveness and amortize this amount separately on a straight-line basis over the term of the forward contracts. This amortization is recognized in other income (expense), net.

From time to time, we designate forward starting interest rate derivative instruments as cash flow hedges to manage the exposure to interest rate volatility with regard to future issuance and refinancing of debt. Changes in value of derivatives designated as cash flow hedges are recorded in AOCI on the Consolidated Balance Sheets until earnings are affected by the variability of the underlying cash flows. At that time, the applicable amount of gain or loss from the derivative instrument that is deferred in shareholders' equity is reclassified into earnings and is included in interest expense within other income (expense), net in the Consolidated Statements of Earnings.

Interest rate derivative instruments designated as fair value hedges have been used in the past to manage the exposure to interest rate movements and to reduce borrowing costs by converting fixed-rate debt into floating-rate debt. Under these agreements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

Property, Plant and Equipment: Property, plant and equipment is stated at cost. Depreciation is generally computed by the straight-line method over the estimated useful lives of three to 30 years for buildings and improvements and three to 15 years for machinery and equipment.

Goodwill and Other Intangible Assets: Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses at the acquisition date, after amounts allocated to other identifiable intangible assets. Factors that contribute to the recognition of goodwill include synergies that are specific to our business and not available to other market participants and are expected to increase net sales and profits; acquisition of a talented workforce; cost savings opportunities; the strategic benefit of expanding our presence in core and adjacent markets; and diversifying our product portfolio.

The fair values of other identifiable intangible assets acquired in a business combination are primarily determined using the income approach. Other intangible assets include, but are not limited to, developed technology, customer and distributor relationships (which reflect expected continued customer or distributor patronage) and trademarks and patents. Intangible assets with determinable useful lives are amortized on a

In some of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. For acquisitions accounted for as business combinations IPRD is considered to be an indefinite-lived intangible asset until the research is completed (then it becomes a determinable-lived intangible asset) or determined to have no future use (then it is impaired). For asset acquisitions IPRD is expensed immediately unless there is an alternative future use.

Goodwill, Intangibles and Long-Lived Asset Impairment Tests: We perform our annual impairment test for goodwill as of October 31 each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill and periodically corroborate that assessment with quantitative information. In certain circumstances, we may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. Indefinite-lived intangible assets are also tested at least annually for impairment by comparing the individual carrying values to the fair value.

We review long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less costs to sell.

Share-Based Compensation: Share-based compensation is in the form of stock options, restricted stock units (RSUs) and performance stock units (PSUs). Stock options are granted under long-term incentive plans to certain key employees and non-employee directors at an exercise price not less than the fair market value of the underlying common stock, which is the quoted closing price of our common stock on the day prior to the date of grant. The options are granted for periods of up to 10 years and become exercisable in varying installments.

We grant RSUs to key employees and non-employee directors and PSUs to certain key employees under our long-term incentive plans. The fair value of RSUs is determined based on the number of shares granted and the quoted closing price of our common stock on the date of grant, adjusted for the fact that RSUs do not include anticipated dividends. RSUs generally vest in one-third increments over a three-year period and are settled in stock. PSUs are earned over a three-year performance cycle and vest in March of the year following the end of that performance cycle. The number of PSUs that will ultimately be earned is based on our performance relative to pre-established goals in that three-year performance cycle. The fair value of PSUs is determined based on the quoted closing price of our common stock on the day of grant.

Compensation expense is recognized in the Consolidated Statements of Earnings based on the estimated fair value of the awards on the grant date. Compensation expense recognized reflects an estimate of the number of awards expected to vest after taking into consideration an estimate of award forfeitures based on actual experience and is recognized on a straight-line period required to obtain full vesting. Management expectations related to the achievement of performance goals associated with PSU grants is assessed regularly and that assessment is used to determine whether PSU grants are expected to vest. If performance-based milestones related to PSU grants are not met or not expected to be met, any compensation expense recognized associated with such grants will be reversed.

Income Taxes: Deferred income tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted income tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax benefits generally represent the change in net deferred income tax assets and liabilities in the year. Other amounts result from adjustments related to acquisitions and foreign currency as appropriate.

We operate in multiple income tax jurisdictions both within the United States and internationally. Accordingly, management must determine the appropriate allocation of income to each of these jurisdictions based on current interpretations of complex income tax regulations. Income tax authorities in these jurisdictions regularly perform audits of our income tax filings. Income tax audits associated with the allocation of this income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period of time to resolve and may result in significant income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates.

New Accounting Pronouncements Not Yet Adopted

In December 2023 the Financial Accounting Standards Board (FASB) issued ASU 2023-09 (Topic 740): *Income Taxes: Improvements to Income Tax Disclosures* which expands the existing rules on income tax disclosures. This update requires entities to disclose specific categories in the tax rate reconciliation, provide additional information for reconciling items that meet a quantitative threshold and disclose additional information about income taxes paid on an annual basis. The new disclosure requirements are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating these new expanded disclosure requirements.

In November 2023 the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* which expands disclosure requirements to require entities to disclose significant segment expenses that are regularly provided to or easily computed from information regularly provided to the chief operating decision maker. This update also requires all annual disclosures currently required by Topic 280 to be disclosed in interim periods. The new disclosure requirements are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating these new expanded disclosure requirements.

Accounting Pronouncements Recently Adopted

In September 2022 the FASB issued ASU 2022-04, *Liabilities - Supplier Finance Programs: Disclosure of Supplier Finance Program Obligations*, which requires entities that utilize supplier finance programs in connection with the purchase of goods and services to disclose information about the key terms of the programs, a rollforward of the obligations under the programs and where those obligations are presented in the balance sheet. The disclosure requirements are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the requirement for rollforward information which is effective for fiscal years beginning after December 15, 2023. We participate in a supplier financing program that enables our suppliers, at their sole discretion, to sell their Stryker receivables to a financial institution on a non-recourse basis in order to be paid earlier than our payment terms provide. As of December 31, 2023 our obligations under this program are not material.

NOTE 2 - REVENUE RECOGNITION

We disaggregate our net sales by product line 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.

Products and services are primarily transferred to customers at a point in time, with some transfers of services taking place over time. In 2023 less than 10% of our sales were recognized as services transferred over time. Refer to Note 1 for further discussion on our revenue recognition policies.

Beginning in the first quarter 2023 we consolidated Other MedSurg and Neurotechnology into Endoscopy as Other MedSurg and Neurotechnology (primarily Sustainability Solutions) has been fully integrated into our Endoscopy business. Endoscopy includes sales related to Other of $343, $302 and $277 for 2023, 2022 and 2021. We have reflected these changes in all historical periods presented.

United States Net Sales

MedSurg and Neurotechnology:	**2023**	**2022**	**2021**
Instruments	$ 2,051	$ 1,810	$ 1,637
Endoscopy	2,478	2,211	1,943
Medical	2,785	2,422	2,007
Neurovascular	483	446	451
Neuro Cranial	1,270	1,135	988
	$ 9,067	**$ 8,024**	**$ 7,026**
Orthopaedics and Spine:			
Knees	$ 1,676	$ 1,493	$ 1,351
Hips	988	896	822
Trauma and Extremities	2,297	2,035	1,866
Spine	883	836	831
Other	346	354	425
	$ 6,190	**$ 5,614**	**$ 5,295**
Total	**$ 15,257**	**$ 13,638**	**$ 12,321**

International Net Sales

MedSurg and Neurotechnology:	**2023**	**2022**	**2021**
Instruments	$ 518	$ 469	$ 474
Endoscopy	555	514	475
Medical	674	609	600
Neurovascular	743	754	737
Neuro Cranial	279	241	226
	$ 2,769	**$ 2,587**	**$ 2,512**
Orthopaedics and Spine:			
Knees	$ 597	$ 504	$ 497
Hips	556	517	520
Trauma and Extremities	850	772	798
Spine	306	310	336
Other	163	121	124
	$ 2,472	**$ 2,224**	**$ 2,275**
Total	**$ 5,241**	**$ 4,811**	**$ 4,787**

Segment Net Sales

MedSurg and Neurotechnology:	**2023**	**2022**	**202**
Instruments	$ 2,569	$ 2,279	$ 2,1
Endoscopy	3,033	2,725	2,4
Medical	3,459	3,031	2,6
Neurovascular	1,226	1,200	1,1
Neuro Cranial	1,549	1,376	1,2
	$ 11,836	**$ 10,611**	**$ 9,5**
Orthopaedics and Spine:			
Knees	$ 2,273	$ 1,997	$ 1,848
Hips	1,544	1,413	1,342
Trauma and Extremities	3,147	2,807	2,664
Spine	1,189	1,146	1,167
Other	509	475	549
	$ 8,662	**$ 7,838**	**$ 7,570**
Total	**$ 20,498**	**$ 18,449**	**$ 17,108**

MedSurg and Neurotechnology

MedSurg and Neurotechnology products include surgical equipment and navigation systems (Instruments), endoscopic and communications systems (Endoscopy), patient handling, emergency medical equipment, intensive care disposable products and clinical communication and workflow solutions (Medical), minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke (Neurovascular), a

Contract Assets and Liabilities

The nature of our products and services do not generally give rise to contract assets as we typically do not incur costs to fulfill a contract before a product or service is provided to a customer. 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 contract assets. 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 December 31, 2023 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 warranty service contracts. Our contract liabilities of $860 and $741 on December 31, 2023 and 2022 are classified within accrued expenses and other liabilities and other noncurrent liabilities within our Consolidated Balance Sheets based on the timing of when we expect to complete our performance obligations. Changes in contract liabilities during the year were as follows:

	2023
Beginning contract liabilities	**$ 741**
Revenue recognized from beginning of year contract liabilities	(379)
Net advance consideration received during the period	498
Ending contract liabilities	**$ 860**

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified in their entirety based on the lowest level of input and disclosed in one of the following three categories:

Level 1	Quoted market prices in active markets for identical assets or liabilities.
Level 2	Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3	Unobservable inputs reflecting our assumptions or external inputs from active markets.

Use of observable market data, when available, is required in making fair value measurements. When inputs used fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. We determine fair value for Level 1 instruments using exchange-traded prices for identical instruments. We determine fair value of Level 2 instruments using exchange-traded prices of similar instruments, where available, or utilizing other observable inputs that take into account our credit risk and that of our

We remeasure the fair value of our assets and liabilities each reporting period. We record the changes in fair value within selling, general and administrative expense.

In 2022 we determined that certain commercial and regulatory milestones related to technology acquired in the purchase of Mobius Imaging and Cardan Robotics were no longer probable of being achieved and recorded a $110 reduction in the fair value of contingent consideration reflected in selling, general and administrative expenses.

In the second quarter 2023 we recorded $192 of contingent consideration related to the acquisition of Cerus described in Note 6.

There were no significant transfers into or out of any level of the fair value hierarchy in 2023.

Assets Measured at Fair Value

	2023	2022
Cash and cash equivalents	$ 2,971	$ 1,844
Trading marketable securities	209	166
Level 1 - Assets	**$ 3,180**	**$ 2,010**
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	$ 43	$ 42
Foreign government debt securities	—	1
United States agency debt securities	4	3
United States treasury debt securities	31	36
Certificates of deposit	4	2
Total available-for-sale marketable securities	$ 82	$ 84
Foreign currency exchange forward contracts	116	119
Level 2 - Assets	**$ 198**	**$ 203**
Total assets measured at fair value	**$ 3,378**	**$ 2,213**

Liabilities Measured at Fair Value

	2023	2022
Deferred compensation arrangements	$ 209	$ 166
Level 1 - Liabilities	**$ 209**	**$ 166**
Foreign currency exchange forward contracts	$ 97	$ 102
Level 2 - Liabilities	**$ 97**	**$ 102**
Contingent consideration:		
Beginning	$ 121	$ 306
Additions	192	1
Change in estimate and foreign exchange	(2)	(137)
Settlements	(22)	(49)

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.

Foreign Currency Hedges

2023	Cash Flow	Net Investment	Non-Designated	Total
Gross notional amount	**$ 1,650**	**$ 1,662**	**$ 4,315**	**$ 7,627**
Maximum term in years				2.9
Fair value:				
Other current assets	$ 24	$ 74	$ 16	$ 114
Other noncurrent assets	2	—	—	2
Other current liabilities	(16)	—	(36)	(52)
Other noncurrent liabilities	(2)	(43)	—	(45)
Total fair value	**$ 8**	**$ 31**	**$ (20)**	**$ 19**
2022				
Gross notional amount	**$ 1,053**	**$ 1,598**	**$ 3,417**	**$ 6,068**
Maximum term in years				3.9
Fair value:				
Other current assets	$ 20	$ —	$ 9	$ 29
Other noncurrent assets	1	89	—	90
Other current liabilities	(6)	—	(79)	(85)
Other noncurrent liabilities	(1)	(16)	—	(17)
Total fair value	**$ 14**	**$ 73**	**$ (70)**	**$ 17**

We had €1.5 billion at December 31, 2023 and 2022 in certain forward currency contracts designated as net investment hedges 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

Currency Exchange Rate Gains (Losses) Recognized in Net Earnings

Derivative Instrument	Recognized in:	2023	2022	2021
Cash Flow	Cost of sales	$ 39	$ 23	$ (12)
Net Investment	Other income (expense), net	34	39	35
Non-Designated	Other income (expense), net	25	30	8
	Total	**$ 98**	**$ 92**	**$ 31**

Pretax gains (losses) on derivatives designated as cash flow hedges of $26 and net investment hedges of $27 recorded in AOCI are expected to be reclassified to cost of sales and other income (expense), net in earnings within 12 months as of December 31, 2023. 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

In conjunction with our offerings of senior unsecured notes in December 2023 we settled certain forward starting interest rate swap contracts with gross notional amounts of $200 that were designated as cash flow hedges. Pretax gains of $4 recorded in AOCI related to interest rate hedges closed in conjunction with debt issuances are expected to be reclassified to other income (expense), net in earnings within 12 months of December 31, 2023. The cash flow effect of interest rate hedges is recorded in cash flow from operations.

NOTE 5 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME (AOCI)

	Marketable Securities	Pension Plans	Hedges	Financial Statement Translation	Total
2021	**$ —**	**$ (155)**	**$ 40**	**$ (416)**	**$ (531)**
OCI	(1)	244	43	253	539
Income taxes	—	(64)	1	(110)	(173)
Reclassifications to:					
Cost of sales	—	—	(23)	—	(23)
Other (income) expense, net	—	8	(5)	(39)	(36)
Income taxes	—	(2)	(4)	9	3
Net OCI	$ (1)	$ 186	$ 12	$ 113	$ 310
2022	**$ (1)**	**$ 31**	**$ 52**	**$ (303)**	**$ (221)**
OCI	1	(67)	27	(157)	(196)

In February 2022 we completed the acquisition of Vocera for $79.25 per share, or an aggregate purchase price of $2.6 billion, net of cash acquired ($3.0 billion including convertible notes). Vocera is a leader in the digital care coordination and communication category. Vocera is part of our Medical business within MedSurg and Neurotechnology. Goodwill attributable to the acquisition reflects the strategic benefits of expanding our presence in adjacent markets, diversifying our product portfolio, advancing innovations and accelerating our digital aspirations. This goodwill is not deductible for tax purposes.

During 2022 note holders elected to redeem the 1.50% and 0.50% convertible notes assumed in the Vocera acquisition for $101 and $324. These repayments are classified as financing activities in the Consolidated Statements of Cash Flows.

Share-based awards for Vocera employees vested upon our acquisition and a charge of $132 was recorded in selling, general and administrative expenses in 2022.

Purchase price allocations for our significant acquisitions are:

Purchase Price Allocation of Acquired Net Assets

	2023	***2022***
	Cerus	***Vocera***
Tangible assets acquired:		
Accounts receivable	$ 1	$ 33
Inventory	2	13
Deferred income tax assets	2	91
Other assets	1	92
Debt	—	(425)
Deferred income tax liabilities	(60)	(193)
Other liabilities	(22)	(117)
Intangible assets:		
Customer and distributor relationships	—	603
Developed technology	240	175
Trade name	—	18
Goodwill	317	2,273
Purchase price, net of cash acquired of $7 and $281	**$ 481**	**$ 2,563**
Weighted-average amortization period at acquisition (years):		
Developed technologies	13	6
Customer relationships	—	15
Trademarks	—	9

The purchase price allocation for Cerus is based on preliminary valuations, primarily related to developed technology and 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.

In April 2022 the United States District Court for the District of Delaware issued a judgment following a jury verdict in favor of PureWick Corporation (PureWick) for its 2019 complaint seeking patent infringement damages related to our PrimaFit and PrimoFit products. We recorded charges of $28 in March 2022 accordingly. Stryker is appealing the results of the trial. In June 2022 PureWick filed a motion to enhance the damages awarded, which the court denied in March 2023. In 2022 PureWick also filed a separate complaint seeking additional patent infringement damages, damages enhancement and an injunction related to another version of our PrimaFit products. A trial for this matter is currently set for February 2024. PureWick may seek to recover its legal fees if it is ultimately successful in either matter.

We are currently investigating whether certain business activities in certain foreign countries violated provisions of the FCPA and have engaged outside counsel to conduct these investigations. We have been contacted by the United States Securities and Exchange Commission, United States Department of Justice and certain other regulatory authorities and are cooperating with these agencies. At this time we are unable to predict the outcome of the investigations or the potential impact, if any, on our financial statements.

We have conducted voluntary recalls of certain products, including our Rejuvenate and ABG II Modular-Neck hip stems and certain lot-specific sizes and offsets of LFIT Anatomic CoCr V40 Femoral Heads. Additionally, we are responsible for certain product liability claims, primarily related to certain hip products sold by Wright prior to its 2014 divestiture of the OrthoRecon business.

We have incurred, and expect to incur in the future, costs associated with the defense and settlement of claims and lawsuits. Based on the information that has been received related to the matters discussed above, we recorded charges of $85 in 2023, and our accrual for these matters was $292 at December 31, 2023, representing our best estimate of probable loss. The final outcomes of these matters are dependent on many factors that are difficult to predict. Accordingly the ultimate cost related to these matters may be materially different than the amount of our current estimate and accruals and could have a material adverse effect on our results of operations and cash flows.

Leases

We lease various manufacturing, warehousing and distribution facilities, administrative and sales offices as well as equipment under operating leases. We evaluate our contracts to identify leases, which is generally if there is an identified asset and we have the right to direct the use of and obtain substantially all of the economic benefit from the use of the identified asset. Certain of our lease agreements contain rent escalation clauses (including index-based escalations), rent holidays, capital improvement funding or other lease incentives. We recognize our minimum rental expense on a straight-line basis over the

We have made certain significant assumptions and judgments when recording leases. For all asset classes, we do not recognize a right-of-use asset and lease liability for short-term leases. We also do not separate non-lease components from lease components to which they relate and account for the combined lease and non-lease components as a single lease component. The determination of the discount rate used in a lease is our incremental borrowing rate which is based on what we would normally pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments.

	2023	2022
Right-of-use assets	$ 494	$ 473
Lease liabilities, current	$ 143	$ 121
Lease liabilities, noncurrent	$ 356	$ 357
Other information:		
Weighted-average remaining lease term (years)	5.5	5.5
Weighted-average discount rate	3.87 %	3.22 %

Operating lease expense totaled $172, $149, and $133 in 2023, 2022 and 2021.

Future Obligations

We have purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. In addition, we lease various manufacturing, warehousing and distribution facilities, administrative and sales offices as well as equipment under operating leases. Refer to Note 10 for more information on the debt obligations.

	2024	2025	2026	2027	2028	
Debt repayments	$ 2,097	$ 1,400	$ 1,000	$ 831	$ 2,751	$
Purchase obligations	$ 2,349	$ 213	$ 83	$ 65	$ 20	$
Minimum lease payments	$ 150	$ 108	$ 87	$ 56	$ 41	$

NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS

In our annual impairment tests of goodwill as of October 31, 2023 and 2022, we performed a quantitative assessment of the Spine reporting unit using a discounted cash flow analysis to estimate the fair value. Significant inputs to the analysis included assumptions for future revenue growth and operating margin. The analysis also included a rate to discount the estimated future cash flow projections to their present value, based on the reporting unit's estimated weighted average cost of capital.

In 2022, the carrying value of the Spine reporting unit exceeded its fair value and a charge of $216 was recognized in the Goodwill impairment line in the Consolidated Statements of Earnings. The impairment charge for the Spine reporting unit was primarily driven by the slower than anticipated recovery of surgery volumes as we emerged from the COVID-19 pandemic, the competitive pressures in the spine market and rising

significant reduction in the estimated fair values could result in impairment charges that could materially affect our results of operations.

Changes in the Net Carrying Value of Goodwill by Segment

	MedSurg and Neurotechnology	Orthopaedics and Spine	Total
2021	**$ 5,669**	**$ 7,249**	**$ 12,918**
Goodwill impairment	—	(216)	(216)
Additions and adjustments	2,320	—	2,320
Foreign exchange and other	(54)	(88)	(142)
2022	**$ 7,935**	**$ 6,945**	**$ 14,880**
Additions and adjustments	301	—	301
Foreign exchange and other	34	28	62
2023	**$ 8,270**	**$ 6,973**	**$ 15,243**

Summary of Other Intangible Assets

	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
Developed technologies			
2023	$ 5,769	$ 2,815	$ 2,954
2022	5,440	2,363	3,077
Customer relationships			
2023	$ 2,907	$ 1,504	$ 1,403
2022	2,847	1,322	1,525
Patents			
2023	$ 329	$ 302	$ 27
2022	343	297	46
Trademarks			
2023	$ 427	$ 246	$ 181
2022	425	220	205
In-process research and development			
2023	$ 21	$ —	$ 21
2022	21	—	21
Other			
2023	$ 96	$ 89	$ 7
2022	105	94	11
Total			
2023	**$ 9,549**	**$ 4,956**	**$ 4,593**
2022	**9,181**	**4,296**	**4,885**

Estimated Amortization Expense

2024	2025	2026	2027	2028
$ 622	$ 587	$ 530	$ 510	$ 462

provide services in exchange for the options, typically the vesting period. The weighted-average fair value per share of options is estimated on the date of grant using the Black-Scholes option pricing model.

Option Value and Assumptions

	2023	2022	2021
Weighted-average fair value per share	$ 83.59	$ 68.08	$ 53.35
Assumptions:			
Risk-free interest rate	4.0 %	1.8 %	0.8 %
Expected dividend yield	1.2 %	1.0 %	1.2 %
Expected stock price volatility	29.0 %	27.0 %	26.9 %
Expected option life (years)	6.2	5.9	5.9

The risk-free interest rate for periods within the expected life of options granted is based on the United States Treasury yield curve in effect at the time of grant. Expected stock price volatility is based on the historical volatility of our stock. The expected option life, representing the period of time that options granted are expected to be outstanding, is based on historical option exercise and employee termination data.

2023 Stock Option Activity

	Shares (in millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value
Outstanding January 1	**12.1**	**$ 168.80**		
Granted	1.6	268.28		
Exercised	(2.0)	117.64		
Canceled or forfeited	(0.2)	235.73		
Outstanding December 31	**11.5**	**$ 189.70**	**5.4**	**$ 1,257.1**
Exercisable December 31	6.8	$ 153.01	3.1	$ 1,001.1
Options expected to vest	4.3	$ 243.26	7.8	$ 242.2

The aggregate intrinsic value of options, which represents the cumulative difference between the fair market value of the underlying common stock and the option exercise prices, exercised was $318, $218 and $253 in 2023, 2022 and 2021. Exercise prices for options outstanding ranged from $77.75 to

Employee Stock Purchase Plans (ESPP)

Employees may participate in our ESPP provided they meet certain eligibility requirements. The purchase price for our common stock under the terms of the ESPP is defined as 95% of the closing stock price on the last trading day of a purchase period. We issued 190,524 and 221,387 shares under the ESPP in 2023 and 2022.

NOTE 10 - 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 December 31, 2023.

In 2022 our Board of Directors approved an increase to the maximum amount of commercial paper that can be outstanding from $1,500 to $2,250.

On December 31, 2023 there were no borrowings outstanding under our credit facility or commercial paper program which allows for maturities up to 397 days from the date of issuance.

During 2023 we made payments of $850 to extinguish the remaining balance on the $1.5 billion term loan scheduled to mature on February 22, 2025.

In August 2023 we issued €500 of floating rate senior notes due November 16, 2024. The notes bear interest at a rate based on the three-month Euro Interbank Offered Rate (EURIBOR) plus 0.3%. The notes are callable at February 16, 2024, May 16, 2024 or October 16, 2024 either by us or at the option of the notes holders.

In November 2023 we repaid the outstanding €550 principal amount of 1.125% senior unsecured notes due November 30, 2023 and in December 2023 we repaid the outstanding $600 principal amount of 0.600% senior unsecured notes due December 1, 2023. We subsequently issued $600 of 4.850% senior unsecured notes due December 8, 2028 and €600 of 3.375% senior unsecured notes due December 11, 2028. The following table summarizes our total debt at December 31:

Summary of Total Debt

	Rate	Due	2023
Senior unsecured notes:			
	1.125%	November 30, 2023	$ —
	0.600%	December 1, 2023	—
	3.375%	May 15, 2024	600
	Various	November 16, 2024	554
	0.250%	December 3, 2024	940
	1.150%	June 15, 2025	648
	3.375%	November 1, 2025	749
	3.500%	March 15, 2026	997
	2.125%	November 30, 2027	828
	3.650%	March 7, 2028	598
	4.850%	December 8, 2028	596
	3.375%	December 11, 2028	661
	0.750%	March 1, 2029	883
	1.950%	June 15, 2030	991
	2.625%	November 30, 2030	713
	1.000%	December 3, 2031	823
	4.100%	April 1, 2043	393
	4.375%	May 15, 2044	396
	4.625%	March 15, 2046	983
	2.900%	June 15, 2050	642
Term loan			—
Other			—
Total debt			**$ 12,995**
Less current maturities			2,094
Total long-term debt			**$ 10,901**
Unamortized debt issuance costs			$ 50
Borrowing capacity on existing facilities			$ 2,160
Fair value of senior unsecured notes			$ 12,252

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, that were included in other income (expense), net, totaled $356, $337, and $337 in 2023, 2022 and 2021.

NOTE 11 - INCOME TAXES

Our effective tax rate was 13.8%, 12.1% and 12.6% for 2023, 2022 and 2021. The effective income tax rate for 2023 increased from 2022 due to the 2022 effective settlement of the United States federal income tax audit for years 2014 through 2018 and the 2022 reversal of deferred income tax on undistributed earnings of foreign subsidiaries partially offset by the 2023 tax effect related to transfers of intellectual property

Effective Income Tax Rate Reconciliation

	2023		2022		2021	
United States federal statutory rate	**21.0**	**%**	**21.0**	**%**	**21.0**	**%**
United States state and local income taxes, less federal deduction	1.1		2.0		2.7	
Foreign income tax at rates other than 21%	(6.8)		(4.1)		(6.9)	
Tax related to repatriation of foreign earnings	1.2		(2.4)		1.4	
Intellectual property transfers	(3.3)		0.1		(2.3)	
United States federal audit settlement	—		(6.1)		—	
Goodwill impairment	—		1.7		—	
Other	0.6		(0.1)		(3.3)	
Effective income tax rate	**13.8**	**%**	**12.1**	**%**	**12.6**	**%**

Earnings Before Income Taxes

	2023	2022	2021
United States	$ 701	$ 407	$ 433
International	2,972	2,276	1,848
Total	**$ 3,673**	**$ 2,683**	**$ 2,281**

Components of Income Tax Expense (Benefit)

Current income tax expense (benefit):	2023	2022	2021
United States federal	$ 236	$ (76)	$ 155
United States state and local	48	64	97
International	430	279	272
Total current income tax expense	**$ 714**	**$ 267**	**$ 524**

to a valuation allowance, begin to expire in 2026; however, some have no expiration. We also have tax credit carryforwards of $208 with $79 being subject to a full valuation allowance. The credits with a full valuation allowance begin to expire in 2024. We do not anticipate generating income tax in excess of the non-expiring credits in the foreseeable future.

The Tax Cuts and Jobs Act (the Act) was enacted in 2017 in the United States. We recorded a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred. The Act also subjects a United States shareholder to tax on Global Intangible Low-Taxed Income (GILTI) earned by certain foreign subsidiaries. We have elected to account for GILTI tax in the year the tax is incurred.

We recorded deferred income tax on undistributed earnings of foreign subsidiaries not determined to be indefinitely reinvested. In 2022 it was determined that, based on our revised capital plan, certain cash outside the United States would no longer need to be repatriated during the period previously contemplated. As a result deferred taxes of $71 that were recorded on the associated earnings were reversed. The amount of undistributed earnings of foreign subsidiaries determined to be indefinitely reinvested at December 31, 2023 was approximately $11 billion. Determination of the total amount of unrecognized deferred income tax on undistributed earnings of foreign subsidiaries is not practicable.

Uncertain Income Tax Positions

	2023	2022
Beginning uncertain tax positions	**$ 286**	**$ 444**
Increases related to current year income tax positions	102	17
Increases related to prior year income tax positions	10	34
Decreases related to prior year income tax positions	(33)	(178)
Settlements of income tax audits	(1)	(13)
Statute of limitations expirations and other	—	(6)
Foreign currency translation	7	(12)
Ending uncertain tax positions	**$ 371**	**$ 286**
Reported as:		
Noncurrent liabilities—Income taxes	$ 371	$ 286

Our income tax expense would have been reduced by $248 and $289 in 2023 and 2022 had these uncertain income tax positions been favorably resolved. It is reasonably possible that the amount of unrecognized tax benefits will significantly change due to one or more of the following events in the next 12 months: expiring statutes, audit activity, tax payments, competent authority proceedings related to transfer pricing or final decisions in matters that are the subject of controversy in various taxing jurisdictions in which we operate, including inventory transfer pricing, cost sharing, product royalty and foreign branch arrangements. We are not able to reasonably estimate the amount or the future periods in which changes in unrecognized tax benefits may be resolved. Interest and penalties incurred associated with uncertain tax positions are included in other income (expense), net.

States federal jurisdiction. Income tax years open for our other major jurisdictions range from 2007 through the current year.

NOTE 12 - RETIREMENT PLANS

Defined Contribution Plans

We provide certain employees with defined contribution plans and other types of retirement plans. A portion of our retirement plan expense under the defined contribution plans is funded with Stryker common stock. The use of Stryker common stock represents a non-cash operating activity that is not reflected in our Consolidated Statements of Cash Flows.

	2023	2022	2021
Plan expense	$ 327	$ 305	$ 259
Expense funded with Stryker common stock	57	41	37
Stryker common stock held by plan:			
Dollar amount	$ 649	$ 522	$ 582
Shares (in millions)	2.2	2.1	2.2
Value as a percentage of total plan assets	10 %	10 %	10 %

Defined Benefit Plans

Certain of our subsidiaries have both funded and unfunded defined benefit pension plans covering some or all of their employees. The majority of our defined benefit pension plans have projected benefit obligations in excess of plan assets.

Discount Rate

The discount rates were selected using a hypothetical portfolio of high quality bonds on December 31 that would provide the necessary cash flows to match our projected benefit payments.

Expected Return on Plan Assets

The expected return on plan assets is determined by applying the target allocation in each asset category of plan investments to the anticipated return for each asset category based on historical and projected returns.

Components of Net Periodic Pension Cost

Net periodic benefit cost:	2023	2022	2021
Service cost	$ (32)	$ (56)	$ (72)
Interest cost	(23)	(10)	(7)
Expected return on plan assets	18	15	11
Amortization of prior service credit	1	1	1
Recognized actuarial gain (loss)	4	(9)	(16)

	2023	2022
Fair value of plan assets	$ 485	$ 420
Benefit obligations	(826)	(673)
Funded status	**$ (341)**	**$ (253)**
Reported as:		
Noncurrent assets—other assets	$ 21	$ 21
Current liabilities—accrued compensation	(3)	(3)
Noncurrent liabilities—other liabilities	(359)	(271)
Pre-tax amounts recognized in AOCI:		
Unrecognized net actuarial gain (loss)	(39)	33
Unrecognized prior service credit	11	11
Total	**$ (28)**	**$ 44**

Change in Benefit Obligations

	2023	2022
Beginning projected benefit obligations	**$ 673**	**$ 1,036**
Service cost	32	56
Interest cost	23	10
Foreign exchange impact	32	(56)
Employee contributions	7	5
Actuarial (gains) losses	79	(354)
Benefits paid	(20)	(24)
Ending projected benefit obligations	**$ 826**	**$ 673**
Ending accumulated benefit obligations	**$ 790**	**$ 645**

Change in Plan Assets

	2023	2022
Beginning fair value of plan assets	**$ 420**	**$ 543**
Actual return	29	(109)
Employer contributions	23	19
Employee contributions	7	5
Foreign exchange impact	22	(24)
Benefits paid	(16)	(14)
Ending fair value of plan assets	**$ 485**	**$ 420**

Allocation of Plan Assets

	2024 Target	2023 Actual	2022 Actual
Equity securities	25 %	28 %	27 %
Debt			

NOTE 13 - SUMMARY OF QUARTERLY DATA (UNAUDITED)

2023 Quarters	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	**$ 4,778**	**$ 4,996**	**$ 4,909**	**$ 5,815**
Gross profit	3,016	3,181	3,158	3,703
Earnings before income taxes	679	899	869	1,226
Net earnings	**592**	**738**	**692**	**1,143**
Net earnings per share of common stock:				
Basic	$ 1.56	$ 1.95	$ 1.82	$ 3.01
Diluted	$ 1.54	$ 1.93	$ 1.80	$ 2.98
Dividends declared per share of common stock	$ 0.75	$ 0.75	$ 0.75	$ 0.80

2022 Quarters	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	**$ 4,275**	**$ 4,493**	**$ 4,479**	**$ 5,202**
Gross profit	2,734	2,826	2,782	3,236
Earnings before income taxes	386	720	816	761
Net earnings	**323**	**656**	**816**	**563**
Net earnings per share of common stock:				
Basic	$ 0.86	$ 1.73	$ 2.16	$ 1.48
Diluted	$ 0.84	$ 1.72	$ 2.14	$ 1.47
Dividends declared per share of common stock	$ 0.695	$ 0.695	$ 0.695	$ 0.750

NOTE 14 - SEGMENT AND GEOGRAPHIC DATA

We segregate our operations into two reportable business segments: (i) MedSurg and Neurotechnology and (ii) Orthopaedics and Spine which aligns to our internal reporting structure and how the Company manages its businesses.

The Corporate and Other category shown in the table below includes corporate and administration, corporate initiatives and share-based compensation, which includes compensation related to employee stock options, restricted stock units and performance stock unit grants and director stock options and restricted stock unit grants.

Segment Results	2023	2022	2021
MedSurg and Neurotechnology	$ 11,836	$ 10,611	$ 9,538
Orthopaedics and Spine	8,662	7,838	7,570
Net sales	**$ 20,498**	**$ 18,449**	**$ 17,108**
MedSurg and Neurotechnology	$ 564	$ 540	$ 518
Orthopaedics and Spine	637	614	629
Segment depreciation			

Segment Assets and Capital Spending

Assets:	2023	2022
MedSurg and Neurotechnology	$ 20,514	$ 18,487
Orthopaedics and Spine	18,313	17,466
Total segment assets	**$ 38,827**	**$ 35,953**
Corporate and Other	1,085	931
Total assets	**$ 39,912**	**$ 36,884**

Purchases of property, plant and equipment:	2023	2022	2021
MedSurg and Neurotechnology	$ 179	$ 173	$ 197
Orthopaedics and Spine	183	175	165
Total segment purchases of property, plant and equipment	**$ 362**	**$ 348**	**$ 362**
Corporate and Other	213	240	163
Total purchases of property, plant and equipment	**$ 575**	**$ 588**	**$ 525**

We measure the financial results of our reportable segments using an internal performance measure that excludes acquisition and integration-related charges, structural optimization and other special charges, goodwill impairment, reserves for certain product recall matters and reserves for certain legal and regulatory matters. Identifiable assets are those assets used exclusively in the operations of each business segment or allocated when used jointly. Corporate assets are principally property, plant and equipment and noncurrent assets. Certain assets in 2022 have been reallocated to the segments to conform with current year presentation.

The countries in which we have local revenue generating operations have been combined into the following geographic areas: the United States; Europe, Middle East, Africa; Asia Pacific; and other foreign countries, which include Canada and countries in the Latin American region. Net sales are reported based on the geographic area of the Stryker location where the sales to the customer originated.

Geographic Information

	Net Sales			Net Property, Plant and Equipment	
	2023	2022	2021	2023	2022
United States	$ 15,257	$ 13,638	$ 12,321	$ 1,874	$ 1,791
Europe, Middle					

NOTE 15 - ASSET IMPAIRMENTS

Asset impairments recognized in 2023 were not significant. Asset impairments recognized in 2022 included $47 to write off long-lived and intangible assets primarily as a result of the exit of certain product lines.

The government in China conducts regional and national volume-based procurement (VBP) programs for high-value medical consumables as part of its efforts to reduce healthcare costs. Each VBP program has specific requirements to award contracts to the lowest bidders who are able to satisfy the quality and quantity requirements. As a result of the outcome of certain regional programs for our trauma products and the national VBP program for hips and knees we recorded charges of $105 to impair certain long-lived and intangible assets in 2021. These charges were included in selling, general and administrative expenses.

In addition to the above, we recorded asset impairments of $159 in 2021 consisting primarily of in-process research and development, other intangible assets and property, plant and equipment as a result of COVID-19-related demand impacts on in-process product development and certain other divestiture and restructuring activities. These charges were included in selling, general and administrative expenses.

ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A.	CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's 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) (Exchange Act) as of December 31, 2023. Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023.

Changes in Internal Control over Financial Reporting

There was no change to our internal control over financial reporting during the fourth quarter of 2023 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management assessed the effectiveness of our internal control over financial reporting on December 31, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013)*. Based on its assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Stryker's independent registered public accounting firm has issued an audit report on their assessment of the effectiveness of the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Stryker Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Stryker Corporation and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Stryker Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 consolidated financial statements of the Company and our report dated February 14, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable

assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 14, 2024

ITEM 9B. 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our executive officers appears under the caption "Information about our Executive Officers" in Part I, Item 1 of this report.

Information regarding our directors and certain corporate governance and other matters appearing under the captions "Proposal 1—Election of Directors," "Corporate Governance," and "Additional Information—Delinquent Section 16(a) Reports" in the 2024 proxy statement is incorporated herein by reference.

The Corporate Governance Guidelines adopted by our Board of Directors, as well as the charters of each of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee and the Code of Conduct applicable to the principal executive officer, president, principal financial officer and principal accounting officer or controller or persons performing similar functions are posted on the "Corporate Governance" section of our website at *www.stryker.com*.

ITEM 11. EXECUTIVE COMPENSATION.

restricted stock units (RSUs) and performance stock units (PSUs) were made. Options and RSUs were also awarded under a previous plan. Additional information regarding our equity compensation plans appears in Note 1 and Note 9 to our Consolidated Financial Statements. On December 31, 2023 we also had a stock performance incentive award program pursuant to which shares of our common stock were and may be issued to certain employees with respect to performance. The status of these plans, each of which were previously submitted to and approved by our shareholders, on December 31, 2023 is as follows:

Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)
2008 Employee Stock Purchase Plan	N/A	N/A	3,777,327
2011 Long-Term Incentive Plan[(1)]	12,344,284	$ 189.70	20,270,016
2011 Performance Incentive Award Plan	N/A	N/A	261,342
Total			**24,308,685**

[(1)] The 2011 Long-Term Incentive Plan securities to be issued upon exercise include 704,052 RSUs and 187,474 PSUs. The weighted-average exercise prices does not take these awards into account.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information under the caption "Corporate Governance" and "Corporate Governance—Certain Relationships and Related Party Transactions" in the 2024 proxy statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information under the caption "Proposal 2—Ratification of Appointment of our Independent Registered Public Accounting Firm" in the 2024 proxy statement is incorporated herein by reference.

PART IV

ITEM 15.	**EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

(a) 1.	Financial Statements	
	The following Consolidated Financial Statements are set forth in Part II, Item 8 of this report.	
	Report of Independent Registered Public Accounting Firm	23
	Consolidated Statements of Earnings for 2023, 2022 and 2021	24
	Consolidated Statements of Comprehensive Income for 2023, 2022 and 2021	24
	Consolidated Balance Sheets on 2023 and 2022	25
	Consolidated Statements of Shareholders' Equity for 2023, 2022 and 2021	26
	Consolidated Statements of Cash Flows for 2023, 2022 and 2021	27
	Notes to Consolidated Financial Statements	28

(a) 2. Financial Statement Schedules

The Consolidated Financial Statement schedule of Stryker Corporation and its subsidiaries is:

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

		Additions	Deductions		
Description	**Balance at Beginning of Period**	**Charged to Costs & Expenses**	**Uncollectible Amounts Written Off, Net of Recoveries**	**Effect of Changes in Foreign Currency Exchange Rates**	**Balance at End of Period**
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for Doubtful Accounts:					
Year ended December 31, 2023	$ 154	$ 69	$ 40	$ 1	$ 182
Year ended December 31, 2022	$ 167	$ 41	$ 52	$ 2	$ 154
Year ended December 31, 2021	$ 131	$ 61	$ 23	$ 2	$ 167

All other schedules for which provision is made in the applicable accounting regulation of the United States Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a) 3. Exhibits

FORM 10-K—ITEM 15(a) 3. AND ITEM 15(c)
STRYKER CORPORATION AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit 2—	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession
(i)	Purchase Agreement, dated as of November 4, 2019, among Stryker Corporation, Stryker B.V. and Wright Medical Group N.V. — Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated November 6, 2019 (Commission File No. 001-13149).
(ii)	Agreement and Plan of Merger, dated as of January 6, 2022, by and among Stryker Corporation, Voice Merger Sub Corp., and Vocera Communications, Inc. — Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated January 11, 2022 (Commission File No. 001-13149).

Exhibit 3—	Articles of Incorporation and By-Laws
(i)	Restated Articles of Incorporation — Incorporated by reference to Exhibit 3(i) to the Company's Form 10-Q for the quarterly period ended September 30, 2018 (Commission File No. 00-09165).
(ii)	Amended and Restated Bylaws - Incorporated by reference to Exhibit 3(ii) to the Company's Form 10-K for the year ended December 31, 2022 (Commission File No. 001-13149).

Exhibit 4—	Instruments defining the rights of security holders, including indentures—We agree to furnish to the Commission upon request a copy of each instrument pursuant to which long-term debt of Stryker Corporation and its subsidiaries not exceeding 10% of the total assets of Stryker Corporation and its consolidated subsidiaries is authorized.
(i)	Indenture, dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.— Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(ii)	Fifth Supplemental Indenture (including the form of 2043 note) dated March 25, 2013, between Stryker Corporation and U.S. Bank National Association.— Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated March 25, 2013 (Commission File No. 000-09165).

Dollar amounts in millions except per share amounts or as otherwise specified. 43

(iii)	Sixth Supplemental Indenture (including the form of 2024 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association.— Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(iv)	Seventh Supplemental Indenture (including the form of 2044 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association.— Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(v)	Eighth Supplemental Indenture (including the form of 2025 note), dated October 29, 2015, between Stryker Corporation and U.S. Bank National association.— Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated October 29, 2015 (Commission File No. 000-09165).
(vi)	Eleventh Supplemental Indenture (including the form of the 2026 note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association.— Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(vii)	Twelfth Supplemental Indenture (including the form of the 2046 note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(viii)	Fourteenth Supplemental Indenture (including the form of the 2028 note), dated March 7, 2018, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated March 7, 2018 (Commission File No. 000-09615).
(ix)	Sixteenth Supplemental Indenture (including the form of the 2027 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(x)	Seventeenth Supplemental Indenture (including the form of the 2030 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(xi)	Nineteenth Supplemental Indenture (including the form of the 2024 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xii)	Twentieth Supplemental Indenture (including the form of the 2029 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xiii)	Twenty-First Supplemental Indenture (including the form of the 2031 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xiv)	Twenty-Second Supplemental Indenture (including the form of the 2025 note), dated June 4, 2020, between Stryker Corporation and U.S. Bank National Association, as trustee - Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated June 4, 2020 (Commission File No. 001-13149).
(xv)	Twenty-Third Supplemental Indenture (including the form of the 2030 note), dated June 4, 2020, between Stryker Corporation and U.S. Bank National Association — Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated June 4, 2020 (Commission File No. 001-13149).
(xvi)	Twenty-Fourth Supplemental Indenture (including the form of the 2050 note), dated June 4, 2020, between Stryker Corporation and U.S. Bank National Association — Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated June 4, 2020 (Commission File No. 001-13149).
(xvii)	Twenty-Sixth Supplemental Indenture (including the form of the 2028 note), dated December 8, 2023, between Stryker Corporation and U.S. Bank Trust Company, National Association, as trustee — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated December 8, 2023 (Commission File No. 001-13149).
(xviii)	Twenty-Seventh Supplemental Indenture (including the form of the 2028 note), dated December 11, 2023, between Stryker Corporation and U.S. Bank Trust Company, National Association, as trustee — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated December 11, 2023 (Commission File No. 001-13149).
(xix) †	Description of Securities

Exhibit 10—	Material contracts
(i)* †	Form of grant notice and terms and conditions for stock options granted in 2024 under the 2011 Long-Term Incentive Plan.
(ii)* †	Form of grant notice and terms and conditions for restricted stock units granted in 2024 under the 2011 Long-Term Incentive Plan.

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(ix)*	Form of grant notice and terms and conditions for restricted stock units granted in 2022 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2021 (Commission File No. 001-13149).
(x)*	Form of grant notice and terms and conditions for performance stock units granted in 2022 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2021 (Commission File No. 001-13149).
(xi)*	Form of grant notice and terms and conditions for stock options granted in 2021 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-K for the year ended December 31, 2020 (Commission File No. 001-13149).
(xii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2021 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2020 (Commission File No. 001-13149).
(xiii)*	Form of grant notice and terms and conditions for performance stock units granted in 2021 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2020 (Commission File No. 001-13149).
(xiv)*	Form of grant notice and terms and conditions for restricted stock units granted in 2022 under the 2011 Long-Term Incentive Plan to non-employee directors — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-Q for the quarterly period ended June 30, 2022 (Commission File No. 001-13149).
(xv)*	Form of grant notice and terms and conditions for restricted stock units granted in 2021 under the 2011 Long-Term Incentive Plan to non-employee directors — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-Q for the quarterly period ended June 30, 2021 (Commission File No. 001-13149).
(xvi)*	Form of grant notice and terms and conditions for restricted stock units granted in 2020 under the 2011 Long-Term Incentive Plan to non-employee directors — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-Q for the quarterly period ended June 30, 2020 (Commission File No. 001-13149).
(xvii)*	2011 Long-Term Incentive Plan (as amended effective February 4, 2020) — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xviii)*	Form of grant notice and terms and conditions for stock options granted in 2020 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xix)*	Form of grant notice and terms and conditions for restricted stock units granted in 2020 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xx)*	Form of grant notice and terms and conditions for performance stock units granted in 2020 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xxi)*	Form of terms and conditions for restricted stock units granted to non-employee directors in 2019 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(v) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xxii)*	Supplemental Savings and Retirement Plan (as amended effective January 1, 2008 and January 1, 2019) — Incorporated by reference to Exhibit 10(vi) to the Company's Form 10-K for the year ended December 31, 2019 (Commission File No. 001-13149).
(xxiii)*	Form of grant notice and terms and conditions for stock options granted in 2019 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No. 001-13149).
(xxiv)*	Form of grant notice and terms and conditions for restricted stock units granted in 2019 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No. 001-13149).
(xxv)*	Form of grant notice and terms and conditions for performance stock units granted in 2019 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No 001-13149).
(xxvi)*	2006 Long-Term Incentive Plan (as amended effective February 7, 2017) — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xxvii)*	Form of grant notice and terms and conditions for stock options granted in 2018 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2017 (Commission File No. 000-09165).

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(xxxiii)*	Letter Agreement between Stryker Corporation and Timothy J. Scannell — Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated August 18, 2021 (Commission File No. 001-13149).
(xxxiv)	Form of Indemnification Agreement for Directors — Incorporated by reference to Exhibit 10 (xiv) to the Company's Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxxv)	Form of Indemnification Agreement for Certain Officers—Incorporated by reference to Exhibit 10 (xv) to the Company's Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxxvi)	Settlement Agreement between Howmedica Osteonics Corp. and the counsel listed on the signature pages thereto, dated as of November 3, 2014 (Rejuvenate and ABF II Hip Implant Products Liability Litigation) — Incorporated by reference to Exhibit 10xxiii to the Company's Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xxxvii)	Credit Agreement, dated as of October 26, 2021, among Stryker Corporation as borrower; the lenders party thereto; and Wells Fargo Bank, N.A., as administrative agent — Incorporated by reference to Exhibit 10(i) to the Company's Form 10-Q for the quarterly period ended September 30, 2021 (Commission File No. 001-13149).
(xxxviii)	Amendment No. 1, dated June 15, 2023, to Credit Agreement, dated as of October 26, 2021, by and among Stryker Corporation, the other borrowers party thereto, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent — Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated June 16, 2023 (Commission File No. 000-09165).
Exhibit 21—	Subsidiaries of the registrant
(i) †	List of Subsidiaries.
Exhibit 23—	Consent of experts and counsel
(i) †	Consent of Independent Registered Public Accounting Firm.
Exhibit 31—	Rule 13a-14(a) Certifications
(i) †	Certification by Principal Executive Officer of Stryker Corporation.
(ii) †	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 32—	18 U.S.C. Section 1350 Certifications
(i) ††	Certification by Principal Executive Officer of Stryker Corporation.
(ii) ††	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 97—	Policy Relating to Recovery of Erroneously Awarded Compensation
(i) †	Stryker Corporation Mandatory Clawback Policy
Exhibit 101—	iXBRL (Inline Extensible Business Reporting Language) Documents
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-K

††	Furnished with this Form 10-K

⅄	Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Stryker hereby agrees to furnish supplementally a copy of any omitted schedule upon request by the U.S. Securities and Exchange Commission.

ITEM 16.	**FORM 10-K SUMMARY.**

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

			STRYKER CORPORATION
Date:	February 14, 2024		/s/ GLENN S. BOEHNLEIN
			Glenn S. Boehnlein
			Vice President, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on the date indicated above on behalf of the registrant and in the capacities indicated.

/s/ KEVIN A. LOBO		/s/ GLENN S. BOEHNLEIN
Kevin A. Lobo		Glenn S. Boehnlein
Chair, Chief Executive Officer and President		Vice President, Chief Financial Officer
(Principal Executive Officer)		(Principal Financial Officer)
/s/ WILLIAM E. BERRY JR.		
William E. Berry, Jr.		
Vice President, Chief Accounting Officer		
(Principal Accounting Officer)		
/s/ SHERILYN S. MCCOY		/s/ ANDREW K. SILVERNAIL
Sherilyn S. McCoy		Andrew K. Silvernail
Lead Independent Director		Director
/s/ MARY K. BRAINERD		/s/ LISA M. SKEETE TATUM
Mary K. Brainerd		Lisa M. Skeete Tatum
Director		Director
/s/ GIOVANNI CAFORIO		/s/ RONDA E. STRYKER
Giovanni Caforio, M.D.		Ronda E. Stryker
Director		Director
/s/ SRIKANT M. DATAR		/s/ RAJEEV SURI
Srikant M. Datar, Ph.D.		Rajeev Suri
Director		Director
/s/ ALLAN C. GOLSTON		
Allan C. Golston		
Director		

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