UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

or

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

For the transition period from to

COMMISSION FILE NO. 0-26224

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	**51-0317849**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	**(I.R.S. EMPLOYER IDENTIFICATION NO.)**
1100 Campus Road **Princeton , New Jersey** **(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)**	**08540** **(ZIP CODE)**

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (609) 275-0500

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Common Stock, Par Value $.01 Per Share	IART	Nasdaq Global Select Market

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 Securities Exchange 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 Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check if the registrant has elected not to use the extended transition period for complying with any new 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. ☒

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

As of June 30, 2020, the aggregate market value of the registrant’s common stock held by non-affiliates was approximately $3,370.2 million based upon the closing sales price of the registrant’s common stock on The Nasdaq Global Select Market on such date. The number of shares of the registrant’s Common Stock, $0.01 par value, outstanding as of February 19, 2021 was 84,369,946.

DOCUMENTS INCORPORATED BY REFERENCE:

Certain portions of the registrant’s definitive proxy statement relating to its scheduled May 14, 2021 Annual Meeting of Stockholders are incorporated by reference in Part III of this report.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
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PART I

ITEM 1. *BUSINESS*

OVERVIEW

The terms “we,” “our,” “us,” “Company” and “Integra” refer to Integra LifeSciences Holdings Corporation, a Delaware corporation, and its subsidiaries, unless the context suggests otherwise.

The Company, headquartered in Princeton, New Jersey, is a world leader in medical technology. The Company was founded in 1989 with the acquisition of an engineered collagen technology platform used to repair and regenerate tissue. Since then, Integra has developed numerous product lines from this technology for applications ranging from burn and deep tissue wounds, to the repair of dura mater in the brain, as well as nerves and tendons. The Company has expanded its base regenerative technology business to include surgical instruments, neurosurgical devices, advanced wound care products, and orthopedic hardware through a combination of several global acquisitions and development of products internally to further meet the needs of its customers and impact patient care.

We manufacture and sell our products in two reportable business segments: Codman Specialty Surgical and Orthopedics and Tissue Technologies. Our Codman Specialty Surgical products are comprised of specialty surgical implants and instrumentation for a broad range of specialties. This segment includes products and solutions for dural access and repair, instruments, advanced energy, cerebral spinal fluid ("CSF") management and neuro monitoring including market-leading product portfolios used in neurosurgery operating suites and critical care units. Codman Specialty Surgical products are sold through a combination of directly employed sales representatives, distributors and wholesalers, depending on the customer call point. Our Orthopedics and Tissue Technologies product portfolio consists of differentiated regenerative technology products for soft tissue repair and tissue regeneration products and surgical reconstruction. This business also includes private label sales of a broad set of our regenerative and wound care medicine technologies. Orthopedics and Tissue Technologies products are sold through directly employed sales representatives and distributors focused on their respective surgical specialties, and by strategic partners. In January 2021, we completed the sale of our Extremity Orthopedics business to Smith & Nephew USD Limited for approximately $240 million in cash. This transaction enables us to increase our investments in our business which will strengthen our existing leadership positions in both areas, fund pipeline opportunities to drive future growth and expand our addressable markets. See Note 18, *Subsequent Events*, for details.

We have key manufacturing and research facilities located in California, New Jersey, Ohio, Massachusetts, Tennessee, Canada, France, Germany, Ireland, Switzerland, and Puerto Rico. We also source most of our handheld surgical instruments and dural sealant products through specialized third-party vendors.

Vision

We aspire to continue to be a worldwide leader in neurosurgery and reconstructive surgery, with a portfolio of leading businesses that delivers outstanding customer experiences through innovation, execution and teamwork to positively impact the lives of millions of patients and their families.

Strategy

Integra is committed to delivering high quality products that positively impact the lives of millions of patients and their families. We focus on four key pillars of our strategy: 1) building an execution-focused culture, 2) optimizing relevant scale, 3) improving agility and innovation, and 4) leading in customer experience. We believe that by sharpening our focus on these areas through improved planning and communication, optimization of our infrastructure, and strategically aligned tuck-in acquisitions, we can build scale, increase competitiveness and achieve our long-term goals.

To this end, the executive leadership team has established the following key priorities aligned to the following areas of focus:

Strategic Acquisitions. An important part of the Company's strategy is pursuing strategic transactions and licensing agreements that increase relevant scale in the clinical areas in which Integra competes. In December 2020, Integra entered into a merger agreement to acquire ACell, Inc., an innovative regenerative medicine company. This acquisition, which closed on January 20, 2021, expands our product offering of regenerative technology and is complementary to Integra’s existing tissue technologies portfolio. The acquisition also supports our long-term growth and profitability strategy with a financial profile similar to Integra’s tissue products. In 2020, we continued to invest in our two recent acquisitions from 2019, Arkis Biosciences, Inc. and Rebound Therapeutics Corporation, both of which are developing innovative technologies for neurosurgery.

Portfolio Optimization and New Product Introductions. We are investing in innovative product development to drive a multi-generational pipeline for our key product franchises. Our product development efforts span across our key global franchises and are focused on the potential for significant returns on investment. In February 2020, we launched the AmnioExcel® Plus Placental Allograft Membrane, the next generation wound care offering to support soft tissue repair. Throughout 2020, we continued to reap the benefits of many of our 10 new product launches from 2019. In addition to new product development, we are funding studies to gather clinical evidence to support launches, ensure market access and improve reimbursement for

existing products. We continue to identify ways of optimizing our portfolio including identifying low-growth, low-margin products and product franchises for discontinuation.

In January 2021, we completed the sale of our Extremity Orthopedics business to Smith & Nephew USD Limited for approximately $240 million in cash. See Note 3, *Assets and Liabilities Held for Sale*, for details.

Commercial Channel Investments. With acquisitions, new product introductions and a broad portfolio of products, investing in our sales channels is a core part of our strategy to create specialization and greater focus on reaching new and existing customers and addressing their needs. Internationally, we have increased our commercial resources significantly in many markets and are making investments to support our sales organization and maximize our commercial opportunities. We now have a strong international sales channel that delivers our current portfolio as well as positions us for future expansion. In addition, we continue to build upon our leadership brands across our product franchises, enabling us to engage customers through enterprise-wide contracts.

Customer Experience. We aspire to be ranked as a best-in-class provider and are committed to strengthen our relationships with all customers. We strive to consistently deliver outstanding customer service and continue to invest in technologies, systems and processes to improve the way our customers do business with us. Additionally, we utilize professional education programs to drive customer familiarity with our growing portfolio of medical technologies globally.

BUSINESS SEGMENTS

Integra currently manufactures and sells our products and technologies in the following two global reportable business segments: Codman Specialty Surgical and Orthopedics and Tissue Technologies. We include financial information regarding our reportable business segments and certain geographic information under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations", Note 17, *Segment and Geographic Information* and Note 18, *Subsequent Events* to our consolidated financial statements.

Codman Specialty Surgical

Our Codman Specialty Surgical business offers global, neurosurgery market-leading technologies, brands and instrumentation. The product portfolio represents a continuum of care from pre-operative, to the neurosurgery operating room, to the neuro-critical care unit and post care for both adult and pediatric patients suffering from brain tumors, brain injury, cerebrospinal fluid pressure complications and other neurological conditions. We offer leading technologies in dural repair, ultrasonic tissue ablation, intracranial pressure ("ICP") monitoring, hydrocephalus management, and cranial stabilization systems, while providing a rich research and development pipeline for growth.

Rounding out the portfolio is a catalog of surgical headlamps, surgical instrumentation, as well as after-market service. With thousands of surgical instrument products, including specialty surgical instruments, we call on the central sterile processing unit of hospitals and acute care surgical centers. Additionally, through a strong U.S. distribution model, we can serve the needs of hundreds of medical offices.

Our global commercial network includes clinical specialists, a large direct global sales force and strategic partnerships and distributors that serve hospitals, integrated health networks, group purchasing organizations, clinicians, surgery centers and health care providers.

Orthopedics and Tissue Technologies

Orthopedics and Tissue Technologies products serves some of the fastest growing markets in the medical technology industry. The broad range of regenerative tissue technologies primarily address the needs of plastic, reconstructive and general surgeons focused on the treatment of acute wounds, such as burns, chronic wounds, including diabetic foot ulcers, and surgical tissue repair, such as hernia, tendon, peripheral nerve repair and protection.

We made significant investments with our channel expansion in the U.S. and created dedicated sales channels to have more focus and specialization within our call points to drive sustainable growth. We have a specialized sales organization composed of directly employed sales representatives, as well as specialty distributors, organized based upon their call point. Our wound reconstruction sales representatives call on surgeons doing procedures in limb salvage, trauma, wound reconstruction and burns, and on physicians who treat chronic wounds in the outpatient wound care clinic setting. We also have a dedicated surgical reconstruction sales team focused on plastic and reconstructive surgery and hernia procedures with differentiated products. Finally, we have a distributor network focused on biologics.

Outside the U.S., we have a combination of direct and indirect channels in our international markets to sell certain product lines.

This business segment also includes private-label sales of a broad set of our regenerative and wound care technologies. Our customers are other medical technology companies that sell to end markets primarily in orthopedics, spine, surgical and wound care.

COMPETITION

Our competitors for Codman Specialty Surgical are Medtronic, Inc., Stryker Corporation, Becton Dickinson and Company and Aesculap division of B. Braun Medical, Inc. In addition, we compete with many smaller specialized companies and larger companies that do not otherwise focus on the offerings of Codman Specialty Surgical technologies. We rely on the depth and breadth of our sales and marketing organization, our innovative technology, and our procurement and manufacturing operations to maintain our competitive position.

Our competition in Orthopedics and Tissue Technologies includes the DePuy/Synthes business of Johnson & Johnson, Stryker Corporation, Smith & Nephew plc, MiMedx Group, Inc., LifeCell Corporation, a subsidiary of Allergan PLC, and Zimmer Biomet Holdings, Inc.

In addition, our products also compete against medical practices that treat a condition without using a medical device or any particular product, such as medical practices that utilize autograft tissue instead of our dermal regeneration products, duraplasty products and nerve repair products. Depending on the product line, we compete based on our products' features, strength of our sales force or distributors, sophistication of our technology and cost effectiveness of our solution.

RESEARCH AND DEVELOPMENT STRATEGY

Our research and development activities focus on identifying unmet surgical needs and addressing those needs with innovative solutions and products. We apply our core competency in regenerative technology to products for neurosurgical, orthopedic and wound applications, plastic surgery, and reconstructive surgery and we have extensive programs for our core platforms of orthopedic hardware and electromechanical technologies. Additionally, we conduct products and clinical studies to generate efficacy and health economic evidence.

Regenerative Technologies. Integra was the first Company to receive a United States Food and Drug Administration ("FDA") claim for regeneration of dermal tissue and is a world leader in regenerative technology. Because regenerative technology products represent a fast-growing, high-margin opportunity for us, we allocate a large portion of our research and development budget to these projects. Our regenerative technology development program applies our expertise in bioengineering to a range of biomaterials including natural collagen and human tissues as well as synthetics such as polymers. These unique product designs are used for neurosurgical and orthopedic surgical applications, as well as dermal regeneration, including the healing of chronic and acute wounds, tendon and nerve repair. Our regenerative technology platform includes our legacy Integra® Dermal Regeneration Template (IDRT) products and complementary technologies that we have acquired over the last few years. Our collagen manufacturing capability, combined with our history of innovation, provides us with strong platform technologies for multiple indications. We also continued to benefit from our 2019 product launches, such as DuraGen® in Japan which is the first and only non-autologous collagen xenograft approved for use as a dural substitute in Japan.

In early 2020, we launched AmnioExcel® Plus Placental Allograft Membrane, a human placental tissue product for treatment of wounds. Additionally, the Company announced positive clinical and economic data on Integra® Bilayer Wound Matrix ("IBWM") in complex lower extremity reconstruction based on two retrospective studies recently published in Plastic and Reconstructive Surgery, the official journal of the American Society of Plastic Surgeons. As surgeons looks for ways to efficiently and effectively repair and close wounds during these challenging times, IBWM helps address the efficiency needed in operating rooms by reducing both the operating time and costs to hospitals and patients.

Orthopedic Reconstruction. We developed fixation and small joint reconstruction implants and instruments for upper and lower extremities to both provide next generation solutions and expand our product portfolio. This portfolio focuses on joint replacement products. Integra has a strong shoulder portfolio, which includes a total shoulder system and a reverse shoulder. We continue to work on advanced shoulder products and are developing next generation anatomical designs, bone preserving products and techniques, and a pyrocarbon shoulder hemiarthroplasty product to add to that portfolio. We have a strong differentiated asset that resides in our patented pyrocarbon products, and we continue to invest to bring new products to market with this technology, which has shown significantly less wear on bone than traditional metals. We also continued to benefit from the 2019 U.S. product launches, such as the Panta® II TTC Arthrodesis Nail System. The Panta II system is our new fusion nail used in ankle fixation. We also launched a small post baseplate in our reverse shoulder system that accommodates smaller patients. In addition, we initiated the limited market release of enhancements to our Salto Talaris® Total Ankle System.

Electromechanical Technologies and Instrumentation. Because our electromechanical products and instruments address significant needs in surgical procedures and limit uncertainty for surgeons, we continue to invest in approvals for new indications and next generation improvements to our market-leading products. We have several active programs focused on life cycle management and innovation, for capital and disposable products in our portfolio. Our product development efforts are focused on core clinical applications in cerebral spinal fluid ("CSF") management, neuro-critical care ("NCC") monitoring, minimally invasive instruments and electrosurgery and ultrasonic medical technologies. In the Codman Specialty Surgical segment, our focus is also on the new electrosurgery generator and irrigator system, an innovative customer-centric toolkit for our Certas™ Plus Programmable Valve along with additional shunt configurations. Our lighting franchise is among the most

dynamic in the industry. We continue to work with several instrument partners to bring new surgical instrument platforms to the market. This enables us to add new instruments with minimal expense and invest in ongoing development, such as our next generation of LED technology with our DUO LED Surgical Headlight System™.

We develop core clinical applications in our electromechanical technologies portfolio. In 2020, we updated our CUSA Clarity platform to incorporate a new ultrasonic handpiece, surgical tips and integrated electrosurgical capabilities. In addition, the CUSA® Clarity Ultrasonic Surgical Aspirator System was cleared to treat malignant and benign tumors, but not limited to meningiomas and gliomas. It is the first and only ultrasonic tissue ablation system with this specific indication. The FDA clearance is based on a wealth of peer-reviewed clinical publications and 40 years of surgical cases involving resection of brain and spinal tumors.

Throughout the year, we continued to advance the early-stage technology platforms we acquired in 2019. Through the Arkis Biosciences acquisition, we added a platform technology, CerebroFlo® external ventricular drainage (EVD) catheter with Endexo® technology, a permanent additive designed to reduce the potential for catheter obstruction due to thrombus formation. The CerebroFlo EVD Catheter has demonstrated an average of 99% less thrombus accumulation onto its surface, in vitro, compared to a market leading EVD catheter. We also acquired a company, Rebound Therapeutics, developers of a single-use medical device known as the AURORA Surgiscope® System ("Aurora") that enables minimally invasive access with enhanced lighting and visualization to the neurosurgery suite. Importantly, these new platforms provide us with the opportunity to expand into new, faster growth therapeutic areas, such as intracerebral hemorrhage and minimally invasive neurosurgery.

RESOURCES

In general, raw materials essential to our businesses are readily available from multiple sources. For reasons of quality assurance, availability, or cost effectiveness, certain components and raw materials are available only from a sole supplier. Our practice is to maintain sufficient inventory of components so that our production will not be significantly disrupted even if a particular component or material is not available for a period of time.

Certain of our products, including but not limited to our dermal regeneration products, duraplasty products, wound care products, bone void fillers, nerve and tendon repair products, contain material derived from bovine tissue. We take great care to provide products that are safe and free of agents that can cause disease. In particular, the collagen used in the products that we manufacture is derived either from the deep flexor tendon of cattle less than 24 months old from New Zealand, a country that has never had a reported case of bovine spongiform encephalopathy (“BSE”) (otherwise known as mad cow disease), or from the U.S. or from fetal bovine dermis. The World Health Organization classifies different types of cattle tissue for relative risk of BSE transmission. Deep flexor tendon and fetal bovine skin are in the lowest-risk category for BSE transmission, and therefore considered to have a negligible risk of containing the agent that causes BSE.

INTELLECTUAL PROPERTY

We seek patent and trademark protection for our key technology, products and product improvements, both in the U.S. and in selected foreign countries. When determined appropriate, we have enforced and plan to continue to enforce and defend our patent and trademark rights. In general, however, we do not rely solely on our patent and trademark estate to provide us with any significant competitive advantages as it relates to our existing product lines. We also rely upon trade secrets and continuing technological innovations to develop and maintain our competitive position. In an effort to protect our trade secrets, we have a policy of requiring our employees, consultants and advisors to execute proprietary information and invention assignment agreements upon commencement of employment or consulting relationships with us. These agreements also provide that all confidential information developed or made known to the individual during the course of their relationship with us must be kept confidential, except in specified circumstances.

AccuDrain®, Algicell®, AmnioExcel®, AmnioMatrix®, Aquasonic®, Auragen®, Bactiseal®, BioBlock®, BioDFactor®, BioDFence®, BioDOptix®, BioDRestore™, Bioguard®, BioMotion®, Bold®, Brainet®, Budde®, Buzz™, Capture™, CereLink™, CerebroFlo® EVD Catheter with Endexo® Technology, Certas®, Codman®, Codman Accu-Flo®, Codman Bicol®, Codman Certas®, Codman Hakim®, Codman Holter®, Codman ICP Express®, Codman Microsensor®, Codman VersaTru®, Codman VPV®, Contour-Flex®, Cranioplastic®, CRW®, CRW Precision™, Cterm™, CUSA®, DigiFuse®, DirectLink®, DuraGen®, DuraSeal®, Endorelease™, First Choice®, HeliCote®, HeliPlug®, HeliTape®, HeliMend®, Helistat®, Helitene®, Hermetic™, Hy-Tape®, ICP Express®, Integra®, IntegraLink®, IPP-ON®, Isocool®, Jarit®, Katalyst™, Lead-Lok™, Licox®, LimiTorr™, Luxtec®, Mayfield®, MediHoney®, MemoFix®, MicroFrance®, Miltex®, Mischler™, MoniTorr ICP™, Movement®, Natus®, NeuraGen®, NeuraWrap™, Nicolet®, NuGrip®, Omnigraft®, Omni-Tract®, OSV II®, Padgett®, PriMatrix®, Pureflow™, PyroSphere®, Q-Snor™, Qwix®, Redmond™, Revize™, Ruggles®, SafeGuard®, Signacreme®, Spider™, Spin®, Subtalar MBA®, SurgiMend®, TCC-EZ®, TenoGlide®, Ti6®, Tibiaxys®, TissueMend®, TruArch®, Ultra VS™, Uni-CP®, Uni-Clip®, VersaTru®, Xtrasorb®, zRIP™, and the Integra logo are some of the material trademarks of Integra LifeSciences Corporation and its subsidiaries. MAYFIELD® is a registered trademark of SM USA, Inc., and is used by Integra under license.

SEASONALITY

Revenues during our fourth quarter tend to be stronger than other quarters because many hospitals increase their purchases of our products during the fourth quarter to coincide with the end of their budget cycles in the U.S. In general, our first quarter usually has lower revenues than the preceding fourth quarter, the second and third quarters have higher revenues than the first quarter, and the fourth quarter revenues are the highest in the year. The main exceptions to this pattern occur because of material acquisitions as well as impacts of the novel coronavirus ("COVID-19") in 2020.

Impact of COVID-19 Pandemic on our business

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has significantly impacted both the world and U.S. economies. In response to this coronavirus outbreak, the governments of many cities, counties, states and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and are advising or requiring individuals to limit or forego their time outside of their homes which has created significant uncertainties in the U.S. economy. In certain geographic regions in which the Company operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses.

The Company's focus during this global crisis remains on supporting patients, providing customers with life-saving products, and protecting the well-being of our employees. The rapid and evolving spread of the virus has resulted in an unprecedented challenge to the global healthcare industry, as medical resources are reallocated to fight COVID-19. During 2020, we were able to sustain ongoing operations by implementing contingency plans such as enabling its manufacturing and distribution sites around the world to continue operating at levels required to meet demand and to provide for the safety of our employees. During April of 2020, the Company implemented cost-savings measures, which included the following:

- Reduced executive management compensation through July 2020 and director compensation;
- Reduced cash compensation for all other employees through reduced commissions, reduction in hours through July 2020 and/or furloughs;
- Hiring freeze, elimination of overtime, reduction in certain employee benefit costs, cessation of third-party services and temporary contractor relationships; and
- Significant reduction in capital expenditures and discretionary spending including travel, events and marketing programs.

The Company restored employee wages and other spending in the third quarter of 2020, as revenues sequentially increased approximately 43.1% as compared to the second quarter of 2020. We also continue to implement programs and strategies to effectively manage the business during the pandemic, such as partnering with key opinion leaders to increase our customer engagement through educational webinars and to improve the clinical components of sales training. We remain confident that the underlying markets in which the Company competes remain attractive over the long term. We also remain focused on managing the business for the long-term, including preserving full time jobs needed to support the rebound in surgical procedure volumes. The Company's adaptability and resiliency in the face of this unprecedented crisis is made possible in part by prior investments in technology infrastructure and operations, as well as by our talented and committed global workforce. Throughout this period, we continue to prioritize and invest in critical R&D and clinical programs.

Information pertaining to additional risk factors as it relates to the COVID-19 pandemic can be found in Item 1A. Risk Factors.

GOVERNMENT REGULATION AND COMPLIANCE

We are a manufacturer and marketer of medical devices, and therefore are subject to extensive regulation by the FDA, the Center for Medicare Services of the U.S. Department of Health and Human Services, other federal governmental agencies and, in some jurisdictions, by state and foreign governmental authorities. These regulations govern the introduction of new medical devices, the observance of certain standards with respect to the design, manufacture, testing, labeling, promotion and sales of the devices, the maintenance of certain records, the ability to track devices, the reporting of potential product defects, the import and export of devices, and other matters.

United States Food and Drug Administration

The regulatory process for obtaining product approvals and clearances can be onerous and costly. The FDA requires, as a condition to marketing a medical device in the U.S., that we secure a Premarket Notification clearance pursuant to Section 510(k) of the Federal Food, Drug and Cosmetic Act (the “FD&C Act”) or an approved premarket approval ("PMA") application (or supplemental PMA application). Obtaining these approvals and clearances can take up to several years and may involve preclinical studies and clinical trials. The FDA also may require a post-approval clinical study as a condition of approval. To perform clinical trials for significant risk devices in the U.S. on an unapproved product, we are required to obtain

an Investigational Device Exemption ("IDE") from the FDA. The FDA may also require a filing for approval prior to marketing products that are modifications of existing products or new indications for existing products. Moreover, after clearance/approval is given, if the product is shown to be hazardous or defective, the FDA and foreign regulatory agencies have the power to withdraw the clearance or approval, as the case may be, or require us to change the device, its manufacturing process or its labeling, to supply additional proof of its safety and effectiveness or to recall, repair, replace or refund the cost of the medical device. Because we currently export medical devices manufactured in the U.S. that have not been approved by the FDA for distribution in the U.S., we are required to obtain approval/registration in the country to which we are exporting and maintain certain records relating to exports and make these available to the FDA for inspection, if required.

Human Cells, Tissues and Cellular and Tissue-Based Products

Integra, through the acquisition of Derma Sciences and BioD LLC ("BioD") is involved with the recovery, processing, storage, transportation and distribution of donated amniotic tissue. The FDA has specific regulations governing human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing, or consisting of, human cells or tissue intended for transplantation into a human patient. Examples of HCT/P include bone, ligament, skin and cornea.

Some HCT/Ps fall within the definition of a biological product, medical device or drug regulated under the FD&C Act. These biologic, device or drug HCT/Ps must comply both with the requirements exclusively applicable to HCT/Ps and, in addition, with requirements applicable to biologics, devices or drugs, including premarket clearance or approval from the FDA.

Section 361 of the Public Health Service Act (“Section 361”), authorizes the FDA to issue regulations to prevent the introduction, transmission or spread of communicable disease. HCT/Ps regulated as “361” HCT/Ps are subject to requirements relating to registering facilities and listing products with the FDA, screening and testing for tissue donor eligibility, and Good Tissue Practices when processing, storing, labeling, and distributing HCT/Ps, including required labeling information, stringent record keeping, and adverse event reporting.

The American Association of Tissue Banks (“AATB”) has issued operating standards for tissue banking. Compliance with these standards is a requirement in order to become an AATB-accredited tissue establishment. In addition, some states have their own tissue banking regulations. We are licensed or have permits for tissue banking in California, Delaware, Illinois, Maryland, New York, Oregon, and Tennessee. In Tennessee, we are registered with the FDA Center for Biological Evaluations and Research.

National Organ Transplant Act

Procurement of certain human organs and tissue for transplantation is subject to the restrictions of the National Organ Transplant Act, which prohibits the transfer of certain human organs, including skin and related tissue for valuable consideration, but permits the reasonable payment associated with the removal, transportation, implantation, processing, preservation, quality control and storage of human tissue and skin. Our subsidiary, BioD LLC is a registered Tissue Bank and is involved with the recovery, storage and transportation of donated human amniotic tissue.

On June 22, 2015, the FDA issued an Untitled Letter (the "Untitled Letter") alleging that BioD's morselized amniotic membrane tissue based products do not meet the criteria for regulation as HCT/Ps solely under Section 361 of the Public Health Services Act ("Section 361") and that, as a result, BioD would need a biologics license to lawfully market those morselized products. Since the issuance of the Untitled Letter, BioD and more recently the Company have been in discussions with the FDA to communicate their disagreement with the FDA’s assertion that certain products are more than minimally manipulated. The FDA has not changed its position that certain of the BioD acquired products are not eligible for marketing solely under Section 361. In July, 2020, the FDA issued the final guidance document related to human tissue titled, “Regulatory Considerations for Human Cells, Tissues, and Cellular and Tissue-Based Products: Minimal Manipulation and Homologous Use” (the “HCT/PFinal Guidance”). This Guidance document supersedes the November 2017 guidance.

The HCT/P Final Guidance maintains the FDA’s position that products such as the Company’s morselized amniotic membrane tissue-based products do not meet the criteria for regulation solely as HCT/Ps. In addition, the FDA articulated a risk-based approach to enforcement and, while some uses for amniotic membrane tissue-based products would have as much as thirty-six months of enforcement discretion, other high risk uses could be subject to immediate enforcement action. The revised final guidance extends the discretionary enforcement period to May 31, 2021. The Company does not believe the uses for its amniotic membrane tissue-based products fall into the high-risk category.

As of February 23, 2021, the Company has not received any further notice of enforcement action from the FDA regarding its morselized amniotic tissue-based products. Nonetheless, we can make no assurances that the FDA will continue to exercise its enforcement discretion with respect to the Company’s morselized amniotic membrane tissue-based products, and any potential action of the FDA could have a financial impact regarding the sales of such products.

Revenues from BioD morselized amniotic membrane-based products for the year ended December 31, 2020 were less than 1.0% of consolidated revenues.

Medical Device Regulations

We also are required to register with the FDA as a medical device manufacturer. As such, our manufacturing sites are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulations. These regulations require that we manufacture our products and maintain our documents in a prescribed manner with respect to design, manufacturing, testing and control activities. Further, we are required to comply with various FDA requirements and other legal requirements for labeling and promotion. If the FDA believes that a company is not in compliance with applicable regulations, it may issue a warning letter, institute proceedings to detain or seize products, issue a recall order, impose operating restrictions, enjoin future violations and assess civil penalties against that company, its officers or its employees and may recommend criminal prosecution to the U.S. Department of Justice. All Integra manufacturing facilities participate in the Medical Device Single Audit Program and are audited annually for compliance with the Quality System for US FDA, Canada, Australia, Brazil, and Japan.

Medical device regulations also are in effect in many of the countries in which we do business outside the U.S. These laws range from comprehensive medical device approval and Quality System requirements for some or all of our medical device products to simpler requests for product data or certifications. Under the European Union Medical Device Directive, medical devices must meet the Medical Device Directive standards and receive CE Mark Certification prior to marketing in the European Union (the "EU"). In addition, the EU enacted the EU Medical Device Regulation, which imposes stricter requirements on the marketing and sales of medical devices which includes but is not limited to quality systems, labeling and clinical data. CE Mark Certification requires a comprehensive quality system program, technical documentation, clinical evaluation and data on the product, which are then reviewed by a Notified Body. A Notified Body is an organization designated by the national governments of the EU member states to make independent judgments about whether a product complies with the requirements established by each CE marking directive. The Medical Device Directive, Medical Device Regulation, ISO 9000 series and ISO 13485 are recognized international quality standards that are designed to ensure that we develop and manufacture quality medical devices. Other countries are also instituting regulations regarding medical devices or interpreting and enforcing existing regulations more strictly. Compliance with these regulations requires extensive documentation and clinical reports for our products, revisions to labeling, and other requirements such as facility inspections to comply with the registration requirements. A recognized Notified Body audits our facilities annually to verify our compliance with the ISO 13485 Quality System standard.

Certain countries, as well as the EU, have issued regulations that govern products that contain materials derived from animal sources. Regulatory authorities are particularly concerned with materials infected with the agent that causes bovine spongiform encephalopathy ("BSE"), otherwise known as mad cow disease. These regulations affect our dermal regeneration products, duraplasty products, hernia repair products, biomaterial products for the spine, nerve and tendon repair products and certain other products, all of which contain material derived from bovine tissue. Although we take great care to provide that our products are safe and free of agents that can cause disease, products that contain materials derived from animals, including our products, may become subject to additional regulation, or even be banned in certain countries, because of concern over the potential for prion transmission. Significant new regulations, a ban of our products, or a movement away from bovine-derived products because of an outbreak of BSE could have a material, adverse effect on our current business or our ability to expand our business. See "Item 1A. Risk Factors - *Certain of our products contain materials derived from animal sources and may become subject to additional regulation*."

Postmarket Requirements. After a device is cleared or approved for commercial distribution, numerous regulatory requirements apply. These include the FDA Quality System Regulations which cover the procedures and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of medical devices; the FDA's general prohibition against promoting products for unapproved or 'off-label' uses; the Medical Device Reporting regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; and the Reports of Corrections and Removals regulation, which require manufacturers to report recalls and field corrective actions to the FDA if initiated to reduce a risk to health posed by the device or to remedy a violation of the FD&C Act. Postmarket requirements are also followed globally where our products are registered and approved. These foreign jurisdictions have similar requirements to the FDA which include reporting requirements such as adverse events, recalls, etc.

Other regulations

Anti-Bribery Laws. In the U.S., we are subject to laws and regulations pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws that regulate the means by which companies in the health care industry may market their products to hospitals and health care professionals and may compete by discounting the prices of their products. Similar anti-bribery laws exist in many of the countries in which we sell our products outside the U.S., as well as the United States Foreign Corrupt Practices Act (which addresses the activities of U.S. companies in foreign markets). Our products also are subject to regulation regarding reimbursement, and U.S. healthcare laws apply when a customer submits a claim for a product that is reimbursed under a federally funded healthcare program. These global laws require that we exercise care in

designing our sales and marketing practices, including involving interactions with healthcare professionals, and customer discount arrangements. See “Item 1A. Risk Factors for further details.

Import-export. Our international operations subject us to laws regarding sanctioned countries, entities and persons, customs, and import-export. Among other things, these laws restrict, and in some cases can prevent, U.S. companies from directly or indirectly selling goods, technology or services to people or entities in certain countries. In addition, these laws require that we exercise care in our business dealings with entities in and from foreign countries.

Hazardous materials. Our research, development and manufacturing processes involve the controlled use of certain hazardous materials. We are subject to country-specific, federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these materials and certain waste products. We believe that our environmental, health and safety procedures for handling and disposing of these materials comply with the standards prescribed by the controlling laws and regulations. However, risk of accidental releases or injury from these materials is possible. These risks are managed to minimize or eliminate associated business impacts. In the event of this type of accident, we could be held liable for damages and face a liability that could exceed our resources. We could be subject to a regulatory shutdown of a facility that could prevent the distribution and sale of products manufactured there for a significant period of time, and we could suffer a casualty loss that could require a shutdown of the facility in order to repair it, any of which could have a material, adverse effect on our business. Although we continuously strive to maintain full compliance with respect to all applicable global environmental, health and safety laws and regulations, we could incur substantial costs to fully comply with future laws and regulations, and our operations, business or assets may be negatively affected. Furthermore, global environmental, health and safety compliance is an ongoing process. Integra has compliance procedures in place for compliance with Employee Health & Safety laws, driven by a centrally led organizational structure that ensures proper implementation, which is essential to our overall business objectives.

In addition to the above regulations, we are, and may be, subject to regulation under country-specific federal and state laws, including, but not limited to, requirements regarding record keeping, and the maintenance of personal information, including personal health information. As a public Company, we are subject to the securities laws and regulations, including the Sarbanes-Oxley Act of 2002. We also are subject to other present and could be subject to possible future, local, state, federal and foreign regulations.

Third-Party Reimbursement. Healthcare providers that purchase medical devices generally rely on third-party payors, including, in the U.S., the Medicare and Medicaid programs and private payors, such as indemnity insurers, employer group health insurance programs and managed care plans, to reimburse all or part of the cost of the products. As a result, demand for our products is and will continue to be dependent in part on the coverage and reimbursement policies of these payors. The manner in which reimbursement is sought and obtained varies based upon the type of payor involved and the setting in which the product is furnished and utilized. Reimbursement from Medicare, Medicaid and other third-party payors may be subject to periodic adjustments as a result of legislative, regulatory and policy changes, as well as budgetary pressures. Possible reductions in, or eliminations of, coverage or reimbursement by third-party payors, or denial of, or provision of uneconomical reimbursement for new products may affect our customers' revenue and ability to purchase our products. Any changes in the healthcare regulatory, payment or enforcement landscape relative to our customers' healthcare services have the potential to significantly affect our operations and revenue.

Data Privacy and Cybersecurity Laws and Regulations. As a business with a significant global footprint, compliance with evolving regulations and standards in data privacy and cybersecurity (relating to the confidentiality and security of our information technology systems, products such as medical devices, and other services provided by us) may result in increased costs, lower revenue, new complexities in compliance, new challenges for competition, and the threat of increased regulatory enforcement activity. Our business relies on the secure electronic transmission, storage and hosting of sensitive information, including personal information, financial information, intellectual property, and other sensitive information related to our customers and workforce.

For example, in the U.S., the collection, maintenance, protection, use, transmission, disclosure and disposal of certain personal information and the security of medical devices are regulated at the U.S. federal and state, and industry levels. U.S. federal and state laws protect the confidentiality of certain patient health information, including patient medical records, and restrict the use and disclosure of patient health information by health care providers. In addition, the FDA has issued guidance advising manufacturers to take cybersecurity risks into account in product design for connected medical devices and systems, to assure that appropriate safeguards are in place to reduce the risk of unauthorized access or modification to medical devices that contain software and reduce the risk of introducing threats into hospital systems that are connected to such devices. The FDA also issued guidance on post market management of cyber security in medical devices.

Outside the U.S., we are impacted by the privacy and data security requirements at the international, national and regional level, and on an industry specific basis. Legal requirements in these countries relating to the collection, storage, handling and transfer of personal data and, potentially, intellectual property continue to evolve with increasingly strict enforcement regimes. In

Europe, for example, we are subject to EU General Data Protection Regulation ("GDPR") which requires member states to impose minimum restrictions on the collection, use and transfer of personal data and includes, among other things, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances and significant fines for non-compliance. The GDPR also requires companies processing personal data of individuals residing in the EU to comply with EU privacy and data protection rules.

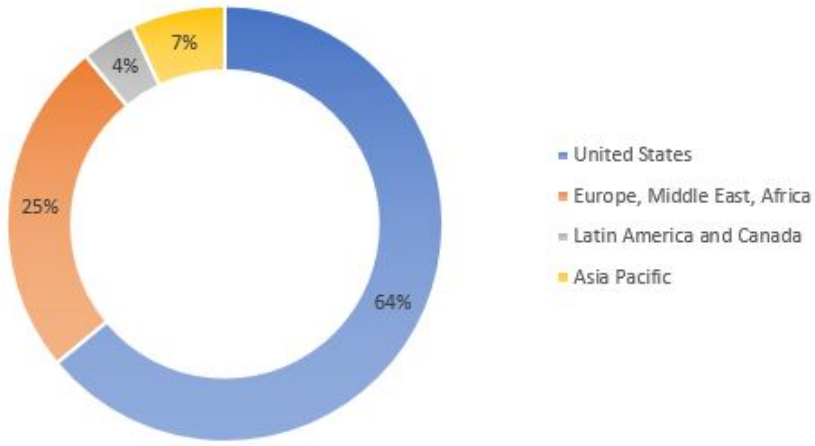
"Item 1A. Risk Factors - *We are subject to requirements relating to information technology which could adversely affect our business.*

These laws and regulations impact the ways in which we use and manage personal data, protected health information, and our information technology systems. They also impact our ability to move, store, and access data across geographic boundaries. Compliance with these requirements may require changes in business practices, complicate our operations, and add complexity and additional management and oversight needs. They also may complicate our clinical research activities, as well as product offerings that involve transmission or use of clinical data.

HUMAN CAPITAL

Workforce Demographics

As of December 31, 2020, we had approximately 3,700 full-time and part-time employees and 700 contingent, subcontracted and outsourced partners. As of December 31, 2020, 64% of our workforce was located in the United States, 25% in Europe, 4% in Latin America and Canada and 7% in Asia Pacific which includes Australia and New Zealand.



Diversity and Inclusion

A diverse workforce and an inclusive culture and work environment is a business priority and a key to our long-term success. Our commitment to diversity and inclusion ("D&I") begins with our Board of Directors and CEO, and extends to all levels of the Company as we focus on attracting, retaining, and developing our global talent.

Leadership Commitment and Accountability. The executive leadership team members set the D&I goals for the company and for the past three years it has been a company-wide goal to advance diversity and inclusion initiatives to build stronger teams.

Leadership Councils, Employee Resource Groups and External Partnerships. We are accountable to our diversity commitment through our leadership councils, employee resource groups, and external partnerships.

- Peter Arduini, President & Chief Executive Officer has chaired our Women's Leadership Council since its inception in 2017. The Women's Leadership Council is an action and results-oriented advisory group comprised of fifteen of our senior women leaders. The specific charter of the Council is to work together to identify ways to continue to attract and retain female talent, advance the development of our women into leadership roles, increase the cultural awareness of the value of inclusion and diversity in our company, and create specific development forums for high performing women.

- Our employee resources groups encourage a culture of awareness and inclusion, assist in the attraction and retention of diverse talent, and help colleagues develop leadership skills. Members of the executive leadership team serve as sponsors for each of Integra's employee resources groups. Integra has four employee resources groups:

- Women of Integra Networks with 20+ chapters globally
- African American Affinity Group
- Veteran Employee Resource Group
- Indian American Professional Network

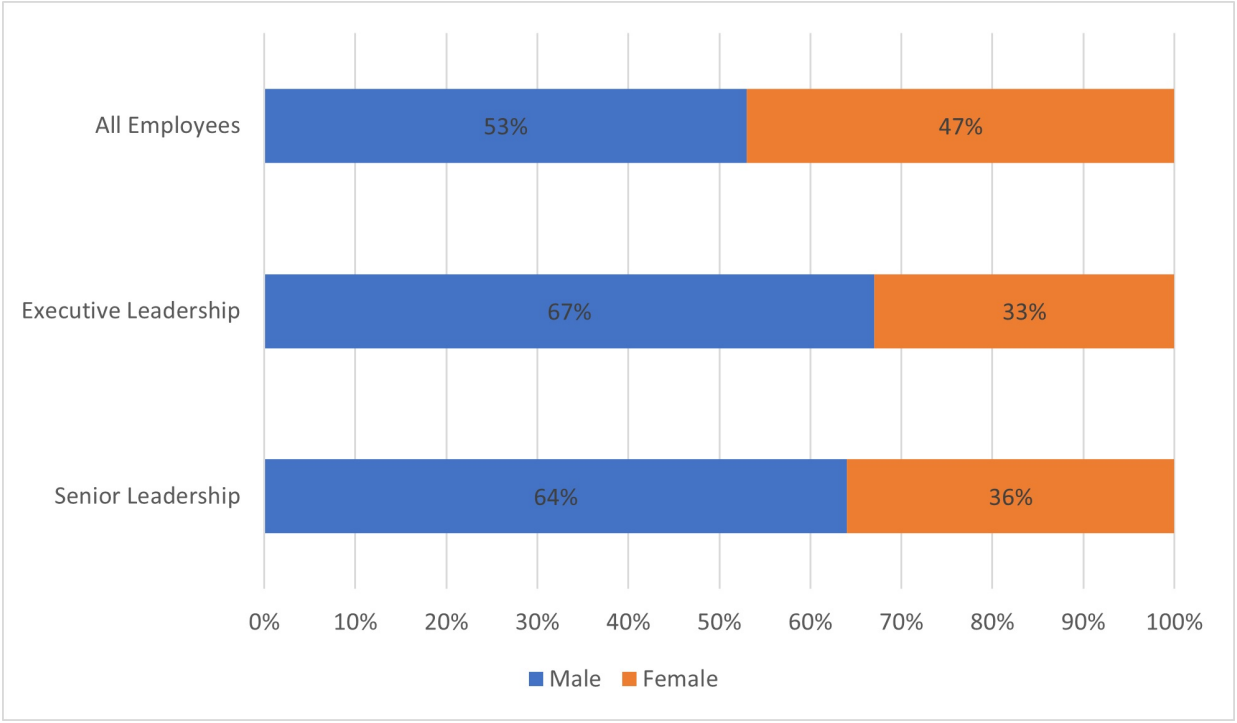
- We reinforce our commitment to diversity by partnering with other organizations focused on driving inclusion in the work place including the CEO Action for Diversity & Inclusion, which is the largest CEO-driven business commitment to advance D&I in the work place and the Healthcare Businesswomen's Association, an association dedicated to furthering the advancement and impact of women in the business of healthcare.

Promoting an Inclusive Culture Through Learning Opportunities. To help drive our culture of inclusion, our colleagues participate in programs focused on how to manage bias and value differences.

- Members of our executive leadership, senior management team, and larger scope leaders participate in a half-day micro-inequities training. The content includes understanding unconscious bias and subtle behaviors that devalue, discourage and impair workplace performance, identifying these in day-to-day interactions, and exploring ways to mitigate these micro-inequities on an individual and organizational level.

- In 2020, Integra colleagues globally participated in two programs to promote inclusion: a course that creates awareness of unconscious biases in the workplaces and tools to build-bias breaking skills and a course which examines what practicing inclusion in the workplace looks like.

Gender Diversity. We believe that our company is better and delivers strong operating results when we build diverse teams and leverage broad perspectives to meet the needs of our shareholders, customers, colleagues, and communities we serve. Integra's overall employee population is 47% female and 53% is male. We continue to strive to ensure that diversity in our leadership ranks is representative of our overall population. Through mentorship, sponsorship, recruitment efforts, and development programs we look to continue to grow our population of females in leadership roles at Integra. Currently, 33% of our executive leaders and 36% of senior leaders (non-executive vice presidents) are female.



In partnership with Leadership Edge, a company founded by women leaders and dedicated to growing and mentoring women, Integra sponsors the Excel Women's Leadership Program. The program is designed to accelerate the development and advancement of high potential, mid-career female leaders into senior leadership roles. The program has assisted in further building our pipeline of women leaders with 60% of the program's graduates being promoted into roles with increased responsibility.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Financial information about our geographical areas is set forth in our financial statements Note 17, *Segment and Geographic Information*, to our consolidated financial statements.

AVAILABLE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). In accordance with the Exchange Act, we file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Our financial information may be viewed, including the information contained in this report, and other reports we file with the SEC, on the Internet, without charge as soon as reasonably practicable after we file them with the SEC, in the “SEC Filings” page of the Investor Relations section of our website at www.integralife.com. A copy may also be obtained for any of these reports, without charge, from our Investor Relations department, 1100 Campus Road, Princeton, NJ 08540. Alternatively, reports filed may be viewed or obtained through the SEC's website at www.sec.gov.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this report, including statements under “Business” and “Management's Discussion and Analysis of Financial Condition and Results of Operations” that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act. These forward-looking statements are subject to a number of risks, uncertainties and assumptions about us including, among other things:

- general economic and business conditions, both nationally and in our international markets;
- our expectations and estimates concerning future financial performance, financing plans and the impact of competition;
- anticipated trends in our business;
- anticipated demand for our products, particularly capital equipment;
- our ability to produce regenerative-based products in sufficient quantities to meet sales demands;
- our expectations concerning our ongoing restructuring, integration and manufacturing transfer and expansion activities;
- existing and future regulations affecting our business, and enforcement of those regulations;
- our ability to obtain additional debt and equity financing to fund capital expenditures, working capital requirements and acquisitions;
- physicians' willingness to adopt our recently launched and planned products, third-party payors' willingness to provide or continue reimbursement for any of our products and our ability to secure regulatory approval for products in development;
- initiatives launched by our competitors;
- our ability to protect our intellectual property, including trade secrets;
- our ability to complete acquisitions, integrate operations post-acquisition and maintain relationships with customers of acquired entities;
- our ability to remediate all matters identified in FDA observations and warning letters that we received or may receive; and
- other risk factors described in the section entitled "Risk Factors" in this report.

Forward-looking statements can be identified by forward-looking words such as “believe,” “may,” “could,” “might,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “seek,” “plan,” “expect,” “should,” “would” and similar expressions in this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

As of the filing of this Annual Report on Form 10-K, we had no unresolved comments from the staff of the Securities and Exchange Commission that were received not less than 180 days before the end of our 2020 fiscal year.

ITEM 1A. ***RISK FACTORS***

RISKS RELATED TO COVID-19

The effects of the COVID-19 pandemic continue to significantly impact global economic conditions and have affected, and may continue to affect, our operations, supply chain, distribution, sales force, as well as the financial stability of hospitals and other customers, and have caused and could again cause a reduction in procedures, which could materially adversely affect our business, results of operations, financial condition, and stock price.

On March 11, 2020, the World Health Organization ("WHO") characterized the Novel Coronavirus Disease 2019 ("COVID-19") as a pandemic. To date, and in continuing efforts to control the spread of COVID-19, and a highly contagious variant of COVID-19, governments around the world, including in the U.S., have and continue to implement various preventative measures including quarantines, "shelter in place" orders, "stay at home" orders, travel restrictions, business operation restrictions, school closures, and other similar types of measures. The impact of the pandemic, while still evolving, has caused and will likely continue to cause significant economic and financial uncertainty in the U.S. and around the world, generating concerns the effects will lead to a global recession or depression.

In response to the COVID-19 pandemic and related mitigation efforts, similar to many other employers in the U.S., the Company has and continues to require many employees to work remotely. The Company has continued to operate certain manufacturing facilities to date in compliance with federal, state and local orders regarding COVID-19. The health of the Company's workforce is our top concern and the Company has procured equipment and implemented safety protocols in an effort to maintain the health and safety of our employees.

While demand for our products has improved since mid-April 2020 when healthcare institutions were altering how they managed medical procedures in light of virus-related constraints, it is not possible to predict with precision whether and when demand for our products will return fully to levels that existed prior to the onset of the pandemic. The Company has implemented extensive business contingency plans across its global organization and network of business partners which helps limit some of the impact of the COVID-19 pandemic but does not completely prevent or avoid a negative impact on the business. The extent to which the COVID-19 pandemic will negatively affect the Company's operations and financial position will depend on future developments that remain uncertain and cannot be predicted with precision. For example, including, without limitation, the pandemic could cause:

- Continued fluctuations in our operational results, revenues, and cash flows which may negatively impact our stock price;
- Impact our operations and sales including but not limited to delays in orders, ability to market, sell, deliver and service our products;
- Reductions in demand for our products and services due to the impact of COVID-19 on hospitals and customers such as continued or future postponement or cancellations of procedures, hospital postponement or cancellation of capital purchases, or elimination of services;
- Local and/or global recessions, which may result in hospitals and customers reducing capital spending and could materially affect our business, including but not limited to our future access to capital, and negatively impact the value of our stock.;
- Continued limitations on our operations due to restrictions associated with "shelter in place" orders and travel restrictions;
- Distraction of management time and focus;
- Increased risk that insurance coverage will not provide protection for all of the COVID-19-related disruption;
- Disruption to manufacturing operations and distribution supply chains;
- Increased challenges or restraints in obtaining necessary products or components from our suppliers and vendors;
- Reduction or interruption to our manufacturing processes which could have a material adverse effect on our business;
- Continued and/or increased risks related to the health and safety of our employees (and retention issues), volatility of foreign currency exchange rates, and risk of cybersecurity attacks and breaches;
- Possible liquidity constraints and credit impact;
- Delays in obtaining regulatory clearances, approval to market products, quality inspections, or delays to clinical trial activity;
- Delays in coverage decisions by private and public health insurers and foreign governmental health systems;
- Delays in the completion of supportive clinical studies for payer coverage decisions or clinical and economic decision makers due to slowed study enrollments;
- Delays to acquisition plans, increased risks to the operations and financial condition of newly acquired businesses, and increased costs or delays to integration of newly acquired businesses;

- The impact of any reprioritization of capital allocations on our ability to achieve our strategic objectives over the medium and long-term; and,
- Write downs or impairments of investments in third parties, goodwill or intangible assets from recently acquired businesses, accounts receivable, or other assets;

As the situation surrounding the COVID-19 pandemic remains fluid, it is difficult to predict, with any certainty, the duration and extent of its impact which depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions including the distribution of a vaccine locally and globally, and the impact of these and other factors on our employees, customers, suppliers, service providers and business partners. If COVID-19, or a variant strain, continues to spread and escalate domestically or internationally, or if governments impose additional measures intended to mitigate the spread and related effects of the pandemic, the risks described above could be elevated significantly. Should that occur, and the COVID-19 pandemic persist for a prolonged time, the above factors and others that are currently unknown could have a material adverse impact on our business, results of operations, financial conditions and prospects and could elevate known risks described in this Item 1A. Risk Factors. Information pertaining to the potential impact of the COVID-19 pandemic and associated economic disruptions, and the actual operational and financial impacts that we have experienced to date can be found in Management's Discussion and Analysis of Financial Position and Results of Operations.

RISKS RELATING TO OUR BUSINESS

Our operating results may fluctuate.

Our operating results, including components of operating results such as gross margin and cost of product sales, may fluctuate from time to time, and such fluctuations could affect our stock price. Our operating results have fluctuated in the past and can be expected to do so from time to time in the future. Some of the factors that may cause these fluctuations include:

- risks related to COVID-19;
- economic conditions worldwide, which could affect the ability of hospitals and other customers to purchase our products and could result in a reduction in elective and non-reimbursed operative procedures;
- the impact of acquisitions, our ability to integrate acquisitions, and our restructuring activities including portfolio rationalization, divestitures and product lifecycle management;
- expenditures for major initiatives, including acquired businesses and integrations thereof and restructuring;
- the timing of significant customer orders, which tend to increase in the fourth quarter coinciding with the end of budget cycles;
- increased competition for a wide range of customers across all our product lines in the markets our products are sold;
- market acceptance of our existing products, as well as products in development;
- retention of current employees and recruiting of new employees in light of market competition for talent and relevant skills;
- the timing of regulatory approvals as well as changes in country-specific regulatory requirements;
- changes in the exchange rates between the U.S. dollar and foreign currencies of countries in which we do business;
- changes in the variable interest rates of our debt instruments which could impact debt service requirements;
- potential backorders, lost sales and expenses incurred in connection with product recalls or field corrective actions;
- disruption of our operations and sales resulting from extreme weather conditions or natural disasters that damage our manufacturing, distribution, or infrastructure of those facilities, or the suppliers and service providers for those facilities;
- our ability to manufacture and ship our products efficiently or in sufficient quantities to meet sales demands;
- changes in the cost or decreases in the supply of raw materials and services, including sterilization, energy, steel and honey;
- the timing of our research and development expenditures;
- reimbursement for our products by third-party payors such as Medicare, Medicaid, private and public health insurers and foreign governmental health systems;
- the ability to maintain existing distribution rights to and from certain third parties;
- the ability to maintain business if or when we opt to convert such business from distributors to a direct sales model;
- the ability of our commercial sales representatives to obtain sales targets in a reasonable time frame;
- the impact of changes to our sales organization, continued channel expansion, including increased specialization;
- peer-reviewed publications discussing the clinical effectiveness of the products we sell;
- inspections of our manufacturing facilities for compliance with Quality System Regulations (Good Manufacturing Practices) which could result in Form 483 observations, warning letters, injunctions or other adverse findings from the FDA or from equivalent regulatory bodies, and corrective actions, procedural changes and other actions that we

determine are necessary or appropriate to address the results of those inspections, any of which may affect production and our ability to supply our customers with our products;
- changes in regulations or guidelines that impact the sales and marketing practices for products that we sell;
- the increased regulatory scrutiny of certain of our products, including products which we manufacture for others, could result in removal from the market or involve field corrective actions that could affect the marketability of our products;
- enforcement or defense of intellectual property rights;
- changes in tax laws, or their interpretations; and
- the impact of goodwill and intangible asset impairment charges if future operating results of the acquired businesses are significantly less than the results anticipated at the time of the acquisitions.

The industry and market segments in which we operate are highly competitive, and we may be unable to compete effectively with other companies.

There is intense competition among medical device companies. We compete with established medical technology companies in many of our product areas. Competition also comes from early-stage companies, universities, research institutions and other non-profit entities. In certain cases, our products compete primarily against medical practices that treat a condition without using a device or any particular product, such as the medical practices that use autograft tissue instead of our dermal regeneration products, duraplasty products and nerve repair products, or that use other technologies that cost less than our products. Many of our competitors have access to greater financial, technical, research and development, marketing, manufacturing, sales, distribution, administrative, consulting and other resources than we do. Our competitors may be more effective at developing commercial products. They may be able to gain market share by offering lower-cost products or products that enjoy better reimbursement from third-party payors and foreign governmental health systems.

Our competitive position depends on our ability to achieve market acceptance for our products, develop new products, implement production and marketing plans, secure regulatory approval for products under development, demonstrate clinical and economic effectiveness, obtain and maintain reimbursement coverage and funding under third-party payors and foreign governmental health systems, obtain patent protection and produce products consistently in sufficient quantities to meet demand. We may need to develop new applications for our products to remain competitive. Technological advances by one or more of our current or future competitors or their achievement of superior reimbursement from third-party payors and foreign governmental health systems could render our present or future products obsolete or uneconomical. Our future success will depend upon our ability to compete effectively against current technology as well as to respond effectively to technological advances, changes in customers' requirements or in payor or regulatory evidence requirements. Additionally, purchasing decisions of our customers may be based on clinical evidence or comparative effectiveness studies and, because of our vast array of products, we might not be able to fund the studies necessary to gain entry or maintain our position or provide the required information to compete effectively. Other companies may have more resources available to fund such studies. For example, competitors have launched and are developing products to compete with our dural repair products, regenerative skin, neuro critical care monitors and ultrasonic tissue ablation devices, among others. In the current environment of managed care, consolidation among health care providers, increased competition, and declining reimbursement rates, we have been increasingly required to compete on the basis of price. Competitive pressures could adversely affect our profitability. Given these factors, we cannot guarantee that we will be able to compete effectively or continue our level of success in the areas in which we compete.

Changes in the healthcare industry may require us to decrease the selling price for our products, may reduce the size of the market for our products, or may eliminate a market, any of which could have a negative impact on our financial performance.

Trends toward managed care, healthcare cost containment and other changes in government and private sector initiatives in the U.S. and other countries in which we do business are placing increased emphasis on the delivery of more cost-effective medical therapies that could adversely affect the sale and/or the prices of our products. For example:

- third-party payors of hospital services and hospital outpatient services, including Medicare, Medicaid, private and public health insurers and foreign governmental health systems, annually revise their payment methodologies, which can result in stricter standards for reimbursement of hospital charges for certain medical procedures or the elimination of reimbursement;
- several foreign countries have implemented reforms of their respective healthcare sectors in an effort to reduce healthcare spending, including restricting funding to only those medical technologies and procedures with proven effectiveness, and increasing patient co-payments. Governmental health systems have revised and continue to consider

revisions of healthcare budgets, which could result in stricter standards for implementing certain medical procedures, increased scrutiny of medical devices, and downward pricing pressure;
- Medicare, Medicaid, private and public health insurer and foreign governmental cutbacks could create downward pricing pressure on our products;
- in the U.S., Medicare and Medicaid coverage as well as commercial payor coverage determinations could reduce or eliminate reimbursement or coverage for certain of our wound matrix, amniotic, surgical reconstruction and advanced wound dressing products as well as other products in most regions, negatively affecting our market for these products, and future determinations could reduce or eliminate reimbursement or coverage for these products in other regions and could reduce or eliminate reimbursement or coverage for other products;
- there has been a consolidation among healthcare facilities and purchasers of medical devices in the U.S., some of whom prefer to limit the number of suppliers from whom they purchase medical products, and these entities may decide to stop purchasing our products or demand discounts on our prices;
- in the U.S., we are party to contracts with group purchasing organizations, which negotiate pricing for many member hospitals, require us to discount our prices for certain of our products and limit our ability to raise prices for certain of our products, particularly surgical instruments;
- there is economic pressure to contain healthcare costs in domestic and international markets, and, regardless of the consolidation discussed above, providers generally are exploring ways to cut costs by eliminating purchases or driving reductions in the prices that they pay for medical devices, or increasing clinical or economic evidence thresholds for product formularies;
- there are proposed and existing laws, regulations and industry policies in domestic and international markets regulating the sales and marketing practices and the pricing and profitability of companies in the healthcare industry;
- proposed laws or regulations may permit hospitals to provide financial incentives to doctors for reducing hospital costs, will award physician efficiency, and will encourage partnerships with healthcare service and goods providers to reduce prices; and
- there have been initiatives by third-party payors and foreign governmental health systems to challenge the prices charged for medical products that could affect our ability to sell products on a competitive basis.

Any and all of the above factors could materially and adversely affect our levels of revenue and our profitability.

Our current strategy involves growth through acquisitions, which requires us to incur substantial costs and potential liabilities for which we may never realize the anticipated benefits, and also requires us to successfully integrate acquired businesses into our business operations in order to avoid our business being materially and adversely affected.

In addition to internally generated growth, our current strategy involves growth through acquisitions. Between January 1, 2018 and December 31, 2020, we have acquired 2 businesses at a total cost of approximately $70.7 million. In addition, in January 2021, we acquired ACell, Inc. for $300 million, which added products to our complex wound management product portfolio and advanced growth of our Tissue Technologies segment.

We may be unable to continue to implement our growth strategy and it may ultimately be unsuccessful. A significant portion of our growth in revenues has resulted from, and is expected to continue to result from, the acquisition of businesses or products complementary to our own. We engage in evaluations of potential acquisitions and are in various stages of discussion regarding possible acquisitions, certain of which, if consummated, could be significant to us. Any new acquisition could result in material transaction expenses, increased interest and amortization expense, increased depreciation expense, increased operating expense, and possible in-process research and development charges for acquisitions that do not meet the definition of a “business,” any of which could have a material, adverse effect on our operating results. Certain businesses that we acquire may not have adequate financial, disclosure, regulatory, quality or other compliance controls at the time we acquire them and could require significant expenditures to address those controls or subject us to increased risk. As we grow by acquisition, we must manage and integrate the new businesses to bring them into our systems for financial, disclosure, compliance, regulatory and quality control, realize economies of scale, and control costs. If we cannot integrate acquired businesses and operations, manage the cost of providing our products or price our products appropriately, our profitability could suffer. In addition, acquisitions involve other risks, including diversion of management resources otherwise available for the running of our business and the development of our business as well as risks associated with entering markets in which our marketing teams and sales force has limited experience or where experienced distribution alliances are not available. Some acquisitions may include the need for ongoing product development to occur consistent with time sensitive milestones in order for the Company to achieve its commercial projections for the acquisition. Our future profitability will depend in part upon our ability to develop our resources to adapt to these new products or business areas and to identify and enter into or maintain satisfactory distribution networks. As a result of our acquisitions of other healthcare businesses, we may be subject to the risk of unanticipated business uncertainties, regulatory and other compliance matters or legal liabilities relating to those acquired businesses for which the sellers of the acquired businesses may not indemnify us, for which we may not be able to obtain insurance (or adequate insurance), or for

which the indemnification may not be sufficient to cover the ultimate liabilities. We may not be able to identify suitable acquisition candidates in the future, obtain acceptable financing or consummate any future acquisitions. Certain potential acquisitions are subject to antitrust and competition laws, which laws could impact our ability to pursue strategic acquisitions and could result in mandated divestitures. If we are unsuccessful in our acquisition strategy, we may be unable to meet our financial targets and our financial performance could be materially and adversely affected.

Furthermore, the failure to integrate the business operations of recently acquired or future acquisitions successfully would have a material, adverse effect on our business, financial condition and results of operations. Integrating the operations of multiple new businesses with that of our own is a complex, costly and time-consuming process, which requires significant management attention and resources, including the coordination of information technologies, sales and marketing, research and development, operations, manufacturing and finance functions. The integration process could disrupt the businesses and, if implemented ineffectively, could preclude realization of the full benefits that we expect from these transactions. Our failure to meet the challenges involved in integrating the businesses in order to realize the anticipated benefits of the acquisitions could cause an interruption of, or a loss of momentum in, our activities and could materially and adversely affect our results of operations. Prior to each acquisition, the acquired business operated independently, with its own business, corporate culture, locations, employees and systems, any of which may prove incompatible with our Company. There may be substantial difficulties, costs and delays involved in any integration of other businesses with that of our own. For example, there could be adverse effects on existing business relationships with suppliers or customers, including failure to retain key customers and suppliers. In addition, we may fail to retain key employees of our Company and of the acquired businesses.

These risks may be heightened in cases where the majority of the former businesses' operations, employees and customers are located outside the U.S. Any one or all of these factors could increase operating costs or lower anticipated financial performance. Many of these factors are also outside of our control. In addition, dispositions of certain key products, technologies and other rights, including pursuant to conditions imposed on us to obtain regulatory approvals, may affect our business operations.

Even if the operations of the businesses are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Additional unanticipated costs could be incurred in the integration of the businesses. All of these factors could cause a reduction to our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares.

Our future financial results could be adversely affected by impairments or other charges.

We are required to test both goodwill and indefinite-lived intangible assets for impairment on an annual basis based upon a fair value approach, rather than amortizing them over time. We are also required to test goodwill and indefinite-lived intangible assets for impairment between annual tests if an event occurs such as a significant decline in revenues or cash flows for certain products, or the discount rates used in the calculations of discounted cash flows change significantly, or circumstances change that would more likely than not reduce our enterprise fair value below its book value. If such a decline, rate change or circumstance were to materialize, we may record an impairment of these intangible assets that could be material to the financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" of this report.

The guidance on long-lived assets requires that we assess the impairment of our long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable as measured by the sum of the expected future undiscounted cash flows.

Also, Company decisions and other economic factors relating to our trade names may occur over time. For instance, we may discontinue certain products in the future as we continue to assess the profitability of our product lines. As a result, we may need to record impairment charges or accelerate amortization on certain trade names or technology-related intangible assets in the future.

The value of a medical device business is often volatile, and the assumptions underlying our estimates made in connection with our assessments under the guidance may change as a result of that volatility or other factors outside our control and may result in impairment charges. The amount of any such impairment charges could be significant and have a material, adverse effect on our reported financial results for the period in which the charge is taken and could have an adverse effect on the market price of our securities, including the notes and the common stock into which they may be converted.

Lack of market acceptance for our products or market preference for technologies that compete with our products could reduce our revenues and profitability.

Market acceptance of our products depends on many factors, including our ability to convince prospective collaborators and customers that our technology is an attractive alternative to other technologies, to manufacture products in sufficient quantities and at acceptable costs, and to supply and service sufficient quantities of our products directly or through our distribution alliances. For example, the use of autograft tissue is a well-established means for repairing the dermis, and it competes for acceptance in the market with our collagen-based wound care products. In addition, unfavorable payment amounts or adverse coverage determinations of third-party payors, including Medicare, Medicaid, private and public health insurers, and foreign governmental health systems, regarding our products or third-party determinations that favor a competitor's product over ours, could harm acceptance or continued use of our products. For example, greater market acceptance of our wound graft products may ultimately depend on our ability to demonstrate that coverage and reimbursement are available and favorable, or because they are an attractive, cost-effective alternative to other treatment options.

If there are negative events in the industry, whether real or perceived, there could be a negative impact on the industry as a whole. The industry is subject to rapid and continuous change arising from, among other things, consolidation, technological improvements, the pressure on governments, third-party payors and providers to reduce healthcare costs, and healthcare reform legislation and initiatives domestically and internationally. In addition, our future success depends, in part, on our ability to license and develop additional products. Even if we determine that a product candidate has medical benefits, the cost of commercializing, either through internal development or payments associated with licensing arrangements, could be too high to justify development and we could ultimately face competitors with more effective products and better reimbursement status that cost less and are ready for commercial introduction before our products. If we are unable to develop additional commercially viable products, our future prospects could be materially and adversely affected.

One or more of these factors could vary unpredictably, and such variations could have a material, adverse effect on our competitive position. We may not be able to adjust our contemplated plan of development to meet changing market demands.

It could be difficult to replace some of our suppliers.

Outside vendors, some of whom are sole-source suppliers, provide key components and raw materials used in the manufacture of our products. Although we believe that alternative sources for many of these components and raw materials are available, any interruption in supply of a limited or sole-source component or raw material could harm our ability to manufacture our products until a new or alternative source of supply is identified and qualified. In addition, an uncorrected defect or supplier's variation in a component or raw material, either unknown to us or incompatible with our manufacturing process, could harm our ability to manufacture products. We may not be able to find a sufficient alternative supplier in a reasonable time period, or on commercially reasonable terms, if at all, and our ability to produce and supply our products could be impaired. We believe that these factors are most likely to affect the following products that we manufacture:

- our collagen-based products, such as the Integra Dermal Regeneration Template and wound matrix products, the DuraGen® family of products, our Absorbable Collagen Sponges, PriMatrix and SurgiMend products;
- our products made from silicone, such as our neurosurgical shunts and drainage systems and hemodynamic shunts;
- products which use many different specialty parts or chemicals from numerous suppliers, such as our intracranial monitors, shunts, catheters and headlights;
- products which are amniotic tissue-based
- products which are porcine tissue-based;
- products that use medical grade leptospermum honey, such as our Medihoney products; and
- our TCC-EZ® total contact cast system products.

The availability of amniotic tissue-based products depends upon, among other factors, the availability of tissue from human donors. Access to donated amniotic tissue could also be adversely impacted by regulatory changes or evolving public perceptions of the donor process.

Additionally, many of our products require sterilization by third-party suppliers. To the extent these suppliers are unable to provide sterilization services, whether due to lack of capacity, regulatory requirements, environmental concerns such as those relating to ethylene oxide or otherwise, we may be unable to transition sterilization to other suppliers in a timely or cost effective manner, or at all, which could have an adverse impact on our operating results.

While it is our policy to maintain sufficient inventory of components so that our production will not be significantly disrupted even if a particular component or material is not available for a period of time, we remain at risk that we will not be able to

qualify new components or materials quickly enough to prevent a disruption if one or more of our suppliers ceases production of important components or materials.

We may experience difficulties, delays, performance impact or unexpected costs from consolidation of facilities.

We consolidated several facilities in recent years and may further consolidate our operations in the future in order to improve our cost structure, achieve increased operating efficiencies, and improve our competitive standing or results of operations and/or to address unfavorable economic conditions. As part of these initiatives, we may also lose favorable tax incentives or not be able to renew leases on acceptable terms. We may further reduce staff, make changes to certain capital projects, close certain production operations and abandon leases for certain facilities that will not be used in our operations. In conjunction with any actions, we will continue to make significant investments and build the framework for our future growth. We may not realize, in full or in part, the anticipated benefits and savings from these efforts because of unforeseen difficulties, delays, implementation issues or unexpected costs. If we are unable to achieve or maintain all of the resulting savings or benefits to our business or other unforeseen events occur, our business and results of operations may be adversely affected.

We may have significant product liability exposure and our insurance may not cover all potential claims.

We are exposed to product liability and other claims if our technologies or products are alleged to have caused harm. We may not be able to obtain insurance for the potential liability on acceptable terms with adequate coverage or at reasonable costs. Any potential product liability claims could exceed the amount of our insurance coverage or may be excluded from coverage under the terms of the policy. Our insurance may not be renewed at a cost and level of coverage comparable to that then in effect.

Economic and political instability around the world could adversely affect the ability of hospitals, other customers, suppliers and distributors to access funds or otherwise have available liquidity, which could reduce orders for our products or interrupt our production or distribution or result in a reduction in elective and non-reimbursed operative procedures.

Economic and political instability around the world could adversely affect the ability of hospitals and other customers to access funds to enable them to fund their operating and capital budgets. As a result, hospitals and other customers could reduce budgets or put all or part of their budgets on hold or close their operations, which could have a negative effect on our sales, particularly the sales of capital equipment such as our ultrasonic surgical aspirators, neuromonitors and stereotactic products, or result in a reduction in elective and non-reimbursed procedures. The occurrence of those economic conditions could make it more difficult for us to accurately forecast and plan our future business activities and depending on their severity, could have a material, adverse effect on our business, financial condition and results of operations.

Our private-label product lines depend significantly on key relationships with third parties, which we could be unable to establish and maintain.

Our private-label business depends in part on entering into and maintaining long-term supply agreements with third parties. The third parties with whom we have entered into agreements might terminate these agreements for a variety of reasons, including developing other sources for the products that we supply. Termination of our most important relationships could adversely affect our expectations for the growth of private-label products.

RISKS RELATED TO OUR REGULATORY ENVIRONMENT

The adoption of healthcare reform in the U.S. and initiatives sponsored by other governments may adversely affect our business, results of operations and/or financial condition.

Our operations may be substantially affected by potential fundamental changes in the global political, economic and regulatory landscape of the healthcare industry. Government and private sector initiatives to limit the growth of healthcare costs are continuing in the U.S., and in many other countries in which we do business, causing the marketplace to put increased emphasis on the delivery of more cost-effective treatments. These initiatives include price regulation, competitive pricing, coverage and payment policies, comparative effectiveness of therapies, technology assessments and managed-care arrangements. The adoption of some or all of these initiatives could have a material, adverse effect on our financial condition and results of operations.

In the United States, the Patient Protection and Affordable Care Act (the “ACA”), signed into law in March 2010, includes several provisions that impact our businesses in the U.S. The ACA includes provisions that, among other things, reduce and/or

limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions), and require detailed disclosure of transfers of value made to healthcare professionals.

We cannot predict what impact ongoing uncertainty regarding federal and state health reform proposals, including the implementation or repeal of the ACA, instability of the insurance markets, changes in the U.S. administration and policy, an expansion in government's role in and/or additional proposals and/or changes to the U.S. health care system or its legislation will have on our customer's purchasing decisions and/or reimbursement which could have a material adverse effect on our business. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us. We continue to monitor the implementation of such legislation and, to the extent new market or industry trends or new governmental programs evolve, we will consider implementing or implement programs in response.

We are subject to stringent domestic and foreign medical device regulations and oversight and any adverse action may adversely affect our ability to compete in the marketplace and our financial condition and business operations.

Our products, development activities and manufacturing processes are subject to extensive and rigorous regulation by numerous government agencies, including the FDA and comparable foreign agencies, as discussed in "Part 1, Item 1. Business – Government Regulation." To varying degrees, each of these agencies monitors and enforces our compliance with laws and regulations governing the development, testing, manufacturing, labeling, marketing and distribution of our medical devices. We are also subject to regulations that may apply to certain of our products that are Drug/Device Combination products or are considered to be subject to pharmaceutical regulations outside the U.S. The process of obtaining marketing approval or clearance from the FDA and comparable foreign regulatory agencies for new products, or for enhancements or modifications to existing products could be costly, time consuming and burdensome, lead to failed clinical trials or weakened clinical evidence, involve modifications, repairs or replacements of our products and result in limitations on the indicated use of our products, which may negatively impact our ability to market our products and services, result in delays or prevent full commercial realization of future products or service. Furthermore, failure to obtain timely approvals or renewals may result in significant penalties and fines. Additional regulations govern the approval, initiation, conduct, monitoring, documentation and reporting of clinical studies to regulatory agencies in the countries or regions in which they are conducted. Failure to comply, could subject us to significant enforcement actions and sanctions, including halting the study, rejection of data generated in the study, seizure of investigational devices or data, sanctions against investigators, civil or criminal penalties, and other actions. In addition, without the data from one or more clinical studies, it may not be possible for us to secure the data necessary to support certain regulatory submissions, to secure reimbursement or demonstrate other requirements. We cannot assure you that access to clinical investigators, sites and subjects, documentation and data will be available on the terms and timeframes necessary.

We are subject to extensive complex regulatory requirements by domestic and foreign government agencies and any failure to comply with our ongoing responsibilities under their applicable laws and regulations could result in a material adverse impact on our business. Failure to comply with applicable regulations could result in future product recalls, injunctions preventing the shipment of products or other enforcement actions that could have a material adverse effect on our business.

We are also subject to the European Medical Device Regulation, which was adopted by the European Union ("EU") as a common legal framework for all EU member states. The EU Parliament issued a delay in implementation by one year to May 26, 2021 due to the COVID-19 pandemic. The implementation for Class I products is scheduled for May 26, 2021 and the EUDAMED Database is May 26, 2022. Under this regulation, companies that wish to manufacture and distribute medical devices in EU member states must meet certain quality system, and safety requirements as well as ongoing product monitoring responsibilities. Companies must also obtain a "CE" marking (i.e., a mandatory conformity marking for certain products sold within the European Economic Area) for their products. Various penalties exist for non-compliance with the laws implementing the European Medical Device Regulations which if incurred, could have a material adverse impact on our business, results of operations and cash flows.

In addition, we are subject to laws and regulations that govern the means by which companies in the healthcare industry may market their products to healthcare professionals and may compete by discounting the prices of their products, including for example, the federal Anti-Kickback Statute, the federal False Claims Act, the federal Health Insurance Portability and Accountability Act of 1996, state law equivalents to these federal laws that are meant to protect against fraud and abuse and analogous laws in foreign countries. Violations of these laws are punishable by criminal and civil sanctions, including, but not limited to, in some instances civil and criminal penalties, damages, fines, exclusion from participation in federal and state healthcare programs, including Medicare and Medicaid. Although we exercise care in structuring our sales and marketing practices and customer discount arrangements to comply with those laws and regulations, we cannot assure that:

- government officials charged with responsibility for enforcing those laws will not assert that our sales and marketing practices or customer discount arrangements are in violation of those laws or regulations; or
- government regulators or courts will interpret those laws or regulations in a manner consistent with our interpretation.

We have in place policies and procedures for compliance that we believe are at least as stringent as those set forth in the AdvaMed Code, and we regularly train our sales and marketing personnel on our policies regarding sales and marketing practices. Pursuant to the AdvaMed Code, we have certified our adoption of the AdvaMed Code. The sales and marketing practices of our industry have been the subject of increased scrutiny from federal and state government agencies, and we believe that this trend will continue. Various hospital organizations, medical societies and trade associations are establishing their own practices that may require detailed disclosures of relationships between healthcare professionals and medical device companies or ban or restrict certain marketing and sales practices such as gifts and business meals. Since these laws, regulations and ultimate enforcement continue to evolve, we cannot predict with certainty, what, if any, impact, changes to them may have on our business or our customers.

Outside of the U.S. we are subject to privacy and data security regulations at the international, national and regional level, as well as on an industry specific basis. For example, in Europe, we are subject to the EU General Data Protection Regulation ("GDPR") which is related to the collection, processing, storage, transfer and use of personal data. In the U.S., we are subject to the California Consumer Privacy Act of 2018 (“CCPA”) and other similar laws in the United States, at both the federal and state level. Noncompliance with GDPR could trigger fines of up to 4% of global annual revenues. Compliance with these requirements may require changes in business practices, complicate our operations, and add complexity and additional management and oversight needs. They also may complicate our clinical research activities, as well as product offerings that involve transmission or use of clinical data. Non-compliance may result in proceedings against us by governmental or other entities and/or significant fines which could negatively impact our reputation and adversely effect our business.

Should we delay or fail to comply with one or more of the regulatory requirements we could have reduced sales, increased costs, delays to new product introductions, enhancements or our strategic plans, or harm to our reputation or competitiveness, which could have a material adverse effect on our business and financial results.

Certain of our products contain materials derived from animal sources and may become subject to additional regulation.

Certain of our products are derived from bovine or porcine tissue sources. As a result, we may experience difficulties in processing and producing our bovine and porcine tissue products at scale, including problems related to yields, quality control and assurance, tissue availability, adequacy of control policies and procedures and availability of skilled personnel.

With respect to bovine, among other products, our dermal regeneration products, duraplasty products, wound care products, bone void fillers, nerve and tendon repair products and certain other products, contain material derived from bovine tissue. In 2020, approximately 39.3% of our revenues derived from products containing material derived from bovine tissue. Products that contain materials derived from animal sources, including food, pharmaceuticals and medical devices, are subject to scrutiny in the media and by regulatory authorities. Regulatory authorities are concerned about the potential for the transmission of disease from animals to humans via those materials. This public scrutiny has been particularly acute in Japan and Western Europe with respect to products derived from animal sources, because of concern that materials infected with the agent that causes bovine spongiform encephalopathy, otherwise known as BSE or mad cow disease, may, if ingested or implanted, cause a variant of the human Creutzfeldt-Jakob Disease, an ultimately fatal disease with no known cure. The World Organization for Animal Health ("OIE") recognizes the U.S. as having a negligible risk for BSE, which is the highest status available.

We take care to provide that our products are safe and free of agents that can cause disease. In particular, we qualified a source of collagen from a country outside the U.S. that is considered BSE/TSE-free. The World Health Organization classifies different types of bovine tissue for relative risk of BSE transmission. Deep flexor tendon and bovine fetal skin, which are used in our products, are in the lowest-risk categories for BSE transmission and are therefore considered to have a negligible risk of containing the agent that causes BSE (an improperly folded protein known as a prion). Nevertheless, products that contain materials derived from animals, including our products, could become subject to additional regulation, or even be banned in certain countries, because of concern over the potential for the transmission of prions. Significant new regulations, or a ban of our products, could have a material, adverse effect on our current business or our ability to expand our business.

Certain countries, such as Japan, China, Taiwan and Argentina, have issued regulations that require our collagen products be sourced from countries where no cases of BSE have occurred, and the EU has requested that our dural replacement products and other products that are used in neurological tissue be sourced from a country where no cases of BSE have occurred. Currently, we source bovine fetal hides from the U.S. and purchase tendon from the U.S. and New Zealand. New Zealand has

never had a case of BSE. We received approval in the U.S., the EU, Japan, Taiwan, China, Argentina as well as other countries for the use of New Zealand-sourced tendon in the manufacturing of our products. If we cannot continue to use or qualify a source of tendon from New Zealand or another country that has never had a case of BSE, we could be prohibited from selling our collagen products in certain countries.

Certain of our products are derived from human tissue and are subject to additional regulations and requirements.

We manufacture and distribute products derived from human tissue. As discussed in detail above in "*Human Cells, Tissues and Cellular and Tissue-Based Products*," the FDA has specific regulations governing human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing or consisting of human cells or tissue intended for transplantation into a human patient.

On June 22, 2015, the FDA issued an Untitled Letter alleging that BioD Logic LLC's ("BioD") morselized amniotic membrane tissue based products do not meet the criteria for regulation as HCT/Ps solely under Section 361 and that, as a result, BioD would need a biologics license to lawfully market those morselized products.

In November 2017, the FDA issued the final guidance document related to human tissue titled, “Regulatory Considerations for Human Cells, Tissues, and Cellular and Tissue-Based Products: Minimal Manipulation and Homologous Use” (the “HCT/P Final Guidance”). The HCT/P Final Guidance maintains the FDA’s position that products such as the Company’s morselized amniotic membrane tissue-based products do not meet the criteria for regulation solely as HCT/Ps. In addition, the FDA articulated a risk-based approach to enforcement and, while some uses for amniotic membrane tissue-based products would enjoy as much as thirty-six months of enforcement discretion, other high risk uses could be subject to immediate enforcement action. The Company does not believe the uses for its amniotic membrane tissue-based products fall into the high risk-category. Nonetheless, we can make no assurances that the FDA will continue to exercise its enforcement discretion with respect to the Company’s amniotic membrane tissue-based products, and any potential action of the FDA could have a financial impact regarding the sales of such products. The Company has been considering and continues to consider regulatory approval pathways for its amniotic membrane tissue-based products. Revenues from BioD morselized amniotic material-based products for the year ended December 31, 2020 was less than 1% of consolidated revenues.

We are subject to current and potential future requirements relating to protection of the environment, such as hazardous materials regulations, which may impose significant compliance or other costs on us.

Our manufacturing, product development, research, and development operations and processes involve the controlled use of certain hazardous materials. In addition, we own and/or lease a number of facilities at which hazardous materials have been used in the past. Finally, we have acquired various companies that historically have used certain hazardous materials and that have owned and/or leased facilities at which hazardous materials have been used. For all of these reasons, we are subject to federal, state, foreign, and local laws and regulations governing the use, manufacture, storage, transportation, handling, treatment, remediation, and disposal of hazardous materials and certain waste products (“Environmental, Health, Safety and Transportation Laws”). Although we believe that our procedures for handling, transporting, and disposing of hazardous materials comply with the Environmental, Health, Safety and Transportation Laws, the Environmental Health, Safety and Transportation Laws may be amended in ways that increase our cost of compliance, perhaps materially.

Furthermore, the potential risk of accidental contamination or injury from these materials cannot be eliminated, and there is also a risk that such contamination previously has occurred in connection with one of our facilities or in connection with one of the companies we have purchased. In the event of such an accident or contamination, we could be held liable for any damages that result and any related liability could exceed the limits or fall outside the coverage of our insurance and could exceed our resources. We may not be able to maintain insurance on acceptable terms or at all.

Moreover, climate change and sustainability efforts and potential climate change regulations could lead to business interruption, significantly increased costs and/or other adverse consequences to our business. If regulations are enacted in the United States, Europe, or any other jurisdictions in which we do business that, for example, limit or reduce allowable greenhouse gas emissions and other emissions, such restrictions could effect or interrupt our operations or the operations of our suppliers, potentially leading to higher costs, and therefore negatively impact our results of operations.

We are subject to requirements relating to information technology which could adversely affect our business.

If we are unable to maintain reliable information technology systems and prevent disruptions, outages, or data breaches, we may suffer regulatory consequences in addition to business consequences. Our worldwide operations means that we are subject to laws and regulations, including data protection and cyber security laws and regulations, in many jurisdictions. The variety of

U.S. and international privacy and cybersecurity laws and regulations impacting our operations are described in “Item 1. Business - Government Regulation - Other Factors - Data Privacy and Cybersecurity Laws and Regulations." We have programs to ensure compliance with such laws and regulations. However, there is no guarantee that we will avoid enforcement actions by governmental bodies. Enforcement actions may be costly and interrupt regular operations of our business. In addition, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies or incidents arising from other cyber-attacks. While Integra has not been named in any such suits, if a substantial breach or loss of data were to occur, we could become a target of such litigation.

RISKS RELATED TO TAX AND DEBT

We may have additional tax liabilities.

We are subject to income taxes in the U.S. and many foreign jurisdictions and are commonly audited by various tax authorities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe that our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material, adverse effect on our financial statements in the period or periods for which that determination is made.

Our leverage and debt service obligations could adversely affect our business.

Our leverage and debt service obligations could adversely affect our business. As of December 31, 2020, our total consolidated external debt was approximately $1.1 billion (See item 7 and Note 6 for a discussion of our consolidated external debt). We may also incur additional indebtedness in the future. Our substantial indebtedness could have material, adverse consequences, including:

- making it more difficult for us to satisfy our financial obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions, and placing us at a disadvantage compared to our competitors that are less leveraged;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- limiting our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate or other purposes.

Our debt service obligations will require us to use a portion of our operating cash flow to pay interest and principal on indebtedness instead of for other corporate purposes, including funding future expansion of our business, acquisitions, and ongoing capital expenditures, which could impede our growth. In addition, our ability to comply with, renegotiate or extend the Company’s debt obligations will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and financial, business and other factors beyond our control. Any disruptions in our operations, the financial markets, or the overall economy, including as a result of COVID-19, may adversely affect the availability and cost of credit to us and/or our ability to comply with our existing obligations.

Changes in the calculation and or complete replacement of LIBOR could have an impact on our business.

The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced in July 2017 that it will no longer persuade or require banks to submit rates for LIBOR after 2021. This announcement and global financial benchmark reforms generally have resulted in the future of certain interest rate benchmarks being more uncertain. LIBOR may be disrupted, materially change, or no longer be published in the future. We have multiple debt facilities which utilizes a variable rate equal to Eurodollar LIBOR rate as a component of our interest rate. The upcoming transition away from LIBOR as a common reference rate in the global financial market could have a material, adverse effect on our business. Management continues to monitor the status and discussions regarding LIBOR.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our intellectual property rights may not provide meaningful commercial protection for our products, potentially enabling third parties to use our technology or very similar technology and could reduce our ability to compete in the market.

To compete effectively, we depend, in part, on our ability to maintain the proprietary nature of our technologies and manufacturing processes, which includes the ability to obtain, protect and enforce patents on our technology and to protect our trade secrets. We own or have licensed patents that cover aspects of some of our product lines. Our patents, however, may not provide us with any significant competitive advantage. Others may challenge our patents and, as a result, our patents could be narrowed, invalidated or rendered unenforceable. Competitors may develop products similar to ours that our patents do not cover. In addition, the approval or rejection of patent applications may take several years and our current and future patent applications may not result in the issuance of patents in the U.S. or foreign countries.

Our competitive position depends, in part, upon unpatented trade secrets, which we may be unable to protect.

Our competitive position also depends upon unpatented trade secrets, which are difficult to protect. We cannot assure that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets, that our trade secrets will not be disclosed or that we can effectively protect our rights to unpatented trade secrets.

In an effort to protect our trade secrets, we require our employees, consultants and advisors to execute confidentiality and invention assignment agreements upon commencement of employment or consulting relationships with us. These agreements provide that, except in specified circumstances, all confidential information developed or made known to the individual during the course of their relationships with us must be kept confidential. We cannot assure, however, that these agreements will provide meaningful protection for our trade secrets or other proprietary information in the event of the unauthorized use or disclosure of confidential information.

Our success will depend partly on our ability to operate without infringing or misappropriating the proprietary rights of others.

We may be sued for infringing the intellectual property rights of others. In addition, we may find it necessary, if threatened, to initiate a lawsuit seeking a declaration from a court that we do not infringe the proprietary rights of others or that their rights are invalid or unenforceable. If we do not prevail in any litigation, in addition to any damages we might have to pay, we would be required to stop the infringing activity (which could include a cessation of selling the products in question) or obtain a license for the proprietary rights involved. Any required license may be unavailable to us on acceptable terms, if at all. In addition, some licenses may be nonexclusive and allow our competitors to access the same technology we license.

If we fail to obtain a required license or are unable to design our products so as not to infringe on the proprietary rights of others, we may be unable to sell some of our products, and this potential inability could have a material, adverse effect on our revenues and profitability.

We may be involved in lawsuits relating to our intellectual property rights and promotional practices, which may be expensive.

To protect or enforce our intellectual property rights, we may have to initiate or defend legal proceedings, such as infringement suits or opposition proceedings, against or by third parties. In addition, we may have to institute proceedings regarding our competitors’ promotional practices or defend proceedings regarding our promotional practices. Legal proceedings are costly, and, even if we prevail, the cost of the legal proceedings could affect our profitability. In addition, litigation is time-consuming and could divert management's attention and resources away from our business. Moreover, in response to our claims against other parties, those parties could assert counterclaims against us.

RISKS RELATED TO GLOBAL OPERATIONS

If any of our facilities or those of our suppliers were damaged and/or our manufacturing or business processes interrupted, we could experience lost revenues and our business could be seriously harmed.

Damage to our manufacturing, distribution, development and/or research facilities because of fire, extreme weather conditions, natural disaster, power loss, communications failure, geopolitical disruption, unauthorized entry or other events, such as a flu or other health epidemic, such as COVID-19, could significantly disrupt our operations, the operations of suppliers and critical infrastructure and delay or prevent product manufacture and shipment during the time required to repair, rebuild or replace the damaged facilities. Certain of our manufacturing facilities are located in Puerto Rico, which in the past has experienced both severe earthquakes and other natural disasters. Climate change may increase both the frequency and severity of natural disasters and, consequently, risks to our operations and growth. Although we maintain property damage and business interruption

insurance coverage on these facilities, our insurance might not cover all losses under such circumstances, and we may not be able to renew or obtain such insurance in the future on acceptable terms with adequate coverage or at reasonable costs.

An experienced third-party hosts and maintains the enterprise business system used to support certain of our transaction processing for accounting and financial reporting, supply chain and manufacturing. Currently, we have developed a comprehensive disaster recovery plan for the Company's infrastructure and we have tested this plan. In addition, we have implemented procedures to conduct annual disaster recovery testing for our enterprise business system. We also implemented a comprehensive backup and recovery process for our key applications. Our global production and distribution operations are dependent on the effective management of information flow between facilities. An interruption of the support provided by our enterprise business systems could have a material, adverse effect on the business.

We are exposed to a variety of risks relating to our international sales and operations.

We generate significant revenues outside the U.S. in multiple foreign currencies, and in U.S. dollar-denominated transactions conducted with customers who generate revenue in currencies other than the U.S. dollar. For those foreign customers who purchase our products in U.S. dollars, currency fluctuations between the U.S. dollar and the currencies in which those customers do business may have a negative impact on the demand for our products in foreign countries where the U.S. dollar has increased in value compared to the local currency.

Since we have operations based outside the U.S. and we generate revenues and incur operating expenses in multiple foreign currencies, we experience currency exchange risk with respect to those foreign currency-denominated revenues and expenses. Our most significant currency exchange risk relates to transactions conducted in Australian dollars, British pounds, Canadian dollars, Chinese yuan, euros, Japanese yen, and Swiss francs.

We cannot predict the consolidated effects of exchange rate fluctuations upon our future operating results because of the number of currencies involved, the variability of currency exposure and the potential volatility of currency exchange rates. Although we address currency risk management through regular operating and financing activities, and, on a limited basis, through the use of derivative financial instruments, those actions may not prove to be fully effective. For a description of our use of derivative financial instruments, see Note 7, *Derivative Instruments* in our consolidated financial statements.

Our international operations subject us to laws regarding sanctioned countries, entities and persons, customs, import-export, laws regarding transactions in foreign countries, the U.S. Foreign Corrupt Practices Act and local anti-bribery and other laws regarding interactions with healthcare professionals, and product registration requirements. Among other things, these laws restrict, and in some cases prevent, U.S. companies from directly or indirectly selling goods, technology or services to people or entities in certain countries. In addition, these laws require that we exercise care in structuring our sales and marketing practices and effecting product registrations in foreign countries.

The United Kingdom's ("UK") exit from the European Union on January 31, 2020, commonly referred to as Brexit, has caused, and may continue to cause uncertainty in the global political markets. It is possible that Brexit could, among other things, affect the legal and regulatory environments to which our business is subject, impose greater restrictions on imports and exports between the UK and the EU and other parties, and create economic and political uncertainty in the region.

From time to time, proposals are made to significantly change existing trade agreements and relationships between the U.S. and other countries. For instance, the U.S. and China have imposed tariffs on products imported into their respective countries. While we currently do not anticipate that these tariffs will have a material impact on our business, the list of items subject to these tariffs could change and it is possible that they could adversely impact our supply chain costs or our ability to sell certain of our products in China. More generally, additional tariffs or other trade barriers imposed by the U.S. or other countries could materially and adversely affect our operations and financial results.

GENERAL RISK FACTORS

Cyber-attacks or other disruptions to our information technology systems could adversely affect our business.

We are increasingly dependent on sophisticated information technology for our infrastructure and to support business decisions. Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards, the increasing need to protect patient and customer information, and changing customer

patterns. Any significant breakdown, intrusion, interruption, corruption, or destruction of these systems, as well as any data breaches, could have a material, adverse effect on our business.

Third parties may attempt to breach our systems and may obtain data relating to patients, proprietary or sensitive information. If we fail to maintain or protect our information systems and data integrity effectively, we could lose existing customers, have difficulty attracting new customers, suffer backlash from negative public relations, have regulatory sanctions or penalties imposed, have increases in operating expenses, incur expenses or lose revenues as a result of a data privacy breach, or suffer other adverse consequences.

We have programs, processes (including ongoing improvements) and technologies in place to prevent, detect, contain, respond to and mitigate security related threats and potential incidents. Because the techniques used to obtain unauthorized access change frequently and can be difficult to detect, anticipating, identifying or preventing these intrusions or mitigating them if and when they occur, may be challenging. We are also dependent on third party vendors to supply and/or support certain aspects of our information technology systems which may contain defects in design or manufacture or other problems that could result in system disruption or unexpectedly compromise the information security of our own systems. In addition, as we grow in part through new acquisitions we may face risks due to implementation, modification, or remediation of controls, procedures, and policies relating to data privacy and cybersecurity at the acquired business. We continue to consolidate and integrate the number of systems we operate, and to upgrade and expand our information system capabilities for stable and secure business operations.

ITEM 2. *PROPERTIES*

As of December 31, 2020, we lease approximately 166,991 square feet of space in Princeton, NJ, where we house our principal headquarters, sales operations, and support functions. This lease expires in 2036.

We have key manufacturing and research facilities located in New Jersey, Ohio, Massachusetts, Tennessee, Canada, France, Germany, Ireland, Switzerland, California and Puerto Rico. Our instrument procurement operations are located in Germany. Our primary distribution centers are located in Nevada, Ohio, Kentucky, Australia, Belgium, Canada, Japan and France. In addition, we lease several smaller facilities to support additional administrative, assembly, and distribution operations. Third parties own and operate the facilities in Nevada, Kentucky, Japan and Belgium. We own facilities in Biot, France, Saint Aubin Le Monial, France, Rietheim-Weilheim, Germany and Ohio and we lease all of our other facilities. We also have repair centers in California, Massachusetts, Ohio, Australia, Japan and Germany.

Our manufacturing facilities are registered with the FDA. Our facilities are subject to FDA inspection to ensure compliance with Quality System regulations. For further information regarding the status of FDA inspections, see the "Government Regulation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Update on Remediation Activities" sections in this Form 10-K.

ITEM 3. *LEGAL PROCEEDINGS*

Information pertaining to legal proceedings can be found in Note 16. Commitment and Contingencies in our 2020 Financial Statements.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

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

Market Information, Holders and Dividends

Our common stock trades on The NASDAQ Global Select Market under the symbol "IART." The number of stockholders of record as of February 19, 2021 was approximately 782, which includes stockholders whose shares were held in nominee name.

Sales of Unregistered Securities

There were no sales of unregistered securities during the years ended December 31, 2020, 2019 or 2018.

Sale of Registered Securities

In May 2018, the Company commenced and closed on a public offering of common stock. The Company issued 6.0 million shares of common stock and received total proceeds, net of underwriting fees and offering expenses, of approximately $349.6 million. The net proceeds from the offering were used to reduce outstanding borrowings under the revolving credit portion of the Company's Senior Credit Facility.

Issuer Purchases of Equity Securities

On December 7, 2020, the Board of Directors authorized the Company to repurchase up to $225 million of the Company's common stock. The program allows the Company to repurchase its shares opportunistically from time to time. The repurchase authorization expires in December 2022. This stock repurchase authorization replaces the previous $225 million stock repurchase authorization, of which $125 million remained authorized at the time of its replacement, and which was otherwise set to expire on December 31, 2020. Purchases may be affected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing.

During the twelve months ended December 31, 2020, the Company repurchased 2.1 million shares of Integra's common stock as part of the previous share repurchase authorization. The Company utilized $100.0 million of net proceeds from the offering of convertible notes to execute the share repurchase transactions. This included $7.6 million from certain purchasers of the convertible notes in conjunction with the closing of the offering. On February 5, 2020, the Company entered into a $92.4 million accelerated share repurchase ("ASR") to complete the remaining $100.0 million of share repurchase. The Company received 1.3 million shares at inception of the ASR, which represented approximately 80% of the expected total shares. Upon settlement of the ASR in June 2020, the Company received an additional 0.6 million shares determined using the volume-weighted average price of the Company's common stock during the term of the transaction.

See Note 9, *Treasury Stock*, in our consolidated financial statements for further details.

ITEM 6. *SELECTED FINANCIAL DATA*

The information set forth below should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this report. See Note 5, *Acquisitions* for additional information regarding the impact of 2019 and 2018 acquisitions in Item 15 of this Form 10-K.

	Years Ended December 31,				
	2020	2019	2018	2017	2016
	(In thousands, except per share data)				
Operating Results:					
Total revenues, net	$ 1,371,868	$ 1,517,557	$ 1,472,441	$ 1,188,236	$ 992,075
Costs and expenses	1,220,498	1,423,797	1,361,443	1,143,432	876,735
Operating income (4)	151,370	93,760	110,998	44,804	115,340
Interest expense, net (1) (2)	(62,284)	(43,178)	(61,883)	(34,764)	(25,779)
Other income, net	4,434	9,522	8,288	1,345	845
Income before income taxes	93,520	60,104	57,403	11,385	90,406
(Benefit from) provision for income taxes (4) (6)	(40,372)	9,903	(3,398)	(53,358)	15,842
Net income	$ 133,892	$ 50,201	$ 60,801	$ 64,743	$ 74,564
Diluted net income per common share	$ 1.57	$ 0.58	$ 0.72	$ 0.82	$ 0.94
Weighted average common shares outstanding for diluted net income per share	85,228	86,494	83,999	79,121	79,194

	As of December 31,				
	2020	2019	2018	2017	2016
	(In thousands)				
Financial Position:					
Cash, cash equivalents	470,166	$ 198,911	$ 138,838	$ 174,935	$ 102,055
Total assets (5)	3,615,136	3,303,240	3,107,887	3,211,257	1,807,954
Current portion of borrowings under the term loan of the Senior Credit Facility	33,750	45,000	22,500	60,000	—
Current portion of borrowings under securitization facility (2)	112,500	—	—	—	—
Long-term borrowings including the revolving portion of the Senior Credit Facility (1)	933,387	1,198,561	1,210,513	1,781,142	665,000
Long-term debt (1) (2)	474,834	104,500	121,200	—	—
Retained earnings (4)	532,265	398,574	348,373	285,186	220,443
Stockholders' equity (3)	1,514,867	1,416,736	1,375,796	962,306	839,667

(1) For the years ended December 31, 2020, 2019, 2018, 2017, and 2016, we reported the borrowings outstanding under the revolving portion of our Senior Credit Facility as long-term debt, the 1.625% convertible senior notes due in 2016 ("2016 Convertible Notes"), and the 0.5% convertible senior notes due in 2025 ("2025 Convertible Notes"). We also reported the term loan as long-term debt with the exception of current principal payments due within 12 months, which are classified as short-term. At December 31, 2020, we have a total of $975 million outstanding under our Senior Credit Facility and $325.0 million available for future borrowings.

(2) At December 31, 2020, the total amount outstanding under the Securitization Facility is classified as current on the consolidated balance sheet as the total amount is due on December 21, 2021.

At December 31, 2019, the total amount outstanding under the Securitization Facility was classified as long-term debt on the consolidated balance sheet. See Note 6. *Debt* for further details.

(3) In 2018, we closed on a public offering of common stock. We issued 6.0 million shares of common stock and received total proceeds, net of underwriting fees and offering expenses, of approximately $349.6 million.

(4) On September 9, 2019, the Company acquired Rebound Therapeutics Corporation ("Rebound"). The Company made an initial upfront payment of $67.1 million. The initial payment resulted in a $59.9 million IPR&D expense. During the fourth quarter of 2019, the Company triggered a $5.0 milestone to be paid to former shareholders of Rebound. The Company recorded the $5.0 million as additional in-process research and development expense which was included in accrued liabilities at December 31, 2019 (see Note 5, *Acquisitions*, of the consolidated financial statements).

On January 1, 2018, we adopted Topic 606 using the modified retrospective method. Results of operations for the reporting periods after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with Topic 605, *Revenue Recognition*. The adoption of Topic 606 resulted in an increase to the opening retained earnings of $1.9 million, which was recorded net of taxes as of January 1, 2018 to reflect the change in timing of the recognition of revenue related to the Company's private label business from point in time to over time during the manufacturing process and goods in transit for which control was transferred to customers at the time of shipment. Total assets and liabilities increased by $7.1 million and $5.2 million, respectively, as of January 1, 2018.

In 2016, the Company elected to adopt Accounting Standard Update 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)*. The Company elected to account for forfeitures as they occur. The impact in retained earnings as of December 31, 2015 from this provision was not significant. Amendments related to accounting for excess tax benefits have been adopted prospectively, resulting in recognition of excess tax benefits against income tax expenses rather than additional paid-in capital of $3.8 million for the year ended December 31, 2016.

(5) On January 1, 2019, the Company adopted the Lease Standard using a modified retrospective transition. Under this method, financial results reported in periods prior to January 1, 2019 are unchanged. As a result of the adoption of the New Lease Standard, the Company had an impact on our consolidated balance sheet due to the recognition of $76.4 million of lease liabilities with corresponding right-of-use assets ("ROU") of $67.3 million for operating leases. (see Note 12, *Leases and Related Party Leases*, of the consolidated financial statements).

In 2016, the Company adopted Accounting Standard Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The Company adopted this guidance effective January 1, 2016 on a retrospective basis. The Company reclassified a portion of the debt issuance costs from other assets to long-term debt as of December 31, 2015.

(6) The benefit from income taxes in 2017 includes $43.4 million related to the re-measurement of our deferred taxes resulting from a reduction of the federal statutory rate from 35% to 21% from the Tax Cuts and Jobs Act (the "2017 Tax Act"), enacted in December 2017.

The benefit from income taxes in 2020 includes $59.2 million related to the Company completing an intra-entity transfer of certain intellectual property rights to one of its subsidiaries in Switzerland.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the selected consolidated financial data and our financial statements and the related notes appearing elsewhere in this report.

The comparison of fiscal 2019 to 2018 has been omitted from this Form 10-K, but can be referenced in our Form 10-K for the fiscal year ended December 31, 2019—"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" filed on February 21, 2020.

We have made statements in this report which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). These forward-looking statements are subject to a number of risks, uncertainties and assumptions about the Company and other matters. These forward-looking statements include, but are not limited to, statements related to the Company's expectations regarding the potential impacts of the COVID-19 pandemic on our business, financial condition, and results of operations. These statements should, therefore, be considered in light of various important factors, including, but not limited to, the following: The Company's ability to obtain accurate procedure volume in the midst of the COVID-19 pandemic; the risk that the COVID-19 pandemic could lead to further material delays and cancellations of, or reduced demand for, procedures; curtailed or delayed capital spending by the Company's customers; disruption to the Company's supply chain; closures of our facilities; delays in gathering clinical evidence; diversion of management and other resources to respond to the COVID-19 outbreak; the impact of global and regional economic and credit market conditions on healthcare spending; the risk that the COVID-19 virus or its variants disrupt local economies and causes economies in our key markets to enter prolonged recessions. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those set forth under the heading "Risk Factors."

GENERAL

Integra, headquartered in Princeton, New Jersey, is a world leader in medical technology. The Company was founded in 1989 with the acquisition of an engineered collagen technology platform used to repair and regenerate tissue. Since then, Integra has developed numerous product lines from this technology for applications ranging from burn and deep tissue wounds, to the repair of dura mater in the brain, as well as nerves and tendons. The Company has expanded its base regenerative technology business to include surgical instruments, neurosurgical products, advanced wound care, and orthopedic hardware through a combination of several global acquisitions and development of products internally to further meet the needs of its customers and impact patient care.

Integra now manufactures and sells our products in two reportable business segments: Codman Specialty Surgical and Orthopedics and Tissue Technologies. Our Codman Specialty Surgical products comprise of specialty surgical implants and instrumentation for a broad range of specialties. This segment includes products and solutions for dural access and repair, precision tools and instruments, advanced energy, cerebral spinal fluid ("CSF") management and neuro monitoring including market leading product portfolios used in neurosurgery operation suites and critical care units. Codman Specialty Surgical products are sold through a combination of directly employed sales representatives, distributors and wholesalers, depending on the customer call point. Our Orthopedics and Tissue Technologies product portfolios consist of differentiated regenerative technology products for soft tissue repair and tissue regeneration products, and surgical reconstruction. This business also includes private label sales of a broad set of our regenerative and wound care medicine technologies. Orthopedics and Tissue Technologies products are sold through directly employed sales representatives and distributors focused on their respective surgical specialties, and strategic partners. In January 2021, we completed the sale of our Extremity Orthopedics business to Smith & Nephew USD Limited for approximately $240 million in cash. This transaction enables us to increase our investments in our business which will strengthen our existing leadership positions in both areas, fund pipeline opportunities to drive future growth and expand our addressable markets. See Note 18, *Subsequent Events*, for details.

We have key manufacturing and research facilities located in California, Massachusetts, New Jersey, Ohio, Tennessee, Canada, France, Germany, Ireland, Puerto Rico and Switzerland. We also source most of our handheld surgical instruments, specialty metal and pyrocarbon implants, and dural sealant products through specialized third-party vendors.

Integra is committed to delivering high quality products that positively impact the lives of millions of patients and their families. We focus on four key pillars of our strategy: 1) building an execution-focused culture, 2) achieving relevant scale, 3) improving agility and innovation, and 4) leading in customer experience. We believe that by sharpening our focus on these areas through improved planning and communication, optimization of our infrastructure, and strategically aligned tuck-in acquisitions, we can build scale, increase competitiveness and achieve our long-term goals.

To this end, the executive leadership team has established the following key priorities aligned to the following areas of focus:

Strategic Acquisitions. An important part of the Company's strategy is pursuing strategic transactions and licensing agreements that increase relevant scale in the clinical areas in which Integra competes. In December 2020, Integra entered into a merger agreement to acquire ACell, Inc., an innovative regenerative medicine company. This acquisition, which closed on January 20, 2021, expands our product offering of regenerative technology and is complementary to Integra’s existing tissue technologies portfolio. The acquisition also supports our long-term growth and profitability strategy with a financial profile similar to Integra’s tissue products. In 2020, we continued to invest in our two most recent acquisitions from 2019, Arkis Biosciences, Inc. and Rebound Therapeutics Corporation, both of which are developing innovative technologies for neurosurgery.

Portfolio Optimization and New Product Introductions. We are investing in innovative product development to drive a multi-generational pipeline for our key product franchises. Our product development efforts span across our key global franchises focused on potential for significant returns on investment. In February 2020, we launched the AmnioExcel® Plus Placental Allograft Membrane, the next generation wound care offering to support soft tissue repair. Throughout 2020, we continue to reap the benefits of many of our ten new products launches from 2019. In addition to new product development, we are funding studies to gather clinical evidence to support launches, ensure market access and improve reimbursement for existing products. We continue to identify ways of optimizing our portfolio including identifying low-growth, low-margin products and product franchises for discontinuation.

In January 2021, we completed the sale of our Extremity Orthopedics business to Smith & Nephew USD Limited for approximately $240 million in cash. This transaction enables us to increase our investments in our core Neurosurgery and Tissue Technology businesses which will strengthen our existing leadership positions in both areas, fund pipeline opportunities to drive future growth and expand our addressable markets. See Note 3, *Assets and Liabilities Held for Sale*, for details.

Commercial Channel Investments. With acquisitions, new product introductions and a broader portfolio of products, investing in our sales channels is a core part of our strategy to create specialization and greater focus on reaching new and existing customers and addressing their needs. Internationally, we have increased our commercial resources significantly in many markets and are making investments to support our sales organization and maximize our commercial opportunities. We now have a strong international sales channel that will deliver our current portfolio as well as position us for expansion. In addition, we continue to build upon our leadership brands across our product franchises to enable us to engage customers through enterprise-wide contracts.

Customer Experience. We aspire to be ranked as a best-in-class provider and are committed to strengthen our relationships with all customers. We strive to consistently deliver outstanding customer service and continue to invest in technologies, systems and processes to improve the way our customers do business with us. Additionally, we expect to build on the success of our professional education programs to drive continued customer familiarity with our growing portfolio of medical technologies globally.

Clinical and Product Development Activities

We continue to invest in collecting clinical evidence to support the Company's existing products and new product launches, and to ensure that we obtain market access for broader and more cost-effective solutions. In each area, we continue to benefit from products launched over the past two years.

Within our Codman Specialty Surgical segment, the Company received FDA clearance in July 2020 to treat malignant and benign tumors, but not limited to meningiomas and gliomas, for its CUSA® Clarity Ultrasonic Surgical Aspirator System, the first and only ultrasonic tissue ablation system with this specific indication. The FDA clearance is based on a wealth of peer-reviewed clinical publications and 40 years of surgical cases involving resection of brain and spinal tumors.

Additionally, the Company continued to reap the benefits of our product launches from the prior year from the Codman Specialty Surgical segment, including our new electrosurgery generator and irrigator system, an innovative customer-centric toolkit for our Certas™ Plus Programmable Valve along with additional shunt configurations. In Japan, we are experiencing strong growth as a result of the successful launch of DuraGen® last year, which is the first and only collagen xenograft approved for use as a dural substitute in the country. We are focused on the development of core clinical applications in our

electromechanical technologies portfolio. Also, we updated our CUSA Clarity platform to incorporate a new ultrasonic handpiece, surgical tips and integrated electrosurgical capabilities. We continue to work with several instrument partners to bring new surgical instrument platforms to the market. This enables us to add new instruments with minimal expense and invest in ongoing development, such as our next generation of LED technology with our DUO LED Surgical Headlight System.

Throughout the year, we also continued to advance the early-stage technology platforms we acquired in 2019. Through the Arkis Biosciences acquisition, we added a platform technology, CerebroFlo® external ventricular drainage (EVD) catheter with Endexo® technology, a permanent additive designed to reduce the potential for catheter obstruction due to thrombus formation. The CerebroFlo EVD Catheter has demonstrated an average of 99% less thrombus accumulation onto its surface, in vitro, compared to a market leading EVD catheter. We also acquired a company, Rebound Therapeutics, that specialized in single-use medical devices that enable minimally invasive access with enhanced lighting and visualization to the neurosurgery suite. Importantly, these new platforms provide us with the opportunity to expand into new, faster growth therapeutic areas, such as intracerebral hemorrhage and minimally invasive neurosurgery.

Within our Orthopedics and Tissue Technologies segment, in February 2020, we launched AmnioExcel® Plus Placental Allograft Membrane, a human placental tissue product for treatment of wounds. We also launched a small post baseplate in our reverse shoulder system that accommodates smaller patients. In addition, we initiated the limited market release of enhancements to our Salto Talaris® Total Ankle System.

In May 2020, the Company announced positive clinical and economic data on Integra® Bilayer Wound Matrix ("IBWM") in complex lower extremity reconstruction based on two retrospective studies recently published in Plastic and Reconstructive Surgery, the official journal of the American Society of Plastic Surgeons. As surgeons looks for ways to efficiently and effectively repair and close wounds during these challenging times, IBWM helps address the efficiency needed in operating rooms by reducing both the operating time and costs to hospitals and patients.

COVID-19 Pandemic

During this global crisis, the Company's focus remains on supporting patients, providing customers with life-saving products, and protecting the well-being of our employees. The rapid and evolving spread of the virus has resulted in an unprecedented challenge to the global healthcare industry, as medical resources were reallocated to fight COVID-19. During the first half of 2020, in response to the pandemic, we acted swiftly by implementing protocols to ensure continuity of our manufacturing and distribution sites around the world and to provide for the safety of our employees. We continued to invest in our key research, development and clinical programs but also implemented cost-savings measures, which included the following:

- Reduced executive management compensation through July 2020 and director compensation;
- Reduced cash compensation for all other employees through reduced commissions, reduction in hours through July 2020 and/or furloughs;
- Hiring freeze, elimination of overtime, reduction in certain employee benefit costs, cessation of third-party services and temporary contractor relationships; and
- Significant reduction in capital expenditures and discretionary spending including travel, events and marketing programs.

As the recovery began to take hold, we saw the benefit of our balanced pandemic response. In the second half of 2020, while continuing to methodically manage expenses, the Company restored employee wages, hired key positions and allocated additional funds toward growth and productivity projects. We remain confident that the underlying markets in which the Company competes remain attractive over the long term. We also remain focused on managing the business for the long-term, including preserving full time jobs needed to support the rebound in surgical procedure volumes. The Company's adaptability and resiliency in the face of this unprecedented crisis is made possible in part by prior investments in technology infrastructure and operations, as well as our talented and committed global workforce.

Capital markets and worldwide economies have also been significantly impacted by the COVID-19 pandemic, and it is possible that it could cause a local and/or global economic recession. Any such economic recession could have a material adverse effect on the Company's long-term business as hospitals curtail and reduce capital as well as overall spending. The COVID-19 pandemic and local actions, such as “shelter-in-place” orders and restrictions on travel and access to our customers or temporary closures of our facilities or the facilities of our suppliers and their contract manufacturers, could further significantly impact our sales and our ability to ship our products and supply our customers. Any of these events could negatively impact the number of surgical and medical intervention procedures performed and have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Information pertaining to additional risk factors as it relates to the COVID-19 pandemic can be found in Item 1A. Risk Factors.

FDA Matters

We manufacture and distribute products derived from human tissue for which FDA has specific regulations governing human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing or consisting of human cells or tissue intended for transplantation into a human patient. Refer to Item 1. *Business* and Item 1A. *Risk Factors* for further details around these FDA regulations and their potential effect on the Company's portfolio of morselized amniotic material-based products as well as the impact on consolidated revenues.

On March 7, 2019, TEI Biosciences, Inc. a subsidiary of the Company received a Warning Letter (the "Warning Letter"), dated March 6, 2019, from the FDA. The warning letter relates to quality systems issues at our manufacturing facility located in Boston, Massachusetts. The letter resulted from an inspection held at that facility in October and November 2018 and did not identify any new observations that were not already provided in the Form 483 that followed the inspection. The Company submitted its initial response to the FDA Warning Letter on March 28, 2019 and provides regular progress reports to the FDA as to its corrective actions and, since the conclusion of the inspection, has undertaken significant efforts to remediate the observations and continues to do so. The warning letter does not restrict the Company's ability to manufacture or ship products or require the recall of any products. Nor does it restrict our ability to seek FDA 510(k) clearance of products. The letter states that requests for Certificates to Foreign Governments would not be granted. However, due to our progress reports, the FDA agreed to resume issuing Certificates to Foreign Governments to TEI due to substantial progress and the length of time it takes to resolve the Warning Letter. Additionally, premarket approval applications for Class III devices to which the Quality System regulation violations are reasonably related will not be approved until the violations have been corrected. The TEI Boston facility manufactures extracellular bovine matrix (EBM) products. The Company does not expect to incur material incremental expense for remediation activities. We cannot, however, give any assurances that the FDA will be satisfied with our response to the Warning Letter or as to the expected date of the resolution of the matters included in the letter. Until the issues cited in the letter are resolved to the FDA's satisfaction, the FDA may initiate additional regulatory action without further notice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

Revenues of products manufactured in the TEI Boston facility for the year ended December 31, 2020 were approximately 4.5% of consolidated revenues.

ACQUISITIONS & DIVESTITURES

Divestiture

On January 4, 2021, upon the terms and conditions set forth in the Divestiture agreement (see Note 3, *Assets and Liabilities Held for Sale)*, the Company completed its previously announced sale of its Extremity Orthopedics business to Smith & Nephew USD Limited. The Company received an aggregate purchase price of $240.0 million from Smith and Nephew and concurrently paid $41.5 million to CFO effectively terminating our licensing agreement (see Note 5, *Acquisitions)*. The transaction included the sale of the Company's upper and lower Extremity Orthopedics product portfolio, including ankle and shoulder arthroplasty and hand and wrist product lines.

Acquisitions

Our growth strategy includes the acquisition of businesses, assets or products lines to increase the breadth of our offerings and the reach of our product portfolios and drive relevant scale to our customers. As a result of several acquisitions throughout 2019, our financial results for the year ended December 31, 2020 may not be directly comparable to those of the corresponding prior-year periods. See Note 5 - *Acquisitions* and Note 18- *Subsequent Events*, to our consolidated financial statements for a further discussion.

ACell Inc.

On January 20, 2021, the Company acquired ACell Inc. for an acquisition purchase price of $300 million. Under the terms of the definitive merger agreement, the Company paid the consideration for the merger as an upfront cash payment subject to a customary post-closing adjustment for certain working capital. The Company is also required to pay the former shareholders of ACell Inc. up to $100 million based upon achieving certain revenue-based performance milestones in 2022, 2023 and 2025.

Arkis BioSciences Inc.

On July 29, 2019, the Company acquired Arkis BioSciences Inc. ("Arkis") for an acquisition purchase price of $30.6 million (the "Arkis Acquisition") plus contingent consideration of up to $25.5 million, that may be payable based on the successful completion of certain development and commercial milestones. The Company estimated the fair value of the contingent consideration to be $13.1 million at the acquisition date. The estimated fair value as of December 31, 2020 was $15.1 million. The Company recorded $3.4 million in accrued expenses and other current liabilities and $11.7 million in other liabilities at December 31, 2020 in the consolidated balance sheets of the Company. Arkis was a privately-held company that marketed the

CerebroFlo® external ventricular drainage (EVD) catheter with Endexo® technology, a permanent additive designed to reduce the potential for catheter obstruction due to clotting.

Rebound Therapeutics Corporation

On September 9, 2019, the Company acquired Rebound Therapeutics Corporation (“Rebound”), developers of a single-use medical device known as the Aurora which enables minimally invasive access, using optics and illumination, for visualization, diagnostic and therapeutic use in neurosurgery (the “Rebound transaction”). Under the terms of the Rebound transaction, the Company made an upfront payment of $67.1 million and committed to pay up to $35.0 million of contingent development milestones upon achievement of certain regulatory milestones. The acquisition of Rebound was primarily concentrated in one single identifiable asset and thus, for accounting purposes, the Company concluded that the acquired assets did not meet the accounting definition of a business. The initial payment was allocated primarily to Aurora, resulting in a $59.9 million in-process research and development (IPR&D) expense. The balance of approximately $7.2 million, which included $2.1 million of cash and cash equivalents and a net deferred tax asset of $4.2 million, was allocated to the remaining net assets acquired. The deferred tax asset primarily resulted from a federal net operating loss carryforward.

During the fourth quarter of 2019, the Company achieved the first developmental milestone which triggered a $5.0 million obligation to be paid to former shareholders of Rebound. The Company recorded $5.0 million as IPR&D expense in the consolidated statements of operations during the year ended December 31, 2019. The obligation was included in accrued liabilities at December 31, 2019 in the consolidated balance sheets. The milestone was paid during the first quarter of 2020.

During the fourth quarter of 2020, the Company achieved another developmental milestone which triggered a $20.0 million obligation to be paid to the former shareholders of Rebound. The milestone was paid during the fourth quarter of 2020.

Integrated Shoulder Collaboration, Inc.

On January 4, 2019, the Company entered into a licensing agreement with Integrated Shoulder Collaboration, Inc ("ISC"). Under the terms of the agreement, the Company paid ISC $1.7 million for the exclusive, worldwide license to commercialize its short stem and stemless shoulder system. A patent related to short stem and stemless shoulder systems was issued to ISC during the first quarter of 2019. ISC is eligible to receive royalties on sales of the short stem and stemless shoulder system. The Company has the option to acquire ISC at a date four years subsequent to the first commercial sale, which becomes mandatory upon the achievement of a certain sales threshold of the short stem and stemless shoulder system, for an amount not to exceed $80.0 million. The transaction was accounted for as an asset acquisition as the Company concluded that it acquired primarily one asset. During the quarter ended March 31, 2019, the total upfront payment of $1.7 million was expensed as a component of research and development expense and the future milestone and option payments will be recorded if the corresponding events become probable. In connection with the divestiture of the Extremity Orthopedics business, the Company paid $41.5 million to the Consortium of Focused Orthopedists, LLC (“CFO”) concurrently pursuant to the terms of certain agreements between Integra and CFO relating to the development of shoulder arthroplasty products effectively terminating our licensing agreement with ISC.

OPTIMIZATION AND INTEGRATION ACTIVITIES

As a result of our ongoing acquisition strategy and significant growth in recent years, we have undertaken cost-saving initiatives to consolidate manufacturing operations, distribution facilities and transfer activities, implement a common ERP system, eliminate duplicative positions, realign various sales and marketing activities, and expand and upgrade production capacity for our regenerative technology products. These efforts are expected to continue and while we expect a positive impact from ongoing restructuring, integration, and manufacturing transfer and expansion activities, such results remain uncertain.

RESULTS OF OPERATIONS

Executive Summary

Net income for the year ended December 31, 2020 was $133.9 million, or $1.57 per diluted share, compared to $50.2 million, or $0.58 per diluted share for the year ended December 31, 2019.

The increase in net income for the year ended December 31, 2020 as compared to December 31, 2019 was primarily driven by two main components. The first was due to a net tax benefit in 2020 due to the impact of the intra-entity transfer of certain intellectual property which resulted in the recognition of a deferred tax benefit in the amount of $59.2 million. The second component of the increase in net income in 2020 compared to 2019 resulted from a $64.9 million IPR&D expense attributed to the Rebound transaction which occurred during the third quarter of 2019. Excluding these components, net income for the year ended December 31, 2020 declined by $40.4 million compared to the prior year 2019. This decrease was attributable to the impact of the COVID-19 pandemic which resulted in lower revenues, and was partially offset by a decrease in the level of operating expenses due to cost-savings measures implemented by the Company during 2020. The Company demonstrated recovery in both of our reporting segments in the second half of 2020 as compared to the first half of 2020. The revenue results

in the second half of 2020 along with expense management by the Company contributed to overall profitability and strong operating cash flows during a year in which the Company was severely affected by a global crisis.

For the year ended December 31, 2020, total revenues were $1,371.9 million, representing a decline of 9.6% from prior year revenues due to COVID-19 related surgical procedure delays and capital spending deferrals. Given the variability throughout 2020, we have presented our results below including Revenue for the first and second half of 2020 as compared to the first and second half of 2019.

	First Half		Second Half	
	(amounts in thousands)			
	2020	2019	2020	2019
Codman Special Surgical	$ 401,218	$ 483,826	$ 493,613	$ 512,380
Orthopedics and Tissue Technologies	$ 211,771	$ 259,509	$ 265,266	$ 261,842
Total Revenue	$ 612,989	$ 743,335	$ 758,879	$ 774,222

During the first half of 2020, total revenues declined $130.3 million, representing a decline of 18%, compared to the first half of 2019 and reflected the impact of the COVID-19 pandemic on the Company from mid-March 2020 through June 30, 2020. The Company experienced the largest impact of COVID-19 during the second quarter of 2020 when revenues declined 32.6% compared to the same period in 2019. As a result of the speed and severity of the spread of COVID-19, the Company saw rapid and significant decline in surgical and medical intervention procedures as healthcare providers deferred non-urgent medical procedures in order to address the increasing demands caused by the COVID-19 pandemic. Despite the revenue decline experienced, the Company does not believe its underlying markets in neurosurgery and regenerative medicine have fundamentally changed, rather the revenue declines were driven by COVID-19 procedural delays.

During the second half of 2020, total revenues declined $15.3 million, representing a decline of 2% compared to the second half of 2019. In the second half of 2020, we experienced strong sequential revenue improvements across all franchises, representing an increase of 24% compared to the first of half of 2020. The Company's performance varied across regions and product lines based on the severity of the pandemic but in general, the Company saw broad based recovery across its portfolio when compared to the first half of 2020, as surgical procedures recovered and shelter in place restrictions were lifted.

In the Codman Specialty Surgical ("CSS") segment, revenues for the second half of 2020 increased 23.0% as compared to the first half of 2020. Both the Neurosurgery and Instruments portfolio showed significant sequential improvement compared to the first half of 2020. During the second half of 2020, CSS revenues declined 3.7% as compared to the second half of 2019. Sales in our neuro monitoring products increased high single digits and CSF management products increased mid single digits in the second half of 2020 compared to the second half of 2019. Despite showing low double digits sequential improvement as compared to the first half of 2020, sales in capital equipment products, declined low double digits in the second half of 2020 compared to the same period in the prior year as hospitals and healthcare institutions continued to allocate capital budgets to manage the increase in costs associated with the COVID pandemic. The Company continues to have a strong pipeline of new capital opportunities and believes the reallocation of capital budgets is only temporary. Sales from our Instruments portfolio decreased low double digits excluding discontinued products as compared to the second half of 2019, due to a decrease experienced in surgical procedures as a result of COVID-19.

In the Orthopedics and Tissue Technologies ("OTT") segment, revenues for the second half of 2020 increased 25.3% as compared to the first half of 2020. Sales in our Wound Reconstruction, Extremity Orthopedics and Private Label portfolios all showed sequential improvement in revenues as compared to the first half of 2020. During the second half of 2020, OTT revenues increased 1.3% as compared to the second half of 2019. Sales in our Private label portfolio increased high-single digits over the prior year. Sales of our Wound Reconstruction and Extremity Orthopedics portfolio remained flat as compared to the second half of 2019 led by growth in sales of Integra skin, nerve and Primatrix products.

We continue to closely monitor local, regional, and global COVID-19 surges as well as new variants of the virus for an impact on procedures during Q1 2021 and beyond. The reallocation of hospital resources to treat COVID-19 may continue to cause a financial strain on healthcare systems and reduce procedural volumes. Additionally, the Company does not expect all markets and product lines to improve at the same rate based on the level of recurrence of COVID-19 and its associated impact on the pace of procedure recovery and economic normalization.

Special Charges

Income before taxes includes the following special charges:

	Years Ended December 31,	
	2020	2019
	(In thousands)	
Acquisition, divestiture and integration-related charges [2]	$ 32,906	$ 124,665
Convertible debt non-cash interest expense	15,415	—
Structural optimization charges	15,363	17,582
EU medical device regulation	9,372	6,221
Discontinued product lines charges	6,342	9,168
Expenses related to debt refinancing	6,168	—
COVID-19 pandemic related charges [1]	3,482	—
Impairment charges	—	5,764
Litigation matters	—	96
Total	89,048	163,496

(1) Charges relate to business interruptions and costs associated with the COVID-19 pandemic which impacted the Company's operations globally, partially offset by Coronavirus government relief programs.

(2) The Company included $64.9 million of IPR&D expense within acquisition, divestiture and integration-related charges as a result of the Rebound transaction in the prior year.

The items reported above are reflected in the consolidated statements of operations as follows:

	Years Ended December 31,	
	2020	2019
	(In thousands)	
Cost of goods sold [1]	$ 34,557	$ 25,266
Research and development	3,163	2,786
IPR&D expense	—	64,916
Selling, general and administrative	29,745	67,265
Intangible asset amortization [2]	—	5,764
Interest expense	21,583	—
Other (income) expense	—	(2,501)
Total	$ 89,048	$ 163,496

(1) Amortization and impairment charges related to technology based intangible assets is included in cost of goods sold.

(2) Impairment charges related to non-technology based intangible assets such as customer relationships are included in Intangible asset amortization.

We typically define special charges as items for which the amounts and/or timing of such expenses may vary significantly from period to period, depending upon our acquisition, divestiture, integration and restructuring activities, and for which the amounts are non-cash in nature, or for which the amounts are not expected to recur at the same magnitude. We believe that given our ongoing strategy of seeking acquisitions, our continuing focus on rationalizing our existing manufacturing and distribution infrastructure and our continuing review of various product lines in relation to our current business strategy, some of the special charges discussed above could recur with similar materiality in the future.

We believe that the separate identification of these special charges provides important supplemental information to investors regarding financial and business trends relating to our financial condition and results of operations. Investors may find this information useful in assessing comparability of our operating performance from period to period, against the business model objectives that management has established, and against other companies in our industry. We provide this information to investors so that they can analyze our operating results in the same way that management does and to use this information in their assessment of our core business and valuation of Integra.

Revenues and Gross Margin

Our revenues and gross margin on product revenues were as follows:

	Years Ended December 31,	
	2020	2019
Segment Net Sales	(In thousands)	
Codman Specialty Surgical	$ 894,831	$ 996,206
Orthopedics and Tissue Technologies	477,037	521,351
Total revenues	1,371,868	1,517,557
Cost of goods sold	520,834	564,681
Gross margin on total revenues	$ 851,034	$ 952,876
Gross margin as a percentage of total revenues	62.0 %	62.8 %

Revenues

For the year ended December 31, 2020, total revenues decreased by $145.7 million, or 9.6%, to $1,371.9 million from $1,517.6 million during the prior year. Domestic revenues decreased by $105.4 million, or 9.8%, to $972.0 million and were 70.9% of total revenues for the year ended December 31, 2020. International revenues decreased by $40.3 million or 9.2% to $399.9 million, compared to $440.2 million during 2019. The net decrease of $145.7 million was a result of decline in both segments due to disruption from the COVID-19 pandemic, $22.7 million due to discontinued and divested products, and $4.7 million due to favorable impact of foreign exchange.

Codman Specialty Surgical revenues were $894.8 million, a decrease of 10.2% from the prior year primarily due to disruption caused by the COVID-19 pandemic and impact of discontinued products. Orthopedics and Tissue Technologies revenues were $477.0 million, a decrease of 8.5% from the prior year primarily due to disruption caused by the COVID-19 pandemic.

With our global reach, we generate revenues in multiple foreign currencies. Accordingly, we will experience currency exchange risk with respect to those foreign currency denominated revenues.

Gross Margin

Gross margin as a percentage of revenues was 62.0% in 2020 and 62.8% in 2019. The decrease in gross margin percentage from 2019 to 2020 was primarily due to the disruption caused by the COVID-19 pandemic, an increase related to the manufacturing transition of certain CSS products to our Mansfield, MA facility, partially offset by favorable product mix.

Operating Expenses

The following is a summary of operating expenses as a percent of total revenues:

	Years Ended December 31,	
	2020	2019
Research and development	5.6 %	5.2 %
IPR&D expense	— %	4.3 %
Selling, general and administrative	43.3 %	45.3 %
Intangible asset amortization	2.0 %	1.8 %
Total operating expenses	50.9 %	56.6 %

Total operating expenses, which consist of research and development, IPR&D, selling, general and administrative, and amortization expenses, decreased by $159.5 million or 18.6% to $699.7 million in 2020, compared to $859.1 million in the prior year. Operating costs were managed lower in 2020 due to on-going cost reduction efforts to offset the impact of lower revenues driven by the COVID-19 pandemic. These cost reduction actions included temporary reduced compensation and work hours, hiring freezes, reduction in certain employee benefit costs, cessation of third party services and contractors, and reductions in discretionary spending, including travel, events and marketing programs for a period of time.

Research and Development

Research and development expenses for the year ended December 31, 2020 largely remained flat year over year with only a slight decrease of $2.2 million compared to the prior year. The Company continues to invest in R&D programs with spending in-line with prior year levels despite the challenges from the COVID-19 pandemic.

In-Process Research and Development

IPR&D expense for the year ended December 31, 2020 decreased $64.9 million from the same period last year as a result of IPR&D expense attributed to the Rebound transaction which occurred during the third quarter of 2019.

Selling, General and Administrative

Selling, general and administrative expenses for the year ended December 31, 2020 decreased by $93.1 million as compared to the prior year resulting from less acquisition, divestiture and integration related charges, lower commissions and selling costs resulting from lower revenue during the year and overall cost reduction actions resulting from cost-savings measures taken by the Company as a result of the impact of the COVID-19 pandemic.

Intangible Asset Amortization

Amortization expense (excluding amounts reported in cost of product revenues for technology-based intangible assets) in 2020 was $27.8 million compared to $27.0 million in 2019.

We may discontinue certain products in the future as we continue to assess the profitability of our product lines. As our profitability assessment evolves, we may make further decisions about our trade names and incur additional impairment charges or accelerated amortization. We expect total annual amortization expense (including amounts reported in cost of product revenues, but excluding any possible future amortization associated with acquired IPR&D and recent acquisition of ACell Inc. completed on January 20, 2021) to be approximately $63.8 million in 2021, $61.4 million in 2022, $60.7 million in 2023, $60.2 million in 2024, $60.2 million in 2025 and $512.3 million thereafter.

Non-Operating Income and Expenses

The following is a summary of non-operating income and expenses:

	Years Ended December 31,	
	2020	2019
	(In thousands)	
Interest income	$ 9,297	$ 10,779
Interest expense	(71,581)	(53,957)
Other income, net	4,434	9,522
Total non-operating income and expense	$ (57,850)	$ (33,656)

Interest Income

Interest income for the year ended December 31, 2020 decreased by $1.5 million as compared to the same period last year primarily due to the termination of cross-currency swaps designated as net investment hedges in Q4 2019.

Interest Expense

Interest expense for the year ended December 31, 2020 increased by $17.6 million as compared to the same period last year primarily due to an increase in non-cash interest expense due to the issuance of the Convertible Senior Notes and expenses associated with our Amended and Restated Senior Credit Agreement.

Other Income, Net

Other income, net for the year ended December 31, 2020 decreased by $5.1 million as compared to the same period last year primarily due to the unfavorable impact of foreign exchange and a $3.0 million gain from a legal settlement received during the prior year.

Income Taxes

Our effective income tax rate was (43.2)% and 16.5% of income before income taxes in 2020 and 2019, respectively. See Note 13, *Income Taxes*, in our consolidated financial statements for a reconciliation of the United States federal statutory rate to our effective tax rate. Our effective tax rate could vary from year to year depending on, among other factors, tax law changes, the geographic and business mix and taxable earnings and losses. We consider these factors and others, including our history of generating taxable earnings, in assessing our ability to realize deferred tax assets.

In December 2020, the Company completed an intra-entity transfer of certain intellectual property rights to one of its subsidiaries in Switzerland. While the transfer did not result in a taxable gain; the Company’s Swiss subsidiary received a step-up in tax basis based on the fair value of the transferred intellectual property rights. The Company determined the fair value using a discounted cash flow model based on expectations of revenue growth rates, royalty rates, discount rates, and useful lives of the intellectual property. The Company recorded a $59.2 million deferred tax benefit in Switzerland related to the amortizable tax basis in the transferred intellectual property.

Our effective tax rate could vary from year to year depending on, among other factors, tax law changes, the geographic and business mix and taxable earnings and losses. We consider these factors and others, including our history of generating taxable earnings, in assessing our ability to realize deferred tax assets. We estimate our worldwide effective income tax rate for 2021 to be approximately 20.0%.

At December 31, 2020, the Company had $9.9 million of valuation allowance against the remaining $173.3 million of gross deferred tax assets recorded at December 31, 2020. Our deferred tax asset valuation allowance remained substantially unchanged in 2020 and increased by $2.9 million in 2019. This valuation allowance relates to deferred tax assets for which the Company does not believe it has satisfied the more likely than not threshold for realization. The increase in valuation allowance in 2019 primarily resulted from certain assets from the Rebound and Arkis acquisitions.

At December 31, 2020, we had net operating loss carryforwards of $90.2 million for federal income tax purposes, $36.7 million for foreign income tax purposes and $41.6 million for state income tax purposes to offset future taxable income. The federal net operating loss carryforwards decreased during 2020 due to the use of net operating losses. Of the total federal net operating loss carryforwards, $78.4 million expire through 2037 and $11.8 million have an indefinite carryforward period. Regarding the foreign net operating loss carryforwards, $0.3 million expire through 2025, and the remaining $36.4 million have an indefinite carryforward period. The state net operating loss carryforwards expire in 2036.

As of December 31, 2020, the Company has not provided deferred income taxes on unrepatriated earnings from foreign subsidiaries as they are deemed to be indefinitely reinvested. Such taxes would primarily be attributable to foreign withholding taxes and local income taxes when such earnings are distributed. As such, the Company has determined the tax impact of repatriating these earnings would not be material as of December 31, 2020.

GEOGRAPHIC PRODUCT REVENUES AND OPERATIONS

The Company attributes revenues to geographic areas based on the location of the customer. Total revenue by major geographic area consisted of the following:

	Years Ended December 31,	
	2020	2019
	(In thousands)	
United States	$ 971,975	$ 1,077,379
Europe	172,689	197,468
Asia Pacific	157,174	157,391
Rest of World	70,030	85,319
Total Revenues	$ 1,371,868	$ 1,517,557

The Company generates significant revenues outside the U.S., a portion of which are U.S. dollar-denominated transactions conducted with customers that generate revenue in currencies other than the U.S. dollar. As a result, currency fluctuations between the U.S. dollar and the currencies in which those customers do business could have an impact on the demand for the Company's products in foreign countries. Local economic conditions, regulatory compliance or political considerations, the effectiveness of our sales representatives and distributors, local competition and changes in local medical practice all may combine to affect our sales into markets outside the U.S.

Domestic revenues decreased by $105.4 million for the year ended December 31, 2020 compared to the same period last year. European sales decreased by $24.8 million for the year ended December 31, 2020 compared to the same period last year. Sales to customers in Asia Pacific decreased by only $0.2 million for the year ended December 31, 2020 compared to the same period last year driven by accelerated recovery in both the Japan and China markets in relation to otherwise negative COVID-19 impacts. The Rest of the World for the year ended December 31, 2020 decreased by $15.3 million compared to the same period last year. The decrease in revenues globally was primarily due to adverse effects of the COVID-19 pandemic across all franchises.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

At December 31, 2020 and December 31, 2019, working capital was $836.2 million and $526.9 million, respectively. Working capital consists of total current assets less total current liabilities as presented in the consolidated balance sheets.

Cash and Marketable Securities

The Company had cash and cash equivalents totaling approximately $470.2 million and $198.9 million at December 31, 2020 and 2019, respectively, which are valued based on Level 1 measurements in the fair value hierarchy. At December 31, 2020,

our non-U.S. subsidiaries held approximately $234.0 million of cash and cash equivalents that are available for use outside the U.S. The Company asserts that it has the ability and intends to indefinitely reinvest the undistributed earnings from its foreign operations unless there is no material tax cost to remit the earnings into the U.S. The Company does not anticipate the need to repatriate earnings from foreign subsidiaries as a result of the impact of the COVID-19 pandemic.

Cash Flows

	Year Ended December 31,	
	2020	2019
	(In thousands)	
Net cash provided by operating activities	$ 203,832	$ 231,433
Net cash used in investing activities	(68,073)	(162,668)
Net cash used (provided) by financing activities	121,625	(8,766)
Effect of exchange rate fluctuations on cash	13,871	74
Net increase (decrease) in cash and cash equivalents	$ 271,255	$ 60,073

Cash Flows Provided by Operating Activities

Operating cash flows for the year ended December 31, 2020 decreased compared to the same period in 2019. Net income after non-cash adjustments increased by approximately $0.8 million to $245.1 million from $245.9 million. The changes in assets and liabilities, net of business acquisitions, decreased cash flows from operating activities by $41.3 million in the year ended December 31, 2020 compared to a decrease of $14.5 million for the same period in 2019. The decrease in 2020 is attributable to an increase in inventory to improve safety stock of select products. In addition, decreases were also driven by reduced payables offset by decreases in accounts receivable due to lower revenues and continued collection efforts.

Cash Flows Used in Investing Activities

During the year ended December 31, 2020, we paid $38.9 million for capital expenditures, most of which were directed to our facilities located in Mansfield, MA; Boston, MA; Memphis, TN; and Princeton, NJ and $25.0 million associated with achieving developmental milestones paid to the former shareholders of Rebound. During the year ended December 31, 2019, we paid $69.5 million for capital expenditures, most of which were directed to our new Mansfield, Massachusetts facility, Princeton, New Jersey facility and commercial expansion. Further we paid $95.5 million for the Arkis and Rebound transactions, net of cash acquired.

Cash Flows Provided by (Used in) Financing Activities

Our principal sources of cash from financing activities for the year ended December 31, 2020 were $515.3 million in proceeds from the issuance of Convertible Senior Notes including the call and warrant transactions and $171.5 million borrowing under our Senior Credit Facility and Securitization Facility. These were offset by repayments of $441.0 million on the revolving portion of our Senior Credit Facility and Securitization Facility, $24.3 million in debt issuance costs related to the Amended and Restated Senior Credit Agreement and the issuance of Convertible Senior Notes and $100.0 million in purchases of treasury stock.

Our principal sources of cash from financing activities for the year ended December 31, 2019 were $236.9 million in borrowings under our Senior Credit Facility and Securitization Facility. These were offset by repayments of $246.1 million on borrowings under our Senior Credit Facility and Securitization Facility.

Amended and Restated Senior Credit Agreement, Convertible Senior Notes, Securitization and Related Hedging Activities

See Note 6, *Debt* to the current period's consolidated financial statements for a discussion of our Amended and Restated Senior Credit Agreement, Convertible Senior Notes and Securitization Facility and Note 7, *Derivative Instruments* for a discussion of our hedging activities. We are forecasting that for the next twelve months, sales and earnings will be sufficient to remain in compliance with our financial covenants under the terms of the February 2020 Amendment and July 2020 Amendment to the Senior Credit Facility. The Company entered into the July 2020 amendment to increase financial flexibility in light of the unprecedented impact and uncertainty of the COVID-19 pandemic on the global economy.

Share Repurchase Plan

On December 7, 2020, the Board of Directors authorized the Company to repurchase up to $225 million of the Company's common stock. The program allows the Company to repurchase its shares opportunistically from time to time. The repurchase authorization expires in December 2022. This stock repurchase authorization replaces the previous $225 million stock repurchase authorization, of which $125 million remained authorized at the time of its replacement, and which was otherwise set to expire on December 31, 2020.

During the year ended December 31, 2020, the Company repurchased 2.1 million shares of Integra's common stock as a part of our previous share repurchase authorization. The Company utilized $100.0 million of net proceeds from the offering of the Convertible Senior Notes to execute the share repurchase transactions. This included $7.6 million from certain purchasers of the convertible notes in conjunction with the closing of the offering. On February 5, 2020, the Company entered into a $92.4 million accelerated share repurchase ("ASR") to complete the remaining $100.0 million of share repurchases. The Company received 1.3 million shares through the ASR, which represented approximately 80% of the expected total shares. Upon settlement of the ASR in June 2020, the Company received an additional 0.6 million shares, which was determined using the volume weighted average price of the Company's common stock during the term of the ASR.

Dividend Policy

The Company has not paid any cash dividends on our common stock since our formation. Our Senior Credit Facility limits the amount of dividends that we may pay. Any future determinations to pay cash dividends on our common stock will be at the discretion of the Board and will depend upon our financial condition, results of operations, cash flows and other factors deemed relevant by the Board.

Capital Resources

We believe that our cash and available borrowings under the Senior Credit Facility are sufficient to finance our operations and capital expenditures for the foreseeable future. Our future capital requirements will depend on many factors, including the growth of our business, the timing and introduction of new products and investments, strategic plans and acquisitions, among others. Additional sources of liquidity available to us include short term borrowings and the issuance of long term debt and equity securities. Further, as part of our actions to manage the impacts of the COVID-19 pandemic on our business, the Company significantly reduced capital expenditures in 2020 by approximately $30.6 million as compared to the prior year.

Off-Balance Sheet Arrangements

We do not have any off–balance sheet financing arrangements during the year-ended December 31, 2020 that have or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our interests.

Contractual Obligations and Commitments

As of December 31, 2020, we were obligated to pay the following amounts under the following agreements:

		Payments Due by Calendar Year			
	Total	2021	2022-2023	2024-2025	Thereafter
		(In millions)			
Revolving Credit Facility (1)	$ 97.5	$ —	$ —	$ —	$ 97.5
Term Loan	$ 877.5	$ 33.8	$ 45.0	$ 129.4	$ 669.4
Securitization Facility (1)	$ 112.5	$ 112.5	$ —	$ —	$ —
Convertible Securities(4)	$ 575.0	$ —	$ —	$ —	$ 575.0
Interest (2)	$ 48.5	$ 13.1	$ 12.4	$ 22.1	$ 1.0
Employment Agreements (3)	$ 1.0	$ 1.0		$ —	$ —
Operating Leases	$ 138.8	$ 13.8	$ 14.3	$ 21.9	$ 88.9
Purchase Obligations	$ 6.0	$ 2.7	$ 2.1	$ 1.2	$ —
Others	$ 4.2	$ 1.1	$ 0.4	$ 1.6	$ 1.1
Total	$ 1,861.1	$ 178.0	$ 74.2	$ 176.1	$ 1,432.8

(1) The Company may borrow and make payments against the revolving credit portion of its Senior Credit Facility and Securitization Facility from time to time and considers all of the outstanding amounts to be long term based on its current intent and ability to repay the borrowing outside of the next twelve-month period.

(2) Interest is calculated on the term loan portion of the Senior Credit Facility based on current interest rates paid by the Company. As the revolving credit facility and Securitization Facility can be repaid at any time, no interest has been included in the calculation.

(3) Amounts shown under Employment Agreements do not include compensation resulting from a change in control.

(4) On February 4, 2020, the Company issued $575.0 million aggregate principal amount of its of 0.5% Convertible Senior Notes due 2025 (the "2025 Notes"). The 2025 Notes will mature on August 15, 2025 and bear interest at a rate of 0.5% per annum payable semi-annually in arrears, unless earlier converted, repurchased or redeemed in accordance with the terms of the Notes. See Note 6, *Debt*, for the details on the 2025 Notes.

The Company has excluded its contingent consideration obligation related to prior and current year acquisitions from the contractual obligations table above; this liability had a total estimated fair value of $15.4 million at December 31, 2020. This liability has been excluded because the amount to be paid and the potential payment date is not fixed.

In connection with the sale of the Company's Extremity Orthopedic business, the Company will pay $41.5 million to Consortium of Focused Orthopedists, LLC (“CFO”) pursuant to the terms of certain agreements between Integra and CFO relating to the development of shoulder arthroplasty products. As a result, the Company has excluded its former option to acquire Integrated Shoulder Collaboration Inc., which becomes mandatory upon achievement of a certain sales threshold, for an amount not to exceed $80.0 million, as the option is no longer available to the Company following the transaction with CFO. See Note 3, *Assets and Liabilities Held for Sale* and Note 18, *Subsequent Events*, for further details of the transaction.

The Company has excluded its future pension contribution obligations from the table above. This has been excluded because the future amounts to be paid and the potential payment dates are not fixed.

The Company has excluded the liability for uncertain tax benefits from the contractual obligations table above, including interest and penalties, totaling $0.9 million at December 31, 2020. This liability for uncertain tax benefits has been excluded because we cannot make a reliable estimate of the period in which the uncertain tax benefits may be realized.

CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

Our discussion and analysis of financial conditions and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Significant estimates affecting amounts reported or disclosed in the consolidated financial statements include allowances for doubtful accounts receivable and sales returns and allowances, net realizable value of inventories, in-process research and development ("IPR&D"), valuation of intangible assets including amortization periods for acquired intangible assets, discount rates and estimated projected cash flows used to value and test impairments of long-lived assets and goodwill, estimates of projected cash flows and depreciation and amortization periods for long-lived assets, computation of taxes, valuation allowances recorded against deferred tax assets, the valuation of stock-based compensation, valuation of derivative instruments, valuation of the equity component of convertible debt instruments, valuation of contingent liabilities, the fair value of debt instruments and loss contingencies. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the current circumstances. Actual results could differ from these estimates. The COVID-19 pandemic and the resulting adverse impacts to global economic conditions, as well as our operations, may impact future estimates including, but not limited to, inventory valuations, fair value measurements, goodwill and long-lived asset impairments, the effectiveness of the Company’s hedging instruments, deferred tax valuation allowances, and allowances for doubtful accounts receivable.

We believe that the following accounting policies, which form the basis for developing these estimates, are those that are most critical to the presentation of our consolidated financial statements and require the more difficult subjective and complex judgments:

Allowances for Doubtful Accounts Receivable and Sales Returns and Allowances

We evaluate the collectability of accounts receivable based on a combination of factors. The Company recognizes a provision for doubtful accounts that reflects the Company’s estimate of expected credit losses for trade accounts receivable. In circumstances where a specific customer is unable to meet its financial obligations to us, we record an allowance against amounts due to reduce the net recognized receivable to the amount that we reasonably expect to collect. For all other customers, the Company evaluates measurement of all expected credit losses for trade receivables held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. If the financial condition of customers or the length of time that receivables are past due were to change, we may change the recorded amount of allowances for doubtful accounts in the future through charges or reductions to selling, general and administrative expense.

We record a provision for estimated sales returns and allowances on revenues in the same period as the related revenues are recorded. We base these estimates on historical sales returns and allowances and other known factors. If actual returns or allowances differ from our estimates and the related provisions for sales returns and allowances, we may change the provision in the future through an increase or decrease in revenues.

Inventories

Inventories, consisting of purchased materials, direct labor and manufacturing overhead, are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. At each balance sheet date, we evaluate ending inventories for excess quantities, obsolescence or shelf-life expiration. Our evaluation includes an analysis of historical sales levels by product, projections of future demand by product, the risk of technological or competitive obsolescence for our products, general market conditions, a review of the shelf-life expiration dates for our products, and the feasibility of reworking or using

excess or obsolete products or components in the production or assembly of other products that are not obsolete or for which we do not have excess quantities in inventory. To the extent that we determine there are excess or obsolete quantities or quantities with a shelf life that is too near its expiration for us to reasonably expect that we can sell those products prior to their expiration, we adjust their carrying value to estimated net realizable value. If future demand or market conditions are lower than our projections, or if we are unable to rework excess or obsolete quantities into other products, we may record further adjustments to the carrying value of inventory through a charge to cost of product revenues in the period the revision is made.

Acquisitions

Results of operations of acquired companies are included in the Company's results of operations as of the respective acquisition dates. Net assets acquired are recorded at fair value at the date of the acquisition. Any purchase price in excess of these net assets is recorded as goodwill. The fair values of net assets acquired may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date.

Contingent consideration is recognized at the estimated fair value on the acquisition date for a business combination and recorded when probable for an asset acquisition. Subsequent changes to the fair value of contingent payments are recognized in earnings. Contingent payments related to acquisitions consist of development, regulatory, and commercial milestone payments, in addition to sales-based payments, and are valued using discounted cash flow techniques. The fair value of development, regulatory, and commercial milestone payments reflects management's expectations of the probability of payment and increases or decreases as the probability of payment or expectation of timing of payments changes. The fair value of sales-based payments is based upon probability-weighted future revenue estimates and increases or decreases as revenue estimates or expectation of timing of payments changes.

Valuation of Goodwill

The excess of the cost over the fair value of net assets of acquired businesses is recorded as goodwill. Goodwill is not subject to amortization, but is reviewed for impairment at the reporting unit level annually, or more frequently if impairment indicators arise. Our assessment of the recoverability of goodwill is based upon a comparison of the carrying value of goodwill with its estimated fair value. We review goodwill for impairment annually as of July 31 and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Refer to Note 8 - *Goodwill and Other Intangible Assets* for more information on reportable segments.

Valuation of Identifiable Intangible Assets

Other intangible assets include patents, trademarks, purchased technology, and supplier and customer relationships. Identifiable intangible assets are initially recorded at fair market value at the time of acquisition generally using an income or cost approach. The Company capitalizes costs incurred to renew or extend the term of recognized intangible assets and amortizes those costs over their expected useful lives.

Derivatives

We develop, manufacture, and sell medical devices globally. Our earnings and cash flows are exposed to market risk from changes in interest rates and currency exchange rates. We address these risks through a risk management program that includes the use of derivative financial instruments and operate the program pursuant to documented corporate risk management policies. All derivative financial instruments are recognized in the financial statements at fair value in accordance with the authoritative guidance. Under the guidance, for those instruments that are designated and qualify as hedging instruments, the hedging instrument must be designated as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation, based on the exposure being hedged. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. Our derivative instruments do not subject our earnings or cash flows to material risk, and gains and losses on these derivatives generally offset losses and gains on the item being hedged. We have not entered into derivative transactions for speculative purposes and from time to time, we may enter into derivatives that are not designated as hedging instruments in order to protect the Company from currency volatility due to intercompany balances.

All derivative instruments are recognized at their fair values as either assets or liabilities on the balance sheet. We determine the fair value of our derivative instruments, using the framework prescribed by the authoritative guidance, by considering the estimated amount we would receive to sell or transfer these instruments at the reporting date and by taking into account expected forward interest rates, currency exchange rates, the creditworthiness of the counterparty for assets, and our creditworthiness for liabilities. In certain instances, we may utilize a discounted cash flow model to measure fair value. Generally, we use inputs that include quoted prices for similar assets or liabilities in active markets, other observable inputs for the asset or liability, and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Income Taxes

Since we conduct operations on a global basis, our effective tax rate has and will depend upon the geographic distribution of our pre-tax earnings among locations with varying tax rates. Changes in the tax rates of the various jurisdictions in which we operate affect our profits. In addition, we maintain a reserve for uncertain tax benefits, changes to which could impact our effective tax rate in the period such changes are made. The effective tax rate can also be impacted by changes in valuation allowances of deferred tax assets, and tax law changes.

Our provision for income taxes may change period-to-period based on specific events, such as the settlement of income tax audits and changes in tax laws, as well as general factors, including the geographic mix of income before taxes, state and local taxes and the effects of the Company's global income tax strategies. We maintain strategic management and operational activities in overseas subsidiaries. See Note 13, *Income Taxes*, in our consolidated financial statements for disclosures related to foreign and domestic pretax income, foreign and domestic income tax expense (benefit) and the effect foreign taxes have on our overall effective tax rate.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The amount of the accrual for which an exposure exists is measured by determining the amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement of the position. Components of the reserve are classified as a long-term liability in the consolidated balance sheets. We record interest and penalties accrued in relation to uncertain tax benefits as a component of income tax expense.

We believe that we have identified all reasonably identifiable exposures and that the reserve we have established for identifiable exposures is appropriate under the circumstances; however, it is possible that additional exposures exist and that exposures will be settled at amounts different from the amounts reserved. It is also possible that changes in facts and circumstances could cause us to either materially increase or reduce the carrying amount of our tax reserves.

Our deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their basis for income tax purposes, and the temporary differences created by the tax effects of capital loss, net operating loss and tax credit carryforwards. We record valuation allowances when it is more likely than not that some portion or all of the deferred tax assets will not be realized. We could recognize no benefit from our deferred tax assets or we could recognize some or all of the future benefit depending on the amount and timing of taxable income we generate in the future.

We intend to indefinitely reinvest substantially all of our foreign earnings in our foreign subsidiaries unless there is a tax–free manner under which to remit the earnings. The current analysis indicates that we have sufficient U.S. liquidity, including borrowing capacity, to fund foreseeable U.S. cash needs without requiring the repatriation of foreign cash. The 2017 Tax Act imposed a Toll Tax on a deemed repatriation of undistributed earnings of foreign subsidiaries. One time or unusual items that may impact our ability or intent to keep the foreign earnings and cash indefinitely reinvested include significant U.S. acquisitions, loans from a foreign subsidiary, and changes in tax laws.

As of December 31, 2020, the Company has not provided deferred income taxes on unrepatriated earnings from foreign subsidiaries as they are deemed to be indefinitely reinvested. Such taxes would primarily be attributable to foreign withholding taxes and local income taxes when such earnings are distributed. As such, the Company has determined the tax impact of repatriating these earnings would not be material as of December 31, 2020. The Company does not anticipate the need to repatriate earnings from foreign subsidiaries as a result of the impact of the COVID-19 pandemic.

Loss Contingencies

We are subject to claims and lawsuits in the ordinary course of our business, including claims by employees or former employees, and claims with respect to our products and involving commercial disputes. We accrue for loss contingencies when it is deemed probable that a loss has been incurred and that loss is estimable. The amounts accrued are based on the full amount of the estimated loss before considering insurance proceeds, if applicable, and do not include an estimate for legal fees expected to be incurred in connection with the loss contingency. We consistently accrue legal fees expected to be incurred in connection with loss contingencies as those fees are incurred by outside counsel as a period cost. Our financial statements do not reflect any material amounts related to possible unfavorable outcomes of claims and lawsuits to which we are currently a party because we currently believe that such claims and lawsuits are not expected, individually or in the aggregate, to result in a material, adverse effect on our financial condition. However, it is possible that these contingencies could materially affect our results of operations, financial position and cash flows in a particular period if we change our assessment of the likely outcome of these matters.

Pension Benefits

The Company maintains defined benefit pension plans that cover certain employees in France, Japan, Germany and Switzerland. Various factors are considered in determining the pension liability, including the number of employees expected to be paid their salary levels and years of service, the expected return on plan assets, the discount rate used to determine the benefit obligations, the timing of benefit payments and other actuarial assumptions. If the actual results and events for the pension plans differ from current assumptions, the benefit obligation may be over or under valued. We recognize the underfunded status of the defined benefit pension plans as an asset or a liability in the balance sheet, with changes in the funded status recorded through other comprehensive income in the year in which those changes occur.

The Company's discount rates are determined by considering current yield curves representing high quality, long-term fixed income instruments. The resulting discount rates are consistent with the duration of plan liabilities. In 2020, the discount rate was prescribed as the current yield on corporate bonds with an average rating of AA or AAA of equivalent currency and term to the liabilities.

The expected return on plan assets represents the average rate of return expected to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. In developing the expected rate of return, the Company considers returns of historical market data as well as actual returns on the plan assets. Using this reference information, the long-term return expectations for each asset category are developed according to the allocation among those investment categories.

The net plan assets of the pension plans are invested in common trusts as of December 31, 2020. Common trusts are classified as Level 2 in fair value hierarchy. The fair value of common trusts are valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts.

The following weighted average assumptions were used to develop net periodic pension benefit cost and the actuarial present value of projected pension benefit obligations for the year ended December 31, 2020 and 2019, respectively:

	As of December 31,	
	2020	**2019**
Discount rate	0.34 %	0.40 %
Expected return on plan assets	2.04 %	3.33 %
Rate of compensation increase	2.14 %	2.25 %
Interest crediting rate for cash balance plans	1.0 %	0.9 %

A change of plus (minus) 25 basis points on expected rate of return on plan assets, with other assumptions held constant, would have an estimated $0.1 million favorable (unfavorable) impact on pension plan costs. As of December 31, 2020, contributions expected to be paid to the plan in 2021 are $2.3 million.

We use the corridor approach in the valuation of defined benefit pension benefit plans. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and actuarial assumptions. Those unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date of active plan participants.

Stock-based Compensation

We apply the authoritative guidance for stock-based compensation. This guidance requires companies to recognize the expense related to the fair value of their stock-based compensation awards. Stock-based compensation expense for stock option awards is based on the grant date fair value on using the binomial distribution model. The Company recognizes compensation expense for stock option awards, restricted stock awards, performance stock awards and contract stock awards on a ratable basis over the requisite service period of the award. All excess tax benefits and taxes and tax deficiencies from stock-based compensation are included in the provision for income taxes in the consolidated statement of operations.

Recently Issued and Adopted Accounting Standards

Refer to Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements for recently adopted accounting pronouncements.

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

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates that could adversely affect our results of operations and financial condition. To manage the volatility relating to these typical business exposures, we may enter into various derivative transactions when appropriate. We do not hold or issue derivative instruments for trading or other speculative purposes.

Foreign Currency Exchange and Other Rate Risks

We operate on a global basis and are exposed to the risk that changes in foreign currency exchange rates could adversely affect our financial condition, results of operations and cash flows. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros ("EUR"), British pounds ("GBP"), Swiss francs ("CHF"), Canadian dollars, Japanese yen, Mexican pesos, Brazilian reais, Australian dollars and Chinese yuan. We manage the foreign currency exposure centrally, on a combined basis, which allows us to net exposures and to take advantage of any natural offsets. To mitigate the impact of currency fluctuations on transactions denominated in nonfunctional currencies, we periodically enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We temporarily record realized and unrealized gains and losses on these contracts that qualify as cash flow hedges in other comprehensive income, and then recognize them in other income or expense when the hedged item affects net earnings.

From time to time, we enter into foreign currency forward exchange contracts to manage currency exposures for transactions denominated in a currency other than an entity's functional currency. As a result, the impact of foreign currency gains/losses recognized in earnings are partially offset by gains/losses on the related foreign currency forward exchange contracts in the same reporting period. Refer to Note 7, *Derivative Instruments* for further information.

We maintain written policies and procedures governing our risk management activities. With respect to derivatives, changes in hedged items are generally expected to be completely offset by changes in the fair value of hedge instruments. Consequently, foreign currency exchange contracts would not subject us to material risk due to exchange rate movements, because gains and losses on these contracts offset gains and losses on the assets, liabilities or transactions being hedged.

The results of operations discussed herein have not been materially affected by inflation.

Interest Rate Risk

Cash and Cash Equivalents - We are exposed to the risk of interest rate fluctuations on the interest income earned on our cash and cash equivalents. A hypothetical 100 basis points movement in interest rates applicable to our cash and cash equivalents outstanding at December 31, 2020 would increase interest income by approximately $4.7 million on an annual basis. No significant decrease in interest income would be expected as our cash balances are earning interest at rates of approximately one basis points. We are subject to foreign currency exchange risk with respect to cash balances maintained in foreign currencies.

Debt - Our interest rate risk relates primarily to U.S. dollar LIBOR-indexed borrowings. We use interest rate swap derivative instruments to manage our earnings and cash flow exposure to changes in interest rates. These interest rate swaps fix the interest rate on a portion of our expected LIBOR-indexed floating-rate borrowings. The Company held the following interest rate swaps as of December 31, 2020 (dollar amounts in thousands):

Hedged Item	Notional Amount	Designation Date	Effective Date	Termination Date	Fixed Interest Rate	Estimated Fair Value
						Assets (Liabilities)
1-month USD LIBOR	100,000	March 27, 2017	December 31, 2017	June 30, 2021	1.971 %	(929)
1-month USD LIBOR	150,000	December 13, 2017	January 1, 2018	December 31, 2022	2.201 %	(6,152)
1-month USD LIBOR	150,000	December 13, 2017	January 1, 2018	December 31, 2022	2.201 %	(6,405)
1-month USD LIBOR	100,000	December 13, 2017	July 1, 2019	June 30, 2024	2.423 %	(7,724)
1-month USD LIBOR	50,000	December 13, 2017	July 1, 2019	June 30, 2024	2.423 %	(3,778)
1-month USD LIBOR	200,000	December 13, 2017	January 1, 2018	December 31, 2024	2.313 %	(16,243)
1-month USD LIBOR	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.220 %	(9,836)
1-month USD LIBOR	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.199 %	(9,826)
1-month USD LIBOR	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.209 %	(9,783)
1-month USD LIBOR	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.885 %	(10,407)
1-month USD LIBOR	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.867 %	(10,431)
1-month USD LIBOR	125,000	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(382)
1-month USD LIBOR	50,000	December 15, 2020	July 1, 2025	December 31, 2027	1.404 %	(162)
1-month USD LIBOR	225,000	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(846)
1-month USD LIBOR	225,000	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(679)
1-month USD LIBOR	75,000	December 15, 2020	July 1, 2025	December 31, 2027	1.404 %	(187)
Total interest rate derivatives designated as cash flow hedge	1,875,000					(93,769)

These interest rate swaps were designated as cash flow hedges as of December 31, 2020. The total notional amounts related to the Company's interest rate swaps were $1.9 billion and with $975.0 million effective as of December 31, 2020. Based on our outstanding borrowings at December 31, 2020, a 100 basis points change in interest rates would have impacted interest expense on the unhedged portion of the debt by $1.1 million on an annualized basis.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

Financial statements and the financial statement schedule specified by this Item, together with the report thereon of PricewaterhouseCoopers LLP, are presented following Item 15 of this report.

Information on quarterly results of operations is set forth in our financial statements under Note 19, "Selected Quarterly Information — Unaudited," to our consolidated financial statements.

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

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management has designed our disclosure controls and procedures to provide reasonable assurance of achieving the desired control objectives.

As required by Exchange Act Rule 13a-15(b), we have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2020 to provide such reasonable assurance.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is 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 in the United States of America ("GAAP"). We recognize that 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 and procedures may deteriorate.

To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2020.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

Not applicable.

PART III

INCORPORATION BY REFERENCE

The information called for by Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities relating to equity compensation plans, Item 10. Directors, Executive Officers and Corporate Governance, Item 11. Executive Compensation, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Item 13. Certain Relationships and Related Transactions, and Director Independence and Item 14. Principal Accountant Fees and Services is incorporated herein by reference to the Company's definitive proxy statement for its Annual Meeting of Stockholders scheduled to be held on May 14, 2021, which definitive proxy statement is expected to be filed with the Commission not later than 120 days after the end of the fiscal year to which this report relates.

PART IV

ITEM 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULE***

(a) Documents filed as a part of this report.

1. ***Financial Statements.***

The following financial statements and financial statement schedules are filed as a part of this report:

2. Financial Statement Schedule

All other schedules not listed above have been omitted, because they are not applicable or are not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. ***Exhibits required to be filed by Item 601 of Regulation S-K.***

2.1	Stock Purchase Agreement, dated as of October 25, 2013, by and between Covidien Group S.A.R.L. and Integra LifeSciences Corporation (Incorporated by Reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2014)
2.1(a)	Put Option Agreement, dated September 29, 2020, between the Company and certain of its subsidiaries and Smith & Nephew USD Limited, a subsidiary of Smith+Nephew (including the Purchase and Sale Agreement attached as Appendix 1 thereto) (Incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).
2.2	Stock and Asset Purchase Agreement by and among Medtronic, Inc., Medtronic Xomed Instrumentation, SAS, and Integra LifeSciences Corporation, dated as of September 12, 2014 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 27, 2014)
2.3	Separation and Distribution Agreement between Integra LifeSciences Holdings Corporation and SeaSpine Holdings Corporation, dated as of June 30, 2015 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 7, 2015)
2.4	Agreement and Plan of Merger by and among Integra LifeSciences Corporation, Patriot S1, Inc., TEI Biosciences Inc. and Dr. Yiannis Monovoukas, dated as of June 26, 2015 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 20, 2015)
2.5	Agreement and Plan of Merger by and among Integra LifeSciences Corporation, Patriot S2, Inc., TEI Medical Inc. and Dr. Yiannis Monovoukas, dated as of June 26, 2015 (Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 20, 2015)
2.6	Agreement and Plan of Merger by and among Integra LifeSciences Holdings Corporation, Integra Derma, Inc., and Derma Sciences, Inc. dated as of January 10, 2017 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 11, 2017)

2.7	Binding Offer Letter by and among Integra LifeSciences Holdings Corporation and DePuy Synthes, Inc., dated as of February 14, 2017 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 15, 2017
2.8(a)	Asset Purchase Agreement accepted and countersigned by DePuy Synthes, dated May 11, 2017 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on May 15, 2017)
2.8(b)	Asset Purchase Agreement, dated September 8, 2017, between the Company and certain of its subsidiaries and Natus Medical Incorporated (Incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on October 26, 2017)
3.1(a)	Amended and Restated Certificate of Incorporation of the Company dated February 16, 1993 (Incorporated by reference to Exhibit 3.1(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005)
3.1(b)	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated May 22, 1998 (Incorporated by reference to Exhibit 3.1(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998)
3.1(c)	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated May 17, 1999 (Incorporated by reference to Exhibit 3.1(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)
3.1(d)	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated December 21, 2016 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 22, 2016)
3.2(a)	Amended and Restated Bylaws of the Company, effective as of May 17, 2012 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on April 13, 2012)
3.2(b)	Second Amended and Restated Bylaws of Integra LifeSciences Holdings Corporation, effective as of December 11, 2018 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-k filed on December 12, 2018)
4.1	Purchase Agreement, dated June 9, 2011, by and between Integra LifeSciences Holdings Corporation and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 15, 2011)
4.2	Indenture, dated June 15, 2011, by and between Integra LifeSciences Holdings Corporation and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 15, 2011)
4.2 (a)	Indenture, dated as of February 7, 2020, by and between Integra LifeSciences Holdings Corporation and Citibank, N.A., as trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 7, 2020) (Indenture, dated as of February 7, 2020, by and between Integra LifeSciences Holdings Corporation and Citibank, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 7, 2020).
4.2 (b)	First Supplemental Indenture, by and between Integra LifeSciences Holdings Corporation and Citibank, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 9, 2020)
4.3	Security Agreement, dated as of December 22, 2005, among Integra LifeSciences Holdings Corporation and the additional grantors party thereto in favor of Bank of America, N.A., as administrative and collateral agent (Incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005)
4.4	Pledge Agreement, dated as of December 22, 2005, among Integra LifeSciences Holdings Corporation and the additional grantors party thereto in favor of Bank of America, N.A., as administrative and collateral agent (Incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005)
4.5	Subsidiary Guaranty Agreement, dated as of December 22, 2005, among the guarantors party thereto and individually as a "Guarantor"), in favor of Bank of America, N.A., as administrative and collateral agent (Incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005)

4.6	Indenture, dated June 11, 2007, among Integra LifeSciences Holdings Corporation, Integra LifeSciences Corporation and Wells Fargo Bank, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.7	Form of 2.75% Senior Convertible Note due 2010 (included in Exhibit 4.8) (Incorporated by reference to Exhibit B to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.8	Indenture, dated June 11, 2007, among Integra LifeSciences Holdings Corporation, Integra LifeSciences Corporation and Wells Fargo Bank, N.A., as trustee (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.9	Form of 2.375% Senior Convertible Note due 2012 (included in Exhibit 4.10) (Incorporated by reference to Exhibit B to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.10(a)	Registration Rights Agreement, dated June 11, 2007, among Integra LifeSciences Holdings Corporation, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Morgan Stanley & Co., Incorporated, as representatives of the several initial purchasers (Incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.10(b)	Registration Rights Agreement, dated June 11, 2007, among Integra LifeSciences Holdings Corporation, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Morgan Stanley & Co., Incorporated, as representatives of the several initial purchasers (Incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on June 12, 2007)
4.11	Integra LifeSciences Deferred Compensation Plan, effective as of May 16, 2019 (Incorporated by reference to Exhibit 4.13 to the Company's Current Form S-8 Registration Statement filed on May 23, 2019)
4.12	Indenture, dated as of February 7, 2020, by and between Integra LifeSciences Holdings Corporation and Citibank, N.A., as trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 7, 2020)
4.13	Description of Securities+
10.1(a)	Lease Modification #2 entered into as of October 28, 2005, by and between Plainsboro Associates and Integra LifeSciences Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 2, 2005)
10.1(b)	Lease Modification #3 entered into as of March 2, 2011, by and between Plainsboro Associates and Integra LifeSciences Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 3, 2011)
10.1(c)	Lease Modification #4 entered into as of April 20, 2017, by and between Plainsboro Associates and Integra LifeSciences Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2017)
10.2	Equipment Lease Agreement between Medicus Corporation and the Company, dated as of June 1, 2000 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.3(a)	Form of Indemnification Agreement for Non-Employee Directors and Officers (effective prior to February 15, 2019) (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 24, 2008)*
10.3(b)	10.3 (c) Form of Indemnification Agreement for Non-Employee Director and Officers effective February 15, 2019. *
10.4	1996 Incentive Stock Option and Non-Qualified Stock Option Plan (as amended through December 27, 1997) (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 3, 1998)*
10.5	1998 Stock Option Plan (amended and restated as of July 26, 2005) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)*
10.6	1999 Stock Option Plan (amended and restated as of July 26, 2005) (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)*
10.7(a)	Employee Stock Purchase Plan (as amended on May 17, 2004) (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Registration No. 333-127488) filed on August 12, 2005)*

10.7(b)	First Amendment to Employee Stock Purchase Plan, dated October 26, 2005 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 1, 2005)*
10.8(a)	Second Amended and Restated 2003 Equity Incentive Plan effective May 19, 2010 (Incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed May 21, 2010)*
10.8(b)	Amendment to the Second Amended and Restated 2003 Equity Incentive Plan effective May 17, 2012 (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012)*
10.8(c)	Amendment to the Second Amended and Restated 2003 Equity Incentive Plan effective January 1, 2013 (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)*
10.8(d)	Third Amended and Restated 2003 Equity Incentive Plan effective May 22, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 29, 2015)*
10.8(e)	Fourth Amended and Restated 2003 Equity Incentive Plan, effective May 23, 2017 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 25, 2017)
10.8(f)	Amendment to the Integra LifeSciences Holdings Corporation Fourth Amended and Restated 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020)*
10.9	Additional Call Option Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Morgan Stanley & Co. International plc.
10.10(a)	Letter Agreement dated June 7, 2012 between Stuart M. Essig and the Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2012)*
10.10(b)	Indemnity letter agreement dated December 27, 1997 from the Company to Stuart M. Essig (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 3, 1998)*
10.11	Registration Rights Provisions for Stuart M. Essig (Incorporated by reference to Exhibit B of Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 3, 1998)*
10.12(a)	Registration Rights Provisions for Stuart M. Essig (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 8, 2001)*
10.12(b)	Registration Rights Provisions for Stuart M. Essig (Incorporated by reference to Exhibit B of Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)*
10.13	Second Amended and Restated 2005 Employment Agreement between the Company and John B. Henneman, III (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 23, 2014)*
10.14	Consulting Agreement, dated October 12, 2010, between the Company and Inception Surgical (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 12, 2010)*
10.15	Issuer Forward Repurchase Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and JPMorgan Chase Bank, National Association, New York Branch.
10.16	Severance Agreement between Judith O'Grady and the Company dated as of January 3, 2012 (Incorporated by reference to Exhibit 10.16(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011)*
10.17	Third Amended and Restated Employment Agreement between the Company and Peter J. Arduini (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 26, 2017)*
10.17(a)	Amendment to the Third Amendment to the Third Amended and Restated Employment Agreement between the Company and Peter J. Arduini (Incorporated by reference to the Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020)*

10.18	Form of Notice of Stock Option Grant with Eight-Year Term for Peter J. Arduini (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed December 23, 2011)*
10.19	Letter Agreement dated February 19, 2013 between Peter J. Arduini and Integra LifeSciences Holdings Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2013)*
10.20(a)	Lease Contract, dated April 1, 2005, between the Puerto Rico Industrial Development Company and Integra CI, Inc. (executed on September 15, 2006) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006)
10.20(b)	Amendment to Lease Contract dated as of November 2, 2011, between Integra CI, Inc. and Puerto Rico Industrial Development Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2011)
10.20(c)	Termination of Amendment to Lease Contract, dated as of April 2, 2012, between Integra CI, Inc. and Puerto Rico Industrial Development Company (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
10.21	Restricted Units Agreement dated December 27, 1997 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 3, 1998)*
10.22(a)	Stock Option Grant and Agreement pursuant to 1999 Stock Option Plan dated December 22, 2000 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 8, 2001)*
10.22(b)	Stock Option Grant and Agreement pursuant to 2000 Equity Incentive Plan dated December 22, 2000 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 8, 2001)*
10.23(a)	Restricted Units Agreement dated December 22, 2000 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on January 8, 2001)*
10.23(b)	Amendment 2006-1, dated as of October 30, 2006, to the Stuart M. Essig Restricted Units Agreement dated as of December 22, 2000 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 3, 2006)*
10.24	Stock Option Grant and Agreement pursuant to 2003 Equity Incentive Plan dated July 27, 2004 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.25(a)	Contract Stock/Restricted Units Agreement pursuant to 2003 Equity Incentive Plan dated July 27, 2004 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.25(b)	Amendment 2006-1, dated as of October 30, 2006, to the Stuart M. Essig Contract Stock/Restricted Units Agreement dated as of July 27, 2004 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 3, 2006)*
10.25(c)	Amendment 2008-1, dated as of March 6, 2008, to the Stuart M. Essig Contract Stock/Restricted Units Agreement dated as of July 27, 2004 (Incorporated by reference to Exhibit 10.25(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007)*
10.25(d)	Amendment 2011-1, dated as of May 17, 2011, to the Stuart M. Essig Contract Stock/Restricted Units Agreement dated as of July 24, 2004 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)*
10/26	Contract Stock/Units Agreement dated as of May 17, 2011 between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 23, 2011)*
10.27	Form of Amendment 2011-1 to Contract Stock/Restricted Units Agreements between the Company and Mr. Essig (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)*

10.28	Form of Stock Option Grant and Agreement between the Company and Stuart M. Essig (Incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.29(a)	Form of Contract Stock/Restricted Units Agreement for Stuart M. Essig (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)*
10.29(b)	New Form of Contract Stock/Restricted Units Agreement (for Annual Equity Awards) for Stuart M. Essig (Incorporated by reference to Exhibit 10.28(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)*
10.29(c)	Form of Amendment 2011-1 to Contract Stock/Restricted Units Agreement between the Company and Mr. Essig (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)*
10.30(a)	Form of Performance Stock Agreement for Stuart M. Essig (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)*
10.30(b)	Form of Restricted Stock Agreement for Stuart M. Essig for 2009 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed April 13, 2009)*
10.31(a)	Form of Performance Stock Agreement (Executive Officers) (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 25, 2013)*
10.31(b)	Form of Performance Stock Agreement (Executive Officers) (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 29, 2016)*
10.31(c)	Form of Performance Stock Agreement for Peter J. Arduini (Incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K filed on February 29, 2016)*
10.31(d)	Form of Performance Stock Agreement (Executive Officers) (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018) *
10.31(e)	Form of Performance Stock Agreement for Peter J. Arduini (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018)*
10.32	Performance Incentive Compensation Plan effective January 1, 2013 (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)*
10.33(a)	First Amendment, dated as of February 15, 2017, to the Performance Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2017)
10.33(b)	2018 Performance Incentive Compensation Plan, effective January 1, 2018 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 25, 2017)
10.34	New Form of Contract Stock/Restricted Units Agreement pursuant to 2003 Equity Incentive Plan (for 2011) Annual Equity Award for Stuart M. Essig) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)*
10.35	Form of Notice of Grant of Stock Option and Stock Option Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 29, 2005)*
10.36	Form of Non-Qualified Stock Option Agreement (Non-Directors) (Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.37	Form of Incentive Stock Option Agreement (Incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.38	Form of Non-Qualified Stock Option Agreement (Directors) (Incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)*
10.39	Form of Stock Option Agreement (Executive Officers) (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)*
10.40	Form of Stock Option Agreement for Glenn Coleman (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)*

10.41	Agreement and General Release by and between Robert Paltridge and Integra LifeSciences Corporation (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)*
10.42	Agreement and General Release by and between Richard D. Gorelick and Integra LifeSciences Corporation
10.43	Form of Change in Control Severance Program (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 19, 2020)*
10.44(a)	Form of Restricted Stock Agreement for Non-Employee Directors under the 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012)*
10.44(b)	New Form of Restricted Stock Agreement for Non-Employee Directors under the 2003 Equity Incentive Plan (Incorporated by reference to Exhibit 10.38(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)*
10.45(a)	Form of Restricted Stock Agreement for Executive Officers - Annual Vesting (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2009)*
10.45(b)	Form of Restricted Stock Agreement for Executive Officers - Annual Vesting (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012)*
10.45(c)	New Form of Restricted Stock Agreement for Executive Officers - Annual Vesting (Incorporated by reference to Exhibit 10.38(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)*
10.46(a)	Form of Restricted Stock Agreement for Executive Officers - Cliff Vesting (Incorporated by reference to Exhibit 10.8 to the Company's Quarter Report on Form 10-Q for the quarter ended March 31, 2009)*
10.46(b)	Form of Restricted Stock Agreement for Executive Officers - Cliff Vesting (Incorporated by reference to Exhibit 10.6 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2012)*
10.46(c)	New Form of Restricted Stock Agreement for Executive Officers - Cliff Vesting (Incorporated by reference to Exhibit 10.38(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)*
10.47(a)	Form of Restricted Stock Agreement for Mr. Henneman for 2008 and 2009 (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on April 13, 2009)*
10.47(b)	Form of Contract Stock/Restricted Units Agreement pursuant to 2003 Equity Incentive Plan for Mr. Henneman (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on December 24, 2008)*
10.47(c)	Form of Option Agreement for John B. Henneman, III (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 6, 2008)*
10.47(d)	Form of Performance Stock Agreement for John B. Henneman, III (Incorporated by reference to Exhibit 10.37(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007)*
10.48(a)	Form of Contract Stock/Restricted Units Agreement (for Signing Grant) for Mr. Arduini (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 12, 2010)*
10.48(b)	Form of Contract Stock/Restricted Units Agreement (for Annual Equity Awards) for Mr. Arduini (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 12, 2010)*
10.49	Form of Non-Qualified Stock Option Agreement for Mr. Arduini (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on October 12, 2010)*
10.50(a)	Form of Restricted Stock Agreement for Mr. Henneman (Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on October 12, 2010)*
10.50(b)	Form of Restricted Stock Agreement (Annual Vesting) for Mr. Henneman (Incorporated by reference to Exhibit 10.39(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011)*
10.51	Davis Promotion Summary, effective December 1, 2016 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 5, 2016)*

10.52	Coleman Promotion Summary, effective June 24, 2019(Incorporated by reference to the Current Report on Form 8-K filed on June 24, 2019)
10.53	Anderson Offer Summary, effective June 24, 2019(Incorporated by reference to the Current Report on Form 8-K filed on June 24, 2019)
10.54	Annual Executive Physical Medical Exam Arrangement (Incorporated by reference to the Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 29, 2013)*
10.55	Amended and Restated Management Incentive Compensation Plan, as of January 1, 2008 (Incorporated by reference to Exhibit 10.43(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007)*
10.56	Piggyback Registration Rights Agreement dated December 22, 2008 between Integra LifeSciences Holdings Corporation and George Heenan, Thomas Gilliam and Michael Evers, as trustees of The Bruce A. LeVahn 2008 Trust and Steven M. LeVahn (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 29, 2008)
10.57(a)	Lease Agreement between 109 Morgan Lane, LLC and Integra LifeSciences Corporation, dated May 15, 2008 (Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
10.57(b)	First Amendment to Lease Agreement between 109 Morgan Lane, LLC and Integra LifeSciences Corporation, dated March 9, 2009 (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)
10.57(c)	Lease Agreement dated as of July 1, 2013, between 109 Morgan Lane, LLC and Integra LifeSciences Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2013)
10.58	Receivables Financing Agreement, dated as of December 21, 2018, by and among Integra Receivables LLC, Integra LifeSciences Sales LLC, as Servicer, PNC Bank, National Association, as Administrative Agent, PNC Capital Markets LLC, as Structuring Agent, and certain lenders and group agents that are parties thereto from time to time (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 28, 2018)
10.59	Purchase and Sale Agreement, dated as of December 21, 2018, by and among Integra LifeSciences Sales LLC, Integra LifeSciences Corporation and Integra Receivables LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 28, 2018)
10.60(a)	Sixth Amended and Restated Credit Agreement, dated as of February 3, 2020, among Integra LifeSciences Holdings Corporation, the lenders party thereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank N.A., Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Bank, N.A., as Co-Syndication Agents, and PNC Bank, N.A., Bank of Nova Scotia, Bank of the West, BBVA USA, Capital One, National Association, Citizens Bank, N.A., DNB Capital LLC, Santander Bank, N.A., TD Bank, N.A. and Truist Bank, as Co-Documentation Agents. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 3, 2020).
10.60(b)	Amendment, dated July 14, 2020, to that Sixth Amended and Restated Credit Agreement, among Integra LifeSciences Holdings Corporation, a syndicate of lending banks, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Citibank N.A., Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Bank, N.A. as Co-Syndication Agents, and PNC Bank, N.A., Bank of Nova Scotia, Bank of the West, BBVA USA, Capital One, National Association, Citizens Bank, N.A., DNB Capital LLC, Santander Bank, N.A., T.D. Bank, N.A. and Truist Bank, as Co-Documentation Agents (as amended, restated, modified and supplemented from time to time prior to the date hereof, the "Credit Agreement") (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 20, 2020).
10.61	Base Call Option Transaction Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Citibank, N.A. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.62	Ratification Agreement, dated as of February 3, 2020, between Integra LifeSciences Holdings Corporation, the Subsidiary Guarantors of Integra LifeSciences Holdings Corporation and Bank of America, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 3, 2020)

10.63	Base Call Option Transaction Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Morgan Stanley & Co. International plc. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.64	Base Call Option Transaction Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Wells Fargo, National Association. (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.65	Base Warrant Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Citibank, N.A. (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.66	Base Warrant Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Goldman Sachs & Co. LLC. (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.67	Base Warrant Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Morgan Stanley & Co. International plc. (Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.68	Base Warrant Confirmation, dated as of February 4, 2020, between Integra LifeSciences Holdings Corporation and Wells Fargo, National Association. (Incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.69	Additional Call Option Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Citibank, N.A. (Incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.70	Additional Call Option Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Goldman Sachs & Co. LLC. (Incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.71	Additional Call Option Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Morgan Stanley & Co. International plc. (Incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.72	Additional Call Option Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Wells Fargo, National Association. (Incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.73	Additional Warrant Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Citibank, N.A. (Incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.74	Additional Warrant Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Goldman Sachs & Co. LLC. (Incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.75	Additional Warrant Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Morgan Stanley & Co. plc. (Incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.76	Additional Warrant Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and Wells Fargo, National Association. (Incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed on February 7, 2020)
10.77	Issuer Forward Repurchase Transaction Confirmation, dated as of February 5, 2020, between Integra LifeSciences Holdings Corporation and JPMorgan Chase Bank, National Association, New York Branch. (Incorporated by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K filed on February 7, 2020)

2.1(b)	Agreement and Plan of Merger by among Integra LifeSciences Holdings Corporation and ACell Inc. dated as of December 15, 2020+
21	Subsidiaries of the Company+
23	Consent of PricewaterhouseCoopers LLP+
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002+
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002+
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+
99.1	Letter, dated December 21, 2011, from the United States Food and Drug Administration to Integra LifeSciences Corporation (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on January 5, 2012)
99.2	Food and Drug Administration Form FDA-483, dated July 30, 2012, relating to inspection of Plainsboro, NJ manufacturing facility (Incorporated by reference to Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012)
99.3	Letter, dated November 1, 2012, from the United States Food and Drug Administration to Integra NeuroSciences Ltd. (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on November 13, 2012)
99.4	Letter, dated February 13, 2013, from the United States Federal Drug Administration to Integra LifeSciences Corporation (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 19, 2013)
99.5	Letter, dated September 24, 2013, from the United States Federal Drug Administration to Integra LifeSciences Corporation (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on September 27, 2013)
99.6	Food and Drug Administration Form FDA-483, dated November 26, 2013, relating to the inspection of the Añasco Facility (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 3, 2013)
99.7	Letter, dated January 14, 2015, from the United States Food and Drug Administration to Integra LifeSciences Corporation (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on January 20, 2015)
99.8	Letter, dated May 29, 2015, from the United States Food and Drug Administration to TEI Biosciences Inc. (Incorporated by reference to Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015)
99.9	Letter, dated June 30, 2015, from the United States Food and Drug Administration to Integra LifeSciences (Ireland) Limited (Incorporated by reference to Exhibit 99.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015)
101.INS	XBRL Instance Document+#
101.SCH	XBRL Taxonomy Extension Schema Document+#
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document+#
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document+#
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document+#

* Indicates a management contract or compensatory plan or arrangement.

\+ Indicates this document is filed as an exhibit herewith.

The financial information of Integra LifeSciences Holdings Corporation Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 18, 2020 formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statement of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) Parenthetical Data to the Consolidated Balance Sheets, (v) the Consolidated Statements of Cash Flows, (vi) the Consolidated Statements of Changes in Stockholders' Equity, and (vii) Notes to Consolidated Financial Statements, is furnished electronically herewith.

The Company's Commission File Number for Reports on Form 10-K, Form 10-Q and Form 8-K is 0-26224.

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

None.

SIGNATURES

Pursuant to the requirements of Section 13 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.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: /s/ Peter J. Arduini
Peter J. Arduini
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Carrie L. Anderson
Carrie L. Anderson
Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer)

By: /s/ Jeffrey A. Mosebrook
Jeffrey A. Mosebrook
Senior Vice President, Finance
(Principal Accounting Officer)

Date: February 23, 2021

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

Signature	Title	Date
/s/ Peter J. Arduini Peter J. Arduini	President and Chief Executive Officer, and Director (Principal Executive Officer)	February 23, 2021
/s/ Carrie L. Anderson Carrie L. Anderson	Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)	February 23, 2021
/s/ Jeffrey A. Mosebrook Jeffrey A. Mosebrook	Senior Vice President, Finance (Principal Accounting Officer)	February 23, 2021
/s/ Stuart M. Essig, Ph.D. Stuart M. Essig, Ph.D.	Chairman of the Board	February 23, 2021
/s/ Rhonda Germany Ballintyn Rhonda Germany Ballintyn	Director	February 23, 2021
/s/ Keith Bradley, Ph.D. Keith Bradley, Ph.D.	Director	February 23, 2021
/s/ Barbara B. Hill Barbara B. Hill	Director	February 23, 2021
/s/ Lloyd W. Howell, Jr. Lloyd W. Howell, Jr.	Director	February 23, 2021
/s/ Donald E. Morel, Jr., Ph.D. Donald E. Morel, Jr., Ph.D.	Director	February 23, 2021
/s/ Raymond G. Murphy Raymond G. Murphy	Director	February 23, 2021
/s/ Christian S. Schade Christian S. Schade	Director	February 23, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Integra LifeSciences Holdings Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Integra LifeSciences Holdings Corporation and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and revenues from contracts with customers in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

(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.

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Excess or Obsolete Inventory Adjustments

As described in Note 2 to the consolidated financial statements, the Company's inventory is stated at the lower of cost, the value determined by the first-in, first-out method, or net realizable value, and the net inventory balance was $362.9 million as of December 31, 2020, $52.8 million of which is presented separately as Assets held for sale. At each balance sheet date, management evaluates inventories for excess quantities, obsolescence or shelf life expiration. This evaluation by management includes analysis of historical sales levels by product, projections of future demand, the risk of technological or competitive obsolescence for products, general market conditions, a review of the shelf life expiration dates for products, as well as the feasibility of reworking or using excess or obsolete products or components in the production or assembly of other products that are not obsolete or for which there are not excess quantities in inventory. To the extent that management determines there are excess or obsolete inventory or quantities with a shelf life that is too near its expiration for the Company to reasonably expect that it can sell those products prior to their expiration, management adjusts the carrying value to estimated net realizable value.

The principal considerations for our determination that performing procedures relating to excess or obsolete inventory adjustments is a critical audit matter are the significant judgment by management when developing the estimate for excess or obsolete inventory adjustments, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's analysis and significant assumptions related to projections of future demand and risk of technological or competitive obsolescence for products.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of inventory, including controls over the estimate for excess or obsolete inventory adjustments and management's projection of future demand and the risk of technological or competitive obsolescence for products. These procedures also included, among others, testing management's process for developing the estimate for excess or obsolete inventory adjustments, evaluating the appropriateness of the method, testing the completeness, accuracy, and relevance of underlying data used in the estimate; and evaluating the reasonableness of significant assumptions related to projections of future demand and risk of technological or competitive obsolescence for products. Evaluating the reasonableness of management's assumption related to projections of future demand involved considering the product's historical performance. Evaluating the reasonableness of management's assumption related to the risk of technological or competitive obsolescence for products involved considering the technological or competitive obsolescence experiences during the product life cycle of existing products.

Valuation of Transferred Intellectual Property Rights That Give Rise to Deferred Tax Benefits

As described in Note 13 to the consolidated financial statements, in December 2020, the Company completed an intra-entity transfer of certain intellectual property rights to one of its subsidiaries in Switzerland. While the transfer did not result in a taxable gain, the Company's Swiss subsidiary received a step-up in tax basis based on the fair value of the transferred intellectual property rights. Management determined the fair value using a discounted cash flow model based on management's expectations of revenue growth rates, royalty rates, discount rates and useful lives of the intellectual

property. The Company recorded a $59.2 million deferred tax benefit in Switzerland related to the amortizable tax basis in the transferred intellectual property.

The principal considerations for our determination that performing procedures relating to the valuation of transferred intellectual property rights that give rise to deferred tax assets is a critical audit matter are the significant judgment by management in developing the fair value of the intangible assets transferred, which is used as the basis for the recording of the deferred tax assets. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating management's estimates and assumptions related to revenue growth rates, royalty rates, discount rates and useful lives. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the intangible assets transferred. These procedures also included, among others, testing management's process for developing the fair value of the intangible assets transferred; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the model; and evaluating the reasonableness of significant assumptions used by management related to revenue growth rates, royalty rates, discount rates and useful lives. Evaluating the reasonableness of management's assumptions related to revenue growth rates and useful lives involved considering current and past performance of the products associated with the intellectual property rights and evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the royalty rate and discount rate significant assumptions.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey
February 23, 2021

We have served as the Company's auditor since 1989.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended December 31,		
	2020	**2019**	**2018**
Total revenue, net	$ 1,371,868	$ 1,517,557	$ 1,472,441
Costs and expenses:			
Cost of goods sold	520,834	564,681	571,496
Research and development	77,381	79,573	78,041
In-process research and development	—	64,916	—
Selling, general and administrative	594,526	687,599	690,746
Intangible asset amortization	27,757	27,028	21,160
Total costs and expenses	1,220,498	1,423,797	1,361,443
Operating income	151,370	93,760	110,998
Interest income	9,297	10,779	2,800
Interest expense	(71,581)	(53,957)	(64,683)
Other income, net	4,434	9,522	8,288
Income before income taxes	93,520	60,104	57,403
Provision (benefit) for income taxes	(40,372)	9,903	(3,398)
Net income	$ 133,892	$ 50,201	$ 60,801
Net income per share			
Basic	$ 1.58	$ 0.59	$ 0.73
Diluted	$ 1.57	$ 0.58	$ 0.72
Weighted average common shares outstanding (See Note 14):			
Basic	84,650	85,637	82,857
Diluted	85,228	86,494	83,999

The accompanying notes are an integral part of these consolidated financial statements.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
Net income	$ 133,892	$ 50,201	$ 60,801
Other comprehensive income (loss), before tax:			
Change in foreign currency translation adjustments	53,363	(174)	(19,159)
Unrealized gain (loss) on derivatives			
Unrealized derivative gain (loss) arising during period	(96,837)	(13,671)	11,709
Less: Reclassification adjustments for gain (loss) included in net income	(24,442)	14,865	13,400
Unrealized loss on derivatives	(72,395)	(28,536)	(1,691)
Defined benefit pension plan - net gain (loss) arising during period	4,604	(8,973)	(643)
Total other comprehensive loss, before tax	(14,428)	(37,683)	(21,493)
Income tax benefit (expense) related to items in other comprehensive loss	16,771	6,724	(143)
Total other comprehensive loss, net of tax	2,343	(30,959)	(21,636)
Comprehensive income, net of tax	$ 136,235	$ 19,242	$ 39,165

The accompanying notes are an integral part of these consolidated financial statements.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2020	December 31, 2019
	(In thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 470,166	$ 198,911
Trade accounts receivable, net of allowances of $6,439 and $4,303	225,532	275,296
Inventories, net	310,117	316,054
Assets held for sale	162,105	—
Prepaid expenses and other current assets	69,282	67,907
Total current assets	1,237,202	858,168
Property, plant and equipment, net	287,529	337,404
Right of use asset - operating leases	83,635	94,530
Intangible assets, net	989,436	1,031,591
Goodwill	932,367	954,280
Deferred tax assets, net	73,690	12,623
Other assets	11,277	14,644
Total assets	$ 3,615,136	$ 3,303,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of borrowings under senior credit facility	$ 33,750	$ 45,000
Current portion of borrowings under securitization facility	112,500	—
Current portion of lease liability - operating leases	12,818	12,253
Accounts payable, trade	54,608	113,090
Contract liabilities	5,275	4,772
Accrued compensation	76,117	79,385
Liabilities held for sale	11,751	—
Accrued expenses and other current liabilities	94,194	76,809
Total current liabilities	401,013	331,309
Long-term borrowings under senior credit facility	933,387	1,198,561
Long-term borrowings under securitization facility	—	104,500
Long-term convertible securities	474,834	—
Lease liability - operating leases	88,118	97,504
Deferred tax liabilities	16,190	36,553
Other liabilities	186,727	118,077
Total liabilities	2,100,269	1,886,504
Stockholders' Equity:		
Preferred Stock; no par value; 15,000 authorized shares; none outstanding	—	—
Common stock; $0.01 par value; 240,000 authorized shares; 89,251 and 88,735 issued at December 31, 2020 and 2019, respectively	893	887
Additional paid-in capital	1,290,909	1,213,620
Treasury stock, at cost; 4,914 and 2,865 shares at December 31, 2020 and 2019, respectively	(235,141)	(119,943)
Accumulated other comprehensive loss	(74,059)	(76,402)
Retained earnings	532,265	398,574
Total stockholders' equity	1,514,867	1,416,736
Total liabilities and stockholders' equity	$ 3,615,136	$ 3,303,240

The accompanying notes are an integral part of these consolidated financial statements.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2020	**2019**	**2018**
		(In thousands)	
OPERATING ACTIVITIES:			
Net income	$ 133,892	$ 50,201	$ 60,801
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	116,031	109,462	110,730
Non-cash in-process research and development expense	519	64,916	—
Non-cash impairment charges	—	5,764	4,941
Income tax expense (benefit)	(64,138)	(19,046)	(8,184)
Share-based compensation	19,590	21,255	20,779
Amortization of debt issuance costs and expenses associated with debt refinancing	12,076	5,390	6,270
Non-cash lease expense	2,955	5,060	—
Accretion of bond issuance discount	15,415	—	—
Loss on disposal of property and equipment and construction in-progress	7,855	1,821	1,385
Change in fair value of contingent consideration and others	951	1,119	1,214
Changes in assets and liabilities:			
Accounts receivable	52,105	(9,428)	(17,021)
Inventories	(48,348)	(43,308)	8,300
Prepaid expenses and other current assets	1,632	13,071	3,933
Other non-current assets	13,735	13,156	1,052
Accounts payable, accrued expenses and other current liabilities	(57,512)	14,666	3,588
Contract liabilities	(37)	(607)	1,504
Other non-current liabilities	(2,889)	(2,059)	391
Net cash provided by operating activities	203,832	231,433	199,683
INVESTING ACTIVITIES:			
Purchases of property and equipment	(38,890)	(69,537)	(77,741)
Acquired in-process research and development and intangibles	(25,000)	(64,995)	—
Proceeds from note receivable	—	752	910
Cash used in business acquisitions, net of cash acquired	—	(30,509)	26,704
Proceeds from sales of property and equipment	3,657	37	422
Net proceeds(payments) on swaps designated as net investment hedges	(7,840)	1,584	—
Net cash used in investing activities	(68,073)	(162,668)	(49,705)
FINANCING ACTIVITIES:			
Proceeds from borrowings of long-term indebtedness	171,500	236,900	171,200
Payments on debt	(441,000)	(246,100)	(660,000)
Purchase of option hedge on convertible notes	(104,248)	—	—
Proceeds from convertible notes issuance	575,000	—	—
Proceeds from sale of stock purchase warrants	44,563	—	—
Payment of debt issuance costs	(24,347)	—	(5,037)
Purchase of treasury stock	(100,000)	—	—
Proceeds from exercised stock options	5,232	6,948	9,392
Net cash paid for contingent consideration	—	—	(38,196)
Proceeds from the issuance of common stock, net of issuance costs	—	—	349,590
Cash taxes paid in net equity settlement	(5,075)	(6,514)	(7,821)
Net cash provided by (used in) financing activities	121,625	(8,766)	(180,872)
Effect of exchange rate changes on cash and cash equivalents	13,871	74	(5,203)
Net increase (decrease) in cash and cash equivalents	271,255	60,073	(36,097)
Cash and cash equivalents at beginning of period	198,911	138,838	174,935
Cash and cash equivalents at end of period	$ 470,166	$ 198,911	$ 138,838

The accompanying notes are an integral part of these consolidated financial statements.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares	Amount	Shares	Amount				
	(In thousands)							
Balance, January 1, 2018	81,306	$ 813	(2,927)	$ (121,644)	$ 821,758	$ (23,807)	$ 285,186	$ 962,306
Adoption of Update No. 2014-09	—	—	—	—	—	—	1,854	1,854
Adoption of Update No. 2018-02	—	—	—	—	—	—	532	532
Net income	—	—	—	—	—	—	60,801	60,801
Other comprehensive loss, net of tax	—	—	—	—	—	(21,636)	—	(21,636)
Issuance of common stock through employee stock purchase plan	—	—	—	—	553	—	—	553
Issuance of common stock for vesting of share-based awards, net of shares withheld for taxes	700	4	46	1,030	52	—	—	1,086
Equity offering	6,038	60	—	—	349,529	—	—	349,589
Share-based compensation	—	3	—	—	20,709	—	—	20,712
Balance, December 31, 2018	88,044	880	(2,881)	(120,615)	1,192,601	(45,443)	348,373	1,375,796
Net income	—	—	—	—	—	—	50,201	50,201
Other comprehensive loss, net of tax	—	—	—	—	—	(30,959)	—	(30,959)
Issuance of common stock through employee stock purchase plan	17	—	—	—	716	—	—	716
Issuance of common stock for vesting of share-based awards, net of shares withheld for taxes	674	7	16	672	(961)	—	—	(282)
Share-based compensation	—	—	—	—	21,264	—	—	21,264
Balance, December 31, 2019	88,735	887	(2,865)	(119,943)	1,213,620	(76,402)	398,574	1,416,736
Net income	—	—	—	—	—	—	133,892	133,892
Other comprehensive loss, net of tax	—	—	—	—	—	2,343	—	2,343
Issuance of common stock through employee stock purchase plan	13	—	—	—	694	—	—	694
Issuance of common stock for vesting of share-based awards, net of shares withheld for taxes	503	2	11	526	(1,066)	—	—	(538)
Share-based compensation	—	4	—	—	19,397	—	—	19,401
Share repurchase and equity component of the convertible note issuance, net	—	—	—	—	42,539	—	—	42,539
Accelerated shares repurchased	—	—	(2,060)	(115,724)	15,724	—	—	(100,000)
Adoption of Update No. 2016-13	—	—	—	—	—	—	(200)	(200)
Balance, December 31, 2020	89,251	893	(4,914)	(235,141)	1,290,908	(74,059)	532,266	1,514,867

The accompanying notes are an integral part of these consolidated financial statements.

1. BUSINESS

Integra LifeSciences Holdings Corporation (the “Company”) was incorporated in Delaware in 1989. The Company, a worldwide leader in medical devices, is dedicated to limiting uncertainty for surgeons through the development, manufacturing, and marketing of cost-effective surgical implants and medical instruments. Its products are used primarily in neurosurgery, reconstruction and general surgery. The Company sells its products directly through various sales forces and through a variety of other distribution channels.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements and the accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America and conform to Regulation S-X under the Securities Exchange Act of 1934, as amended.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany accounts and transactions are eliminated in consolidation. See Note 5, *Acquisitions*, for details of new subsidiaries included in the consolidation.

USE OF ESTIMATES

The preparation of consolidated financial statements is in conformity with generally accepted accounting principles in the United States ("GAAP") which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Significant estimates affecting amounts reported or disclosed in the consolidated financial statements include allowances for doubtful accounts receivable and sales returns and allowances, net realizable value of inventories, in-process research and development ("IPR&D"), valuation of intangible assets including amortization periods for acquired intangible assets, discount rates and estimated projected cash flows used to value and test impairments of long-lived assets and goodwill, estimates of projected cash flows and depreciation and amortization periods for long-lived assets, computation of taxes, valuation allowances recorded against deferred tax assets, the valuation of stock-based compensation, valuation of derivative instruments, valuation of the equity component of convertible debt instruments, valuation of contingent liabilities, the fair value of debt instruments and loss contingencies. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the current circumstances. Actual results could differ from these estimates. The novel coronavirus (“COVID-19”) pandemic and the resulting adverse impacts to global economic conditions, as well as our operations, may impact future estimates including, but not limited to, inventory valuations, fair value measurements, goodwill and long-lived asset impairments, the effectiveness of the Company’s hedging instruments, deferred tax valuation allowances, and allowances for doubtful accounts receivable.

RECLASSIFICATIONS

Certain amounts from the prior year's financial statements have been reclassified in order to conform to the current year's presentation.

CASH AND CASH EQUIVALENTS

The Company considers all short-term, highly liquid investments purchased with original maturities of three months or less to be cash equivalents. These investments are carried at cost, which approximates fair value.

TRADE ACCOUNTS RECEIVABLE AND ALLOWANCES FOR DOUBTFUL ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company grants credit to customers in the normal course of business, but generally does not require collateral or any other security to support its receivables.

The Company evaluates the collectability of accounts receivable based on a combination of factors. The Company recognizes a provision for doubtful accounts that reflects the Company’s estimate of expected credit losses for trade accounts receivable. In circumstances where a specific customer is unable to meet its financial obligations to the Company, a provision to the allowances for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount that is reasonably expected to be collected. For all other customers, the Company evaluates measurement of all expected credit losses for trade receivables held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Provisions to the allowances for doubtful accounts are recorded to selling, general and administrative expenses. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered.

Provision for doubtful accounts net of recoveries, associated with accounts receivable, included in selling, general and administrative expense, were $3.6 million, $2.1 million, and $0.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

INVENTORIES

Inventories, consisting of purchased materials, direct labor and manufacturing overhead, are stated at the lower of cost, the value determined by the first-in, first-out method, or net realizable value. Inventories consisted of the following:

	December 31,	
	2020	2019
	(In thousands)	
Finished goods	$ 180,301	$ 201,870
Work in process	53,336	48,333
Raw materials	76,480	65,851
Total inventories, net	$ 310,117	$ 316,054

At December 31, 2020, $52.8 million of inventories, net was presented separately as "Assets held for sale" in conjunction with the sale of the Extremity Orthopedics business. See Note 3, *Assets and Liabilities Held for Sale*.

At each balance sheet date, the Company evaluates inventories for excess quantities, obsolescence or shelf life expiration. This evaluation includes analysis of historical sales levels by product, projections of future demand, the risk of technological or competitive obsolescence for products, general market conditions, a review of the shelf life expiration dates for products, as well as the feasibility of reworking or using excess or obsolete products or components in the production or assembly of other products that are not obsolete or for which there are not excess quantities in inventory. To the extent that management determines there are excess or obsolete inventory or quantities with a shelf life that is too near its expiration for the Company to reasonably expect that it can sell those products prior to their expiration, the Company adjusts the carrying value to estimated net realizable value.

The Company capitalizes inventory costs associated with certain products prior to regulatory approval, based on management's judgment of probable economic benefit. The Company could be required to expense previously capitalized costs related to pre-approval inventory upon a change in such judgment, due to, among other potential factors, a denial or delay of approval by necessary regulatory bodies or a decision by management to discontinue the related development program. No such amounts were capitalized at December 31, 2020 or 2019.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges. The Company provides for depreciation using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the lease term or the useful life. The cost of major additions and improvements is capitalized, while maintenance and repair costs that do not improve or extend the lives of the respective assets are charged to operations as incurred. The cost of computer software developed or obtained for internal use is accounted for in accordance with the Accounting Standards Codification 350-40, *Internal-Use Software.*

Property, plant and equipment balances and corresponding lives were as follows:

	December 31,		Useful Lives
	2020	2019	
	(In thousands)		
Land	$ 1,541	$ 1,476	
Buildings and building improvements	17,345	16,262	5-40 years
Leasehold improvements	144,852	114,941	1-20 years
Machinery and production equipment	166,973	155,313	3-20 years
Surgical instrument kits	1,164	33,104	4-5 years
Information systems and hardware	143,770	138,398	1-7 years
Furniture, fixtures, and office equipment	20,843	22,145	1-15 years
Construction-in-progress	73,890	140,366	
Total	570,378	622,005	
Less: Accumulated depreciation	(282,849)	(284,601)	
Property, plant and equipment, net	$ 287,529	$ 337,404	

At December 31, 2020, $37.9 million of property, plant and equipment, net was presented separately as "Assets held for sale" in conjunction with the sale of the Extremity Orthopedics business. See Note 3, *Assets and Liabilities Held for Sale*.

Depreciation expense associated with property, plant and equipment was $42.1 million, $42.6 million, and $44.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

During the fourth quarter of 2020, the Company wrote-off certain construction in progress of $6.7 million related to a manufacturing project that the Company decided to discontinue. The Company determined that the carrying amounts of these assets were not recoverable.

CAPITALIZED INTEREST

The interest cost on capital projects, including facilities build-out and internal use software, is capitalized and included in the cost of the project. Capitalization commences with the first expenditure for the project and continues until the project is substantially complete and ready for its intended use. When no debt is incurred specifically for a project, interest is capitalized on project expenditures using the weighted average cost of the Company's outstanding borrowings. For the years ended December 31, 2020 and 2019, respectively, the Company capitalized $2.3 million and $3.1 million of interest expense into property, plant and equipment.

ACQUISITIONS

Results of operations of acquired companies are included in the Company’s results of operations as of the respective acquisition dates. Acquired businesses are accounted for using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at fair value, with limited exceptions. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired Company are expensed as incurred. The operating results of the acquired business are reflected in the consolidated financial statements after the date of acquisition. Acquired IPR&D is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. Contingent consideration is recognized at the estimated fair value on the acquisition date. Subsequent changes to the fair value of contingent payments are recognized in selling, general and administrative expense in consolidated statements of operations. Contingent payments related to acquisitions consist of development, regulatory, and commercial milestone payments, in addition to sales-based payments, and are valued using discounted cash flow techniques. The fair value of development, regulatory, and commercial milestone payments reflects management’s expectations of the probability of payment and increases or decreases as the probability of payment or expectation of timing of payments changes. The fair value of sales-based payments is based upon probability-weighted future revenue estimates and increases or decreases as revenue estimates or expectation of timing of payments changes.

If the acquired net assets do not constitute a business under the acquisition method of accounting, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired IPR&D with no alternative future use is charged to expense at the acquisition date. Payments that would be recognized as contingent consideration in a business combination are expensed when probable in an asset acquisition. Refer to Note 5, *Acquisitions* for more information.

GOODWILL AND OTHER INTANGIBLE ASSETS

The excess of the cost over the fair value of net assets of acquired businesses is recorded as goodwill. Goodwill is not subject to amortization but is reviewed for impairment at the reporting unit level annually, or more frequently if impairment indicators arise. The Company's assessment of the recoverability of goodwill is based upon a comparison of the carrying value of goodwill with its estimated fair value. The Company reviews goodwill for impairment in the third quarter every year in accordance with ASC Topic 350 and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Refer to Note 8, *Goodwill and Other Intangibles* for more information.

The Company has two reportable segments with three underlying reporting units. Refer to Note 17, *Segment and Geographic Information* for more information on reportable segments.

When the Company acquires a business, the assets acquired, including IPR&D, and liabilities assumed are recorded at their respective fair values as of the acquisition date. The Company's policy defines IPR&D as the fair value of those projects for which the related products have not received regulatory approval and have no alternative future use. Determining the fair value of intangible assets, including IPR&D, acquired as part of a business combination requires the Company to make significant estimates. These estimates include the amount and timing of projected future cash flows, the discount rate used to discount those cash flows to present value, the assessment of the asset’s life cycle, and the consideration of legal, technical, regulatory, economic, and competitive risks. The fair value assigned to other intangible assets is determined by estimating the future cash flows of each project or technology and discounting the net cash flows back to their present values. The discount rate used is determined at the time of measurement in accordance with accepted valuation methodologies.

IPR&D acquired in a business combination is capitalized as an indefinite-lived intangible asset. Development costs incurred after the acquisition are expensed as incurred. Upon receipt of regulatory approval, the indefinite-lived intangible asset is then accounted for as a finite-lived intangible asset and amortized on a straight-line basis or accelerated basis, as appropriate, over its estimated useful life. If the research and development project is subsequently abandoned, the indefinite-lived intangible asset is charged to expense. IPR&D acquired outside of a business combination is expensed immediately.

Due to the uncertainty associated with research and development projects, there is risk that actual results will differ materially from the original cash flow projections and that the research and development project will result in a successful commercial product. The risks associated with achieving commercialization include, but are not limited to, delay or failure to obtain regulatory approvals to conduct clinical trials, delay or failure to obtain required market clearances, delays or issues with patent issuance, or validity and litigation.

Other intangible assets include patents, trademarks, purchased technology, and supplier and customer relationships. Identifiable intangible assets are initially recorded at fair market value at the time of acquisition generally using an income or cost approach. The Company capitalizes costs incurred to renew or extend the term of recognized intangible assets and amortizes those costs over their expected useful lives.

LONG-LIVED ASSETS

Long-lived assets held and used by the Company, including property, plant and equipment, intangible assets, and leases are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets to be held and used, a recoverability test is performed using projected undiscounted net cash flows applicable to the long-lived assets. If an impairment exists, the amount of such impairment is calculated based on the estimated fair value of the asset. Impairments to long-lived assets to be disposed of are recorded based upon the difference between the carrying value and the fair value of the applicable assets.

INTEGRA FOUNDATION

The Company may periodically make contributions to the Integra Foundation, Inc. The Integra Foundation was incorporated in 2002 exclusively for charitable, educational, and scientific purposes and qualifies under IRC 501(c)(3) as an exempt private foundation. Under its charter, the Integra Foundation engages in activities that promote health, the diagnosis and treatment of disease, and the development of medical science through grants, contributions and other appropriate means. The Integra Foundation is a separate legal entity and is not a subsidiary of the Company; therefore, its results are not included in these consolidated financial statements. The Company contributed $0.8 million, $0.3 million and $0.8 million to the Integra Foundation during the years ended December 31, 2020, 2019 and 2018, respectively. These contributions were recorded in selling, general, and administrative expense.

DERIVATIVES

The Company develops, manufactures, and sells medical devices globally and its earnings and cash flows are exposed to market risk from changes in interest rates and currency exchange rates. The Company addresses these risks through a risk management program that includes the use of derivative financial instruments and operates the program pursuant to documented corporate risk management policies. All derivative financial instruments are recognized in the financial statements at fair value in accordance with the authoritative guidance. Under the guidance, for those instruments that are designated and qualify as hedging instruments, the hedging instrument must be designated as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation, based on the exposure being hedged. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. The Company's derivative instruments do not subject its earnings or cash flows to material risk, and gains and losses on these derivatives generally offset losses and gains on the item being hedged. The Company has not entered into derivative transactions for speculative purposes and from time to time, the Company may enter into derivatives that are not designated as hedging instruments in order to protect itself from currency volatility due to intercompany balances.

All derivative instruments are recognized at their fair values as either assets or liabilities on the balance sheet. The Company determines the fair value of its derivative instruments using the framework prescribed by the authoritative guidance, by considering the estimated amount the Company would receive to sell or transfer these instruments at the reporting date and by taking into account: expected forward interest rates, currency exchange rates, the creditworthiness of the counterparty for assets, and its creditworthiness for liabilities. In certain instances, the Company utilizes a discounted cash flow model to measure fair value. Generally, the Company uses inputs that include quoted prices for similar assets or liabilities in active markets, other observable inputs for the asset or liability and inputs derived principally from, or corroborated by, observable market data by correlation or other means. The Company has classified all of its derivative assets and liabilities within Level 2 of the fair value hierarchy because observable inputs are available for substantially the full term of its derivative instruments. The Company classifies derivatives designated as hedges in the same category as the item being hedged for cash flow presentation purposes.

The Company entered into a foreign currency forward contract that is not designated as a hedging instrument for accounting purposes. This contract is recorded at fair value, with the changes in fair value recognized into other income, net on the consolidated financial statements. Refer to Note 7, *Derivative Instruments* for more information.

FOREIGN CURRENCY

All assets and liabilities of foreign subsidiaries which have a functional currency other than the U.S. dollar are translated at the rate of exchange at year-end, while elements of the income statement are translated at the average exchange rates in effect during the year. The net effect of these translation adjustments is shown as a component of accumulated other comprehensive income (loss). These currency translation adjustments are not currently adjusted for income taxes as they relate to permanent investments in non-U.S. subsidiaries. Foreign currency transaction losses of $1.6 million, $0.3 million and $1.7 million are reported in other income, net in the statements of operations, for the year ended December 31, 2020, 2019 and 2018, respectively.

INCOME TAXES

Income taxes are accounted for by using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. Reserves are established for positions that don't meet this recognition threshold. The reserve is measured as the largest amount of benefit determined on a cumulative probability basis that the Company believes is more likely than not to be realized upon ultimate settlement of the position. These reserves are classified as long-term liabilities in the consolidated balance sheets of the Company, unless the reserves are expected to be paid in cash during the next twelve months, in which case they are classified as current liabilities. The Company also records interest and penalties accrued in relation to uncertain tax benefits as a component of income tax expense.

While the Company believes it has identified all reasonably identifiable exposures and the reserve it has established for identifiable exposures is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause the Company to either materially increase or reduce the carrying amount of its tax reserve.

The Company continues to indefinitely reinvest substantially all of its foreign earnings. The current provisional analysis indicates that the Company has sufficient U.S. liquidity, including borrowing capacity, to fund foreseeable U.S. cash needs without requiring the repatriation of foreign cash. The Tax Cuts and Jobs Act (the “2017 Tax Act”), enacted in December 2017,

imposed a toll tax on a deemed repatriation of undistributed earnings of foreign subsidiaries. One time or unusual items that may impact the ability or intent to keep the foreign earnings and cash indefinitely reinvested include significant U.S. acquisitions, loans from a foreign subsidiary and changes in tax laws.

REVENUE RECOGNITION

On January 1, 2018, the Company adopted Topic 606 using the modified retrospective method applied to all contracts which were not completed as of January 1, 2018. Results of operations for the reporting periods after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with Topic 605, *Revenue Recognition*. The adoption of Topic 606 resulted in an increase to the opening retained earnings of $1.9 million, which was recorded net of taxes as of January 1, 2018 to reflect the change in timing of the recognition of revenue related to the Company's private label business from point in time to over time during the manufacturing process and goods in transit for which control was transferred to customers at the time of shipment. The total assets and liabilities increased by $7.1 million and $5.2 million, respectively, as of January 1, 2018.

Revenue is recognized upon the transfer of control of promised products or services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those products and services.

Total revenue, net, includes product sales, product royalties and other revenues, such as fees received from services.

For products shipped with FOB shipping point terms, the control of the product passes to the customer at the time of shipment. For shipments in which the control of the product is transferred when the customer receives the product, the Company recognizes revenue upon receipt by the customer. Certain products that the Company produces for private label customers have no alternative use and the Company has a right of payment for performance to date. Revenues from those products are recognized over the period that the Company manufactures these products, which is typically one to three months. The Company uses the input method to measure the manufacturing activities completed to date, which depicts the progress of the Company's performance obligation of transferring control of goods being manufactured for private label customers.

A portion of the Company's product revenue is generated from consigned inventory maintained at hospitals and distributors, and also from inventory physically held by field sales representatives. For these types of products sales, the Company retains control until the product has been used or implanted, at which time revenue is recognized.

Revenues from sale of products and services are evidenced by either a contract with the customer or a valid purchase order and an invoice which includes all relevant terms of sale. For product sales, invoices are generally issued upon the transfer of control (or upon the completion of the manufacturing in the case of the private label transactions recognized over time) and are typically payable 30 days after the invoice date. The Company performs a review of each specific customer's creditworthiness and ability to pay prior to acceptance as a customer. Further, the Company performs periodic reviews of its customers' creditworthiness prospectively. Refer to Note 4, *Revenue From Contracts With Customers* for more information.

RESEARCH AND DEVELOPMENT

Research and development costs, including salaries, depreciation, consultant and other external fees, and facility costs directly attributable to research and development activities, are expensed in the period in which they are incurred.

EMPLOYEE TERMINATION BENEFITS

The Company does not have a written severance plan, and it does not offer similar termination benefits to affected employees in all restructuring initiatives. Accordingly, in situations where minimum statutory termination benefits must be paid to the affected employees, the Company records employee severance costs associated with these restructuring activities in accordance with the authoritative guidance for non-retirement post-employment benefits. Charges associated with these activities are recorded when the payment of benefits is probable and can be reasonably estimated. In all other situations where the Company pays out termination benefits, including supplemental benefits paid in excess of statutory minimum amounts and benefits offered to affected employees based on management's discretion, the Company records these termination costs in accordance with the authoritative guidance for ASC Topic 712 *Compensation-Nonretirement Benefits* and ASC Topic 420 *One-time Employee Termination Benefits*.

The timing of the recognition of charges for employee severance costs other than minimum statutory benefits depends on whether the affected employees are required to render service beyond their legal notification period in order to receive the benefits. If affected employees are required to render service beyond their legal notification period, charges are recognized over the future service period. Otherwise, charges are recognized when management has approved a specific plan and employee communication requirements have been met.

For the year ended December 31, 2020, the Company incurred restructuring costs of $4.9 million in cost of goods sold, $1.2 million in selling, general and administrative and $0.3 million in research and development related to employee terminations associated with a future plant closure in the consolidated statement of operations. As of December 31, 2020, the restructuring costs of $6.4 million were included in other liabilities in the consolidated balance sheet.

STOCK-BASED COMPENSATION

Relevant authoritative guidance requires companies to recognize the expense related to the fair value of their stock-based compensation awards. Stock-based compensation expense for stock option awards are based on the grant date fair value using the binomial distribution model. The Company recognizes compensation expense for stock option awards, restricted stock awards, performance stock awards and contract stock awards over the requisite service period of the award. All excess tax benefits and taxes and tax deficiencies from stock-based compensation are included in provision for income taxes in the consolidated statement of operations. Refer to Note 10, *Stock-based Compensation* for more information.

PENSION BENEFITS

The Company maintains defined benefit pension plans that cover certain employees in France, Japan, Germany and Switzerland. Various factors are considered in determining the pension liability, including the number of employees expected to be paid their salary levels and years of service, the expected return on plan assets, the discount rate used to determine the benefit obligations, the timing of benefit payments and other actuarial assumptions.

Retirement benefit plan assumptions are reassessed on an annual basis or more frequently if changes in circumstances indicate a re-evaluation of assumptions are required. The key benefit plan assumptions are the discount rate and expected rate of return on plan assets. The discount rate is based on average rates on bonds that matched the expected cash outflows of the benefit plans. The expected rate of return is based on historical and expected returns on the various categories of plan assets.

The Company uses the corridor approach in measuring the amount of net periodic benefit pension cost to recognize each period. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and actuarial assumptions. Those unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date of active plan participants.

Deferred Compensation Plan

In May 2019, the Company adopted the Integra LifeSciences Deferred Compensation Plan (the “Plan”). Under the Plan, certain employees of the Company may defer the payment and taxation of up to 75% of their base salary and up to 100% of bonus amounts and other eligible cash compensation.

This deferred compensation is invested in funds offered under the Plan and is valued based on Level 1 measurements in the fair value hierarchy. The purpose of the Plan is to retain key employees by providing them with an opportunity to defer a portion of their compensation as elected by the participant in accordance with the Plan. Any amounts set aside to defray the liabilities assumed by the Company will remain the general assets of the Company until such amounts are distributed to the participants. Assets of the Company's deferred compensation plan are included in Other current assets and recorded at fair value based on their quoted market prices.

CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, which are held at major financial institutions, investment-grade marketable debt securities and trade receivables.

The Company's products are sold on an uncollateralized basis and on credit terms based upon a credit risk assessment of each customer. A portion of the Company's trade receivables to customers outside the United States includes sales to foreign distributors, who then sell to government owned or supported healthcare systems.

None of the Company's customers accounted for 10% or more of the consolidated net sales during the years ended December 31, 2020, 2019 and 2018.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (the New Lease Standard). The New Lease Standard requires that lessees recognize virtually all of its leases on the balance sheet by recording a right-of-use asset and lease liability (other than leases that meet the definition of a "short-term lease"). This update became effective for all annual periods and interim reporting periods beginning after December 15, 2018. The Company adopted the New Lease Standard as of January 1, 2019 using a modified retrospective transition. Under this method, financial results reported in periods prior to January 1, 2019 are unchanged. The Company elected the ‘package of practical expedients’ which permits the Company not to reassess the prior conclusions about lease identification, lease classification and initial direct costs under the new standard. The Company also

elected the use-of-hindsight practical expedient. As most of the leases do not provide an implicit rate, the Company used the collateralized incremental borrowing rate based on the information available at the lease implementation date in determining the present value of the lease payments. The adoption of the New Lease Standard had an initial impact on the consolidated balance sheet due to the recognition of $76.4 million of lease liabilities with corresponding right-of-use assets ("ROU") of $67.3 million for operating leases. The difference between lease liabilities and right-of-use assets is primarily attributed to unamortized lease incentives which is amortized over the term of each respective lease. Refer to Note 12, *Leases and Related Party Leases* for more information.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The ASU requires the measurement of all expected credit losses for financial assets including trade receivables held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. The ASU became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this guidance on January 1, 2020 using a modified retrospective transition method which requires a cumulative-effect adjustment to the opening balance of retained earnings to be recognized on the date of adoption with no change to financial results reported in prior periods. The cumulative-effect adjustment recorded on January 1, 2020 is not material. The adoption of this ASU did not have a significant impact on the Company's consolidated financial statements and related disclosures.

The Company's exposure to credit losses may increase if its customers are adversely affected by changes in healthcare laws, coverage, and reimbursement, economic pressures or uncertainty associated with local or global economic recessions, disruption associated with the COVID-19 pandemic, and other customer-specific factors. Although the Company has historically not experienced significant credit losses, it is possible that there could be an adverse impact due to customer and governmental responses to the COVID-19 pandemic.

In August 2018, the FASB issued ASU 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans*. This guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans, including removing certain previous disclosure requirements, adding certain new disclosure requirements, and clarifying certain other disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption was permitted. The Company adopted this guidance for the year ended December 31, 2020. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*, relating to a customer's accounting for implementation, set-up, and other upfront costs incurred in a cloud computing arrangement that is hosted by a vendor (e.g., a service contract). Under this guidance, a customer will apply the same criteria for capitalizing implementation costs as it would for an arrangement that has a software license. The new guidance also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and requires additional quantitative and qualitative disclosures. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this guidance on January 1, 2020 using a prospective transition method. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes*: Simplifying the Accounting for Income Taxes, intended to simplify the accounting for income taxes by eliminating certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for annual periods beginning after December 15, 2020 and interim periods within, with early adoption permitted. The Company will adopt ASU No. 2019-12 effective January 1, 2021. Adoption of the standard requires certain changes to be made prospectively, with some changes to be made retrospectively. The Company does not expect this guidance to have a material impact on our results or financial position.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This amendment applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This ASU became effective immediately and may be applied prospectively to contract modifications made and hedging

relationships entered into or evaluated on or before December 31, 2022. In January of 2021, the FASB also issued ASU No. 2021-01, *Reference Rate Reform- Scope* which clarified certain optional expedients and exceptions to entities that are affected because of the reference rate reform. The amendments in this ASU affect the guidance in ASU No. 2020-04 and are effective in the same timeframe as ASU No. 2020-04. The Company is currently assessing the impact that this ASU will have on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU No. 2020-06 *Debt- Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40)-Accounting For Convertible Instruments and Contracts in an Entity's Own Equity*. The guidance simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify. The guidance also simplifies the diluted net income per share calculation in certain areas. The ASU will be effective for annual and interim periods beginning after December 15, 2021, and early adoption is permitted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company will adopt this standard on January 1, 2021 using the modified retrospective method. The estimated impact includes the convertible debt instrument being accounted for as a single liability measured at its amortized cost and elimination of the non-cash interest expense as the Company will not separately present the equity embedded conversion feature in such debt. The Company also expects to adopt the if-converted method for earnings per share.

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements*, which updates various codification topics by clarifying or improving disclosure requirements to align with the SEC’s regulations. The Company will adopt ASU 2020-10 as of the reporting period beginning January 1, 2021. The adoption of this update is not expected to have a material effect on the Company’s consolidated financial statements.

There are no other recently issued accounting pronouncements that are expected to have a significant effect on the Company's financial position, results of operations or cash flows.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest during the years ended December 31, 2020, 2019 and 2018 was $47.3 million (net of $2.3 million that was capitalized into construction in progress), $48.9 million (net of $3.1 million that was capitalized into construction in progress) and $58.3 million (net of $2.3 million that was capitalized into construction in progress), respectively.

Cash paid for income taxes, net of refunds, for the years ended December 31, 2020, 2019 and 2018 was $29.8 million, $16.2 million and $10.4 million, respectively.

NON-CASH INVESTING AND FINANCING ACTIVITIES

Property and equipment purchases included in liabilities at December 31, 2020, 2019 and 2018 were $1.6 million, $11.0 million and $5.4 million, respectively.

In December 2019, the Company achieved the first developmental milestone which triggered a $5.0 million obligation to be paid to former shareholders of Rebound Therapeutics Corporation ("Rebound"). In addition, the Company recorded $5.0 million as in-process research and development expense in the consolidated statements of operations. The obligation was included in accrued liabilities at December 31, 2019 in the consolidated balance sheets. The milestone was paid during the first quarter of 2020.

3. ASSETS AND LIABILITIES HELD FOR SALE

On September 29, 2020, the Company and certain of its subsidiaries entered into an agreement to sell its Extremity Orthopedics business to Smith & Nephew USD Limited for approximately $240 million in cash. The transaction includes the sale of the Company’s upper and lower Extremity Orthopedics product portfolio, including ankle and shoulder arthroplasty and hand and wrist product lines. In connection with the transaction, the Company will pay $41.5 million to the Consortium of Focused Orthopedists, LLC (“CFO”) pursuant to the terms of certain agreements between Integra and CFO relating to the development of shoulder arthroplasty products. On January 4, 2021, upon the terms and conditions set forth in the Divestiture agreement, the Company completed its previously announced sale of its Extremity Orthopedics business to Smith & Nephew USD Limited and received an aggregate purchase price of $240.0 million. Refer to Note 18. *Subsequent Events* for details of the transaction.

The Company considered the assets and liabilities associated with the Extremity Orthopedics business to be accounted as held for-sale as the six criteria under ASC 260 were met during the third quarter of 2020. Upon designation of the assets and liabilities as held for sale, the Company recorded the assets at the lower of their carrying value or their estimated fair value, less

estimated costs to sell. Goodwill was allocated to the assets and liabilities held for sale using the relative fair value method of the Extremity Orthopedics business to the Company's Orthopedics and Tissue Technologies reporting unit. The fair value of the business less costs to sell exceeded the related carrying value.

The Extremity Orthopedics business was treated as a single disposal group and presented separately in the consolidated balance sheet as assets and liabilities held for sale as of December 31, 2020. These balances are presented as current assets and liabilities as they are expected to be sold within twelve months.

The major classes of assets and liabilities classified as a held for sale consisted of the following as of December 31, 2020 (amounts in thousands):

Prepaid expenses and other current assets	713
Right of use asset - operating leases and Other assets	3,186
Deferred tax assets	6,589
Intangible assets, net	13,332
Property, plant and equipment, net	37,893
Goodwill	47,546
Inventories	52,845
Total assets held for sale	162,104
Other liabilities	336
Current portion of lease liability - operating leases	539
Accrued compensation	1,767
Deferred tax liabilities	3,440
Lease liability - operating leases	5,669
Total liabilities held for sale	11,751

4. REVENUES FROM CONTRACTS WITH CUSTOMERS

Summary of Accounting Policies on Revenue Recognition

Revenue is recognized upon the transfer of control of promised products or services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those products and services.

Performance Obligations

The Company's performance obligations consist mainly of transferring control of goods and services identified in the contracts, purchase orders, or invoices. The Company has no significant multi-element contracts with customers.

Significant Judgments

Usage-based royalties and licenses are estimated based on the provisions of contracts with customers and recognized in the same period that the royalty-based products are sold by the Company's strategic partners. The Company estimates and recognizes royalty revenue based upon communication with licensees, historical information, and expected sales trends. Differences between actual reported licensee sales and those that were estimated are adjusted in the period in which they become known, which is typically the following quarter. Historically, such adjustments have not been significant.

The Company estimates returns, price concessions, and discount allowances using the expected value method based on historical trends and other known factors. Rebate allowances are estimated using the most likely method based on each customer contract.

The Company's return policy, as set forth in its product catalogs and sales invoices, requires review and authorization in advance prior to the return of product. Upon the authorization, a credit will be issued for the goods returned within a set amount of days from the shipment, which is generally ninety days.

The Company disregards the effects of a financing component if the Company expects, at contract inception, that the period between the transfer and customer payment for the goods or services will be one year or less. The Company has no significant revenues recognized on payments expected to be received more than one year after the transfer of control of products or services to customers.

Contract Asset and Liability

Revenues recognized from the Company's private label business that are not invoiced to the customers as a result of recognizing revenue over time are recorded as a contract asset included in the prepaid expenses and other current assets account in the consolidated balance sheet.

Other operating revenues may include fees received under service agreements. Non-refundable fees received under multiple-period service agreements are recognized as revenue as the Company satisfies the performance obligations to the other party. A portion of the transaction price allocated to the performance obligations to be satisfied in the future periods is recognized as contract liability.

The following table summarized the changes in the contract asset and liability balances for the year ended December 31, 2020:

	Total
	(amounts in thousands)
Contract Asset	
Contract asset, January 1, 2020	$ 8,680
Transferred to trade receivable of contract asset included in beginning of the year contract asset	(8,680)
Contract asset, net of transferred to trade receivables on contracts during the period	7,430
Contract asset, December 31, 2020	$ 7,430
Contract Liability	
Contract liability, January 1, 2020	$ 11,946
Recognition of revenue included in beginning of year contract liability	(3,925)
Contract liability, net of revenue recognized on contracts during the period	3,856
Foreign currency translation	84
Contract liability, December 31, 2020	$ 11,961

At December 31, 2020, the short-term portion of the contract liability of $5.3 million and the long-term portion of $6.7 million were included in accrued expenses and other current liabilities and other liabilities in the consolidated balance sheet.

As of December 31, 2020, the Company is expected to recognize revenue of approximately $5.3 million in 2021, $2.9 million in 2022, $1.5 million in 2023, $0.8 million in 2024, $0.6 million in 2025, and $0.9 million thereafter.

Shipping and Handling Fees

The Company elected to account for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. Amounts billed to customers for shipping and handling are included as part of the transaction price and recognized as revenue when control of underlying products is transferred to the customer. The related shipping and freight charges incurred by the Company are included in the cost of goods sold.

Product Warranties

Certain of the Company's medical devices, including monitoring systems and neurosurgical systems, are designed to operate over long periods of time. These products are sold with warranties which may extend for up to two years from the date of purchase. The warranties are not considered a separate performance obligation. The Company estimates its product warranties using the expected value method based on historical trends and other known factors. The Company includes them in accrued expenses and other current liabilities in the consolidated balance sheet.

Taxes Collected from Customers

The Company elected to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer.

Disaggregated Revenue

The following table presents revenues disaggregated by the major sources of revenues for years-ended December 31, 2020, 2019 and 2018 (amounts in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
	(amounts in thousands)		
Neurosurgery	716,339	767,793	740,268
Instruments	178,492	$ 228,413	$ 223,661
Total Codman Specialty Surgical	894,831	996,206	963,929
Wound Reconstruction	293,038	322,739	311,565
Extremity Orthopedics	78,316	90,082	90,588
Private Label	105,683	108,530	106,359
Total Orthopedics and Tissue Technologies	477,037	521,351	508,512
Total revenue	$ 1,371,868	$ 1,517,557	$ 1,472,441

Prior period amounts were reclassified between categories within the Codman Specialty Surgical segment to conform to the current period presentation.

See Note 17, *Segment and Geographical Information*, for details of revenues based on the location of the customer.

5. ACQUISITIONS

Arkis BioSciences Inc.

On July 29, 2019, the Company acquired Arkis BioSciences Inc. ("Arkis") for an acquisition purchase price of $30.6 million (the "Arkis Acquisition") plus contingent consideration of up to $25.5 million, that may be payable based on the successful completion of certain development and commercial milestones. The contingent consideration had an acquisition date fair value of $13.1 million. Arkis was a privately-held company that marketed the CerebroFlo® external ventricular drainage (EVD) catheter with Endexo® technology, a permanent additive designed to reduce the potential for catheter obstruction due to thrombus formation.

Assets Acquired and Liabilities Assumed at Fair Value

The Arkis Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination to be recognized at their fair values as of the acquisition date.

The following table summarizes the final fair values of the assets acquired and liabilities assumed at the acquisition date:

	Final Valuation	Weighted Average Life
	(Dollars in thousands)	
Cash	$ 90	
Other current assets	751	
Property, plant and equipment	457	
Deferred tax assets	1,697	
Intangible assets:		
CerebroFlo developed technology	20,100	15 years
Enabling technology license	1,980	14 years
Goodwill	27,153	
Total assets acquired	52,228	
Accounts payable, accrued expenses and other liabilities	2,926	
Contingent consideration	13,100	
Deferred tax liabilities	5,603	
Net assets acquired	$ 30,599	

Intangible Assets

The estimated fair value of the intangible assets was determined using the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of those asset valuations include the estimated net cash flows for each year for each asset (including net revenues, cost of sales, R&D costs, selling and marketing costs, and working capital/contributory asset charges), the appropriate discount rate to select in order to

measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, and competitive trends impacting the asset and each cash flow stream.

The Company used a discount rate of 14.5% to arrive at the present value for the acquired intangible assets to reflect the rate of return a market participant would expect to earn and incremental commercial uncertainty in the cash flow projections. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

Goodwill

The Company allocated goodwill related to the Arkis Acquisition to the Codman Specialty Surgical segment. Goodwill is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce. One of the key factors that contributes to the recognition of goodwill, and a driver for the Company's acquisition of Arkis, is the planned expansion of the Endexo technology with the existing products within the Codman Specialty Surgical segment. Goodwill recognized as a result of this acquisition is non-deductible for income tax purposes.

Contingent Consideration

The Company determines the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from revenue estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined using the fair value concepts in ASC 820. The resultant probability-weighted cash flows are discounted using an appropriate effective annual interest rate. At each reporting date, the contingent consideration obligation will be revalued to estimated fair value and changes in fair value will be reflected as income or expense in our consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue estimates and changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Adverse changes in assumptions utilized in the contingent consideration fair value estimates could result in an increase in the contingent consideration obligation and a corresponding charge to operating results.

As part of the acquisition, the Company is required to pay the former shareholders of Arkis up to $25.5 million based on the timing of certain development milestones of $10 million and commercial sales milestones of $15.5 million, respectively. The Company used a probability weighted income approach to calculate the fair value of the contingent consideration that considered the possible outcomes of scenarios related to each specified milestone. The Company estimated the fair value of the contingent consideration to be $13.1 million at the acquisition date. The estimated the fair value as of December 31, 2020 was $15.1 million. The Company recorded $3.4 million in accrued expenses and other current liabilities and $11.7 million in other liabilities at December 31, 2020 in the consolidated balance sheets of the Company.

Deferred Tax Liabilities

Deferred tax liabilities result from identifiable intangible assets' fair value adjustments. These adjustments create excess book basis over tax basis which is tax-effected by the statutory tax rates of applicable jurisdictions.

The pro forma results are not presented for this acquisition as they are not material.

Rebound Therapeutics Corporation

On September 9, 2019, the Company acquired Rebound Therapeutics Corporation ("Rebound"), developers of a single-use medical device known as the AURORA Surgiscope® System ("Aurora") which enables minimally invasive access, using optics and illumination, for visualization, diagnostic and therapeutic use in neurosurgery (the "Rebound transaction"). Under the terms of the Rebound transaction, the Company made an upfront payment of $67.1 million and are committed to pay up to $35.0 million of contingent development milestones upon achievement of certain regulatory milestones. The acquisition of Rebound was primarily concentrated in one single identifiable asset and thus, for accounting purposes, the Company has concluded that the acquired assets do not meet the accounting definition of a business. The initial payment was allocated primarily to Aurora, resulting in a $59.9 million IPR&D expense. The balance of approximately $7.2 million, which included $2.1 million of cash and cash equivalents and a net deferred tax asset of $4.2 million, was allocated to the remaining net assets acquired. The deferred tax asset primarily resulted from a federal net operating loss carry forward.

During the fourth quarter of 2019, the Company achieved the first developmental milestone which triggered a $5.0 million obligation to be paid to former shareholders of Rebound. The Company recorded $5.0 million as IPR&D expense in the consolidated statements of operations. The obligation was included in accrued expenses and other current liabilities at December 31, 2019 in the consolidated balance sheets. The milestone was paid during the first quarter of 2020.

During the fourth quarter of 2020, the Company achieved another developmental milestone which triggered a $20.0 million obligation to be paid to the former shareholders of Rebound. The Company recorded $20.0 million as an intangible asset in the consolidated balance sheet upon achieving the milestone. The milestone was paid during the fourth quarter of 2020.

Integrated Shoulder Collaboration, Inc.

On January 4, 2019, the Company entered into a licensing agreement with Integrated Shoulder Collaboration, Inc ("ISC"). Under the terms of the agreement, the Company paid ISC $1.7 million for the exclusive, worldwide license to commercialize its short stem and stemless shoulder system. A patent related to short stem and stemless shoulder systems was issued to ISC during the first quarter of 2019. ISC is eligible to receive royalties on sales of the short stem and stemless shoulder system. The Company has the option to acquire ISC at a date four years subsequent to the first commercial sale, which becomes mandatory upon the achievement of a certain sales thresholds of the short stem and stemless shoulder system, for an amount not to exceed $80.0 million. The transaction was accounted for as an asset acquisition as the Company concluded that it acquired primarily one asset. The total upfront payment of $1.7 million was expensed as a component of research and development expense and the future milestone and option payments will be recorded if the corresponding events become probable.

In connection with the sale of the Company's Extremity Orthopedic business, on January 4, 2021 the Company paid $41.5 million to CFO pursuant to the terms of certain agreements between the Company and CFO relating to the sale of shares of ISC effectively terminating our licensing agreement with ISC. See Note 3, *Assets and Liabilities Held for Sale* and Note 18. *Subsequent Events* for details of the transaction.

6. DEBT

Amendment to the Sixth Amended and Restated Senior Credit Agreement

On February 3, 2020, the Company entered into the sixth amendment and restatement (the "February 2020 Amendment") of its Senior Credit Facility (the "Senior Credit Facility") with a syndicate of lending banks with Bank of America, N.A., as Administrative Agent. The February 2020 Amendment extended the maturity date to February 3, 2025. The Company continues to have the aggregate principal amount of up to approximately $2.2 billion available to it through the following facilities: (i) $877.5 million Term Loan facility, and (ii) a $1.3 billion revolving credit facility, which includes a $60.0 million sublimit for the issuance of standby letters of credit and a $60.0 million sublimit for swingline loans.

On July 14, 2020, the Company entered into an amendment (the "July 2020 Amendment") to the February 2020 Amendment of the Senior Credit Facility to increase financial flexibility in light of the unprecedented impact and uncertainty of the COVID-19 pandemic on the global economy. The July 2020 amendment does not increase the Company’s total indebtedness.

In connection with the July 14, 2020 amendment, the Company’s maximum consolidated total leverage ratio in the financial covenants (as defined in the Senior Credit Facility) was modified to the following:

Fiscal Quarter	Maximum Consolidated Total Leverage Ratio
Execution of July 2020 Amendment through June 30, 2021	5.50 to 1.00
September 30, 2021 through June 30, 2022	5.00 to 1.00
September 30, 2022 through June 30, 2023	4.50 to 1.00
September 30, 2023 and the last day of each fiscal quarter thereafter	4.00 to 1.00

Borrowings under the Senior Credit Facility bear interest, at the Company’s option, at a rate equal to the following:

i. the Eurodollar Rate (as defined in the amendment and restatement) in effect from time to time plus the applicable rate (ranging from 1.00% to 2.25%), or

ii. the highest of:

   1. the weighted average overnight Federal funds rate, as published by the Federal Reserve Bank of New York, plus 0.50%
   2. the prime lending rate of Bank of America, N.A. or
   3. the one-month Eurodollar Rate plus 1.00%

The applicable rates are based on the Company’s consolidated total leverage ratio (defined as the ratio of (a) consolidated funded indebtedness as of such date less cash that is not subject to any restriction on the use or investment thereof to (b) consolidated EBITDA as defined by the July 2020 amendment, for the period of four consecutive fiscal quarters ending on such date).

The Company will pay an annual commitment fee (ranging from 0.15% to 0.30%), based on the Company's consolidated total leverage ratio, on the amount available for borrowing under the revolving credit facility.

The Senior Credit Facility is collateralized by substantially all of the assets of the Company's U.S. subsidiaries, excluding intangible assets. The Senior Credit Facility is subject to various financial and negative covenants and at December 31, 2020, the Company was in compliance with all such covenants and is expected to be in compliance over the next year. In connection with the February 2020 Amendment, the Company capitalized $4.6 million of financing costs in connection with modification of the Senior Credit Facility and wrote off $1.2 million of previously capitalized financing costs during the first quarter of 2020. In connection with the July 2020 amendment, the Company expensed $3.3 million of incremental financing costs in connection with the modification of the Senior Credit Facility during the third quarter of 2020.

At December 31, 2020 and 2019, there was $97.5 million and $375.0 million outstanding, respectively, under the revolving portion of the Senior Credit Facility at weighted average interest rates of 1.5% and 3.2%, respectively. At December 31, 2020 and 2019, there was $877.5 million outstanding, respectively, under the Term Loan component of the Senior Credit Facility at weighted average interest rates of 1.5% and 3.2%, respectively. At December 31, 2020, $33.8 million million of the Term Loan component of the Senior Credit Facility is classified as current on the consolidated balance sheet as the first mandatory repayment is due June 30, 2021.

The fair value of outstanding borrowings of the Senior Credit Facility's revolving credit facility and Term Loan component at December 31, 2020 were approximately $98.4 million and $883.6 million, respectively. These fair values were determined by using a discounted cash flow model based on current market interest rates available to the Company. These inputs are corroborated by observable market data for similar liabilities and therefore classified within Level 2 of the fair value hierarchy. Level 2 inputs represent inputs that are observable for the asset or liability, either directly or indirectly, and are other than active market observable inputs that reflect unadjusted quoted prices for identical assets or liabilities

Letters of credit outstanding as of December 31, 2020 and 2019 totaled $1.6 million and $0.8 million, respectively. There were no amounts drawn as of December 31, 2020.

Contractual repayments of the Term Loan component of Senior Credit Facility are due as follows:

Year-ended December 31, 2020	Principal Repayment (In thousands)
2021	$ 33,750
2022	45,000
2023	61,875
2024	67,500
2025	669,375
	$ 877,500

The outstanding balance of the revolving credit component of the Senior Credit Facility is due on February 3, 2025.

Convertible Senior Notes

On February 4, 2020, the Company issued $575.0 million aggregate principal amount of its 0.5% Convertible Senior Notes due 2025 (the "2025 Notes"). The 2025 Notes will mature on August 15, 2025 and bear interest at a rate of 0.5% per annum payable semi-annually in arrears, unless earlier converted, repurchased or redeemed in accordance with the terms of the Notes. The portion of debt proceeds that was classified as equity at the time of the offering was $104.5 million, and that amount is being amortized to interest expense using the effective interest method through August 2025. The effective interest rate implicit in the liability component is 4.2%. In connection with this offering, the Company capitalized $13.2 million of financing fees. At December 31, 2020, the carrying amount of the liability component was $485.9 million, the remaining unamortized discount was $89.1 million, and the principal amount outstanding was $575.0 million. The fair value of the 2025 Notes at December 31, 2020 was $638.1 million.

The 2025 Notes are senior, unsecured obligations of the Company, and are convertible into cash and shares of its common stock based on initial conversion rate, subject to adjustment of 13.5739 shares per $1,000 principal amounts of the 2025 Notes (which represents an initial conversion price of $73.67 per share). The 2025 Notes convert only in the following circumstances: (1) if the closing price of the Company's common stock has been at least 130% of the conversion price during the period; (2) if the average trading price per $1000 principal amount of the 2025 Notes is less than or equal to 98% of the average conversion value of the 2025 Notes during a period as defined in the indenture; (3) at any time on or after February 20, 2023; or (4) if

specified corporate transactions occur. As of December 31, 2020, none of these conditions existed with respect to the 2025 Notes and as a result the 2025 Notes are classified as long term.

On December 9, 2020, the Company entered into the First Supplemental Indenture to the original agreement dated as of February 4, 2020 between the Company and Citibank, N.A., as trustee, governing the Company's outstanding 2025 Notes. The Company irrevocably elected (1) to eliminate the Company's option to choose physical settlement on any conversion of the 2025 Notes that occurs on or after the date of the First Supplemental Indenture and (2) with respect to any Combination Settlement for a conversion of the 2025 Notes, the Specified Dollar Amount that will be settled in cash per $1,000 principal amount of the 2025 Notes shall be no lower than $1,000.

Holders of the Notes will have the right to require the Company to repurchase for cash all or a portion of their Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change (as defined in the indenture relating to the Notes). The Company will also be required to increase the conversion rate for holders who convert their Notes in connection with certain fundamental changes occurring prior to the maturity date or following delivery by the Company of a notice of redemption.

In connection with the issuance of the 2025 Notes, the Company entered into call transactions and warrant transactions, primarily with affiliates of the initial purchasers of the 2025 Notes (the "hedge participants"). The cost of the call transactions was $104.2 million for the 2025 Notes. The Company received $44.5 million of proceeds from the warrant transactions for the 2025 Notes. The call transactions involved purchasing call options from the hedge participants, and the warrant transactions involved selling call options to the hedge participants with a higher strike price than the purchased call options. The initial strike price of the call transactions was $73.67, subject to anti-dilution adjustments substantially similar to those in the 2025 Notes. The initial strike price of the warrant transactions was $113.34 for the 2025 Notes, subject to customary anti-dilution adjustments.

During the twelve months ended December 31, 2020, the Company recognized cash interest related to the contractual interest coupon of $2.6 million and amortization of the discount on the liability component of $15.4 million for a total interest charge of $18.0 million on the 2025 Notes.

Securitization Facility

During the fourth quarter of 2018, the Company entered into an accounts receivable securitization facility (the "Securitization Facility") under which accounts receivable of certain domestic subsidiaries are sold on a non-recourse basis to a special purpose entity ("SPE"), which is a bankruptcy-remote, consolidated subsidiary of the Company. Accordingly, the assets of the SPE are not available to satisfy the obligations of the Company or any of its subsidiaries. From time to time, the SPE may finance such accounts receivable with a revolving loan facility secured by a pledge of such accounts receivable. The amount of outstanding borrowings on the Securitization Facility at any one time is limited to $150.0 million. The Securitization Facility Agreement ("Securitization Agreement") is for an initial three-year term and may be extended. The Securitization Agreement governing the Securitization Facility contains certain covenants and termination events. An occurrence of an event of default or a termination event under this Securitization Agreement may give rise to the right of its counterparty to terminate this facility. As of December 31, 2020, the Company was in compliance with the covenants and none of the termination events had occurred. The Company had $112.5 million and $104.5 million of outstanding borrowings under its Securitization Facility at a weighted average interest rate of 1.3% and 2.8% as of December 31, 2020 and 2019, respectively. At December 31, 2020, the total amount outstanding under the Securitization Facility is classified as current on the consolidated balance sheet as the total amount is due on December 21, 2021.

The fair value of the outstanding borrowing of the Securitization facility at December 31, 2020 was approximately $112.3 million.

7. DERIVATIVE INSTRUMENTS

Interest Rate Hedging

The Company's interest rate risk relates to U.S. dollar denominated variable interest rate borrowings. The Company uses interest rate swap derivative instruments to manage earnings and cash flow exposure resulting from changes in interest rates. These interest rate swaps apply a fixed interest rate on a portion of the Company's expected LIBOR-indexed floating-rate borrowings.

The Company held the following interest rate swaps as of December 31, 2020 and 2019 (dollar amounts in thousands):

	December 31, 2020	December 31, 2019					December 31, 2020	December 31, 2019
Hedged Item	Notional Amount		Designation Date	Effective Date	Termination Date	Fixed Interest Rate	Estimated Fair Value	
							Asset (Liability)	
3-month USD LIBOR	$ —	$ 50,000	February 6, 2017	June 30, 2017	June 30, 2020	1.834 %	$ —	$ (2)
1-month USD LIBOR	—	100,000	February 6, 2017	June 30, 2017	June 30, 2020	1.652 %	—	12
1-month USD LIBOR	100,000	100,000	March 27, 2017	December 31, 2017	June 30, 2021	1.971 %	(929)	(581)
1-month USD LIBOR	150,000	150,000	December 13, 2017	January 1, 2018	December 31, 2022	2.201 %	(6,152)	(2,880)
1-month USD LIBOR	150,000	150,000	December 13, 2017	January 1, 2018	December 31, 2022	2.201 %	(6,405)	(2,880)
1-month USD LIBOR	100,000	100,000	December 13, 2017	July 1, 2019	June 30, 2024	2.423 %	(7,724)	(3,517)
1-month USD LIBOR	50,000	50,000	December 13, 2017	July 1, 2019	June 30, 2024	2.423 %	(3,778)	(1,778)
1-month USD LIBOR	200,000	200,000	December 13, 2017	January 1, 2018	December 31, 2024	2.313 %	(16,243)	(6,595)
1-month USD LIBOR	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.220 %	(9,836)	(5,750)
1-month USD LIBOR	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.199 %	(9,826)	(5,747)
1-month USD LIBOR	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.209 %	(9,783)	(5,807)
1-month USD LIBOR	100,000	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.885 %	(10,407)	(4,930)
1-month USD LIBOR	100,000	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.867 %	(10,431)	(4,691)
1-month USD LIBOR	125,000	—	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(382)	—
1-month USD LIBOR	50,000	—	December 15, 2020	July 1, 2025	December 31, 2027	1.404 %	(162)	—
1-month USD LIBOR	225,000	—	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(846)	—
1-month USD LIBOR	225,000	—	December 15, 2020	July 31, 2025	December 31, 2027	1.415 %	(679)	—
1-month USD LIBOR	75,000	—	December 15, 2020	July 1, 2025	December 31, 2027	1.404 %	(187)	—
Total interest rate derivatives designated as cash flow hedge	$ 1,875,000	$ 1,325,000					$ (93,769)	$ (45,145)

The Company has designated these derivative instruments as cash flow hedges. The Company assesses the effectiveness of these derivative instruments and has recorded the changes in the fair value of the derivative instrument designated as a cash flow hedge as unrealized gains or losses in accumulated other comprehensive loss (“AOCL”), net of tax, until the hedged item affected earnings, at which point any gain or loss was reclassified to earnings. If the hedged cash flow does not occur, or if it becomes probable that it will not occur, the Company will reclassify the remaining amount of any gain or loss on the related cash flow hedge recorded in AOCL to interest expense at that time.

Foreign Currency Hedging

From time to time the Company enters into foreign currency hedge contracts intended to protect the U.S. dollar value of certain forecasted foreign currency denominated transactions. The Company assesses the effectiveness of the contracts that are designated as hedging instruments. The changes in fair value of foreign currency cash flow hedges are recorded in AOCL, net of tax, until the hedged item affects earnings. Once the related hedged item affects earnings, the Company reclassifies amounts recorded in AOCL to earnings. If the hedged forecasted transaction does not occur, or if it becomes probable that it will not occur, the Company will reclassify the amount of any gain or loss on the related cash flow hedge to earnings at that time. For contracts not designated as hedging instruments, the changes in fair value of the contracts are recognized in other income, net in the consolidated statements of operation, along with the offsetting foreign currency gain or loss on the underlying assets or liabilities.

During the fourth quarter of 2020, the Company entered into foreign currency forward contracts, with a notional amount of $9.7 million to mitigate the foreign exchange risk related to certain intercompany loans denominated in Canadian Dollar ("CAD") and intercompany receivables denominated in Japanese Yen ("JPY"). The contracts are not designated as hedging instruments. The Company recognized a $0.2 million loss from the change in fair value of the contracts, which was included in other income, net in the consolidated statement of operations. The fair value of the foreign currency forward contracts was $0.2 million as of December 31, 2020.

The success of the Company’s hedging program depends, in part, on forecasts of certain activity denominated in foreign currency. The Company may experience unanticipated currency exchange gains or losses to the extent that there are differences

between forecasted and actual activities during periods of currency volatility. In addition, changes in currency exchange rates related to any unhedged transactions may affect earnings and cash flows.

Cross-Currency Rate Swaps

On October 2, 2017, the Company entered into cross currency swap agreements to convert a notional amount of $300.0 million equivalent to 291.2 million of Swiss francs ("CHF") denominated intercompany loans into U.S. dollars. The CHF denominated intercompany loans were the result of the purchase of intellectual property by a subsidiary in Switzerland as part of an acquisition.

On December 21, 2020, the Company entered into cross-currency swap agreements to convert a notional amount of $471.6 million equivalent to 420.1 million of a CHF denominated intercompany loan into U.S. dollars. The CHF denominated intercompany loan was the result of an intra-entity transfer of certain intellectual property rights to a subsidiary in Switzerland completed during the fourth quarter of 2020.

The objective of these cross-currency swaps is to reduce volatility of earnings and cash flows associated with changes in the foreign currency exchange rate. Under the terms of these contracts, which have been designated as cash flow hedges, the Company will make interest payments in Swiss Francs and receive interest in U.S. dollars. Upon the maturity of these contracts, the Company will pay the principal amount of the loans in Swiss Francs and receive U.S. dollars from the counterparties.

The Company held the following cross-currency rate swaps as of December 31, 2020 (dollar amounts in thousands):

					December 31, 2020
	Effective Date	Termination Date	Fixed Rate	Aggregate Notional Amount	Fair Value (Liability)
Pay CHF	October 2, 2017	October 2, 2021	1.85%	CHF 48,533	(4,335)
Receive U.S.$			4.46%	$ 50,000	
Pay CHF	October 2, 2017	October 2, 2022	1.95%	CHF 145,598	(11,262)
Receive U.S.$			4.52%	$ 150,000	
Pay CHF	December 21, 2020	December 20, 2025	3.00%	CHF 420,137	(7,843)
Receive U.S.$			3.98%	$ 471,640	
Total					$ (23,441)

On October 2, 2020 in accordance with the termination date, the Company settled a cross-currency swap designated as a cash flow hedge of an intercompany loan with an aggregate notional amount of $33.3 million. As a result of the settlement, the Company recorded a loss of $0.3 million in other income, net in the consolidated statement of operations.

The Company held the following cross-currency rate swaps as of December 31, 2019 (dollar amounts in thousands):

					December 31, 2019
	Effective Date	Termination Date	Fixed Rate	Aggregate Notional Amount	Fair Value (Liability)
Pay CHF	October 2, 2017	October 2, 2020	1.75%	CHF 32,355	$ (101)
Receive U.S.$			4.38%	$ 33,333	
Pay CHF	October 2, 2017	October 2, 2021	1.85%	CHF 48,533	(119)
Receive U.S.$			4.46%	$ 50,000	
Pay CHF	October 2, 2017	October 2, 2022	1.95%	CHF 145,598	(289)
Receive U.S.$			4.52%	$ 150,000	
Total					$ (509)

During the year ended December 31, 2019, the Company settled cross-currency swaps designated as cash flow hedges of an intercompany loan with an aggregate notional amount of $66.7 million. The original maturity dates were October 2, 2020 however, as the intercompany loan settlement was consummated, the cross-currency swap was settled simultaneously. As a result of the settlements, the Company recorded a loss of $0.4 million in other income, net in the consolidated statement of operations.

The cross-currency swaps are carried on the consolidated balance sheet at fair value, and changes in the fair values are recorded as unrealized gains or losses in AOCL. For the years ended December 31, 2020 and 2019, the Company recorded a loss of $21.7 million and loss of $4.0 million, respectively, in other income, net related to change in fair value related to the foreign currency rate translation to offset the gains or losses recognized on the intercompany loans.

For the years ended December 31, 2020 and 2019, the Company recorded a loss of $17.1 million and a gain of $9.3 million, respectively, in AOCL related to change in fair value of the cross-currency swaps.

For the years ended December 31, 2020 and 2019, the Company recorded gains of $5.8 million and $7.0 million, respectively, in other income, net included in the consolidated statements of operations related to the interest rate differential of the cross-currency swaps.

The estimated gain that is expected to be reclassified to other income, net from AOCL as of December 31, 2020 within the next twelve months is $3.3 million. As of December 31, 2020, the Company does not expect any gains or losses will be reclassified into earnings as a result of the discontinuance of these cash flow hedges because the original forecasted transaction will not occur.

Net Investment Hedges

The Company manages certain foreign exchange risks through a variety of strategies, including hedging. The Company is exposed to foreign exchange risk from its international operations through foreign currency purchases, net investments in foreign subsidiaries, and foreign currency assets and liabilities created in the normal course of business. On October 1, 2018 and December 16, 2020, the Company entered into cross-currency swap agreements designated as net investment hedges to partially offset the effects of foreign currency on foreign subsidiaries.

The Company held the following cross-currency rate swaps designated as net investment hedges as of December 31, 2020 (dollar amounts in thousands):

						December 31, 2020
	Effective Date	Termination Date	Fixed Rate	Aggregate Notional Amount		Fair Value Asset (Liability)
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2021	— 3.01%	EUR 44,859 $ 52,000		$ (1,884)
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2023	— 2.57%	EUR 51,760 $ 60,000		(450)
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2025	— 2.19%	EUR 38,820 $ 45,000		92
Pay CHF Receive USD	December 16, 2020	December 16, 2027	— 1.10%	CHF 222,300 $ 250,000		(3,794)
Total						$ (6,036)

During the year ended December 31, 2020, the Company settled cross-currency swaps designated as net investment hedge with an aggregate notional amount of $167.5 million and 128.3 million Pound Sterling respectively as a result of an intra-entity transfer of certain intellectual property rights to a subsidiary. The original settlement date was September 30, 2025. As a result of the settlement, the Company recorded a loss of $7.8 million in AOCL.

The Company held the following cross-currency rate swaps designated as net investment hedges as of December 31, 2019 (dollar amounts in thousands):

				December 31, 2019	
	Effective Date	Termination Date	Fixed Rate	Aggregate Notional Amount	Fair Value Asset (Liability)
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2021	— 3.01%	EUR 44,859 $ 52,000	$ 2,459
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2023	— 2.57%	EUR 51,760 $ 60,000	3,087
Pay EUR Receive U.S.$	October 3, 2018	September 30, 2025	— 2.19%	EUR 38,820 $ 45,000	2,032
Pay GBP Receive U.S.$	October 3, 2018	September 30, 2025	1.67% 2.71%	GBP 128,284 $ 167,500	(154)
Pay CHF Receive GBP	October 3, 2018	September 30, 2025	— 1.67%	CHF 165,172 GBP 128,284	1,221
Total					$ 8,645

During the year ended December 31, 2019, the Company settled a cross-currency swap designated as a net-investment hedge of with an aggregate notional amount of $30.0 million. The original termination date was September 30, 2021. As a result of the settlement, the Company recorded a gain of $1.6 million in AOCL.

The cross-currency swaps were carried on the consolidated balance sheet at fair value and changes in the fair values were recorded as unrealized gains or losses in AOCL. For the year ended December 31, 2020 and 2019, the Company recorded a loss of $14.9 million and a gain of $20.5 million, respectively, in AOCL related to the change in fair value of the cross-currency swaps.

For the years ended December 31, 2020 and 2019, the Company recorded a gain of $7.6 million and $9.6 million, respectively, in interest income included in the consolidated statements of operations related to the interest rate differential of the cross-currency swaps.

The estimated gain that is expected to be reclassified to interest income from AOCL as of December 31, 2020 within the next twelve months is $3.4 million.

Counterparty Credit Risk

The Company manages its concentration of counterparty credit risk on its derivative instruments by limiting acceptable counterparties to a group of major financial institutions with investment grade credit ratings, and by actively monitoring their credit ratings and outstanding positions on an ongoing basis. Therefore, the Company considers the credit risk of the counterparties to be low. Furthermore, none of the Company's derivative transactions are subject to collateral or other security arrangements, and none contain provisions that depend upon the Company's credit ratings from any credit rating agency.

Fair Value of Derivative Instruments

The Company has classified all of its derivative instruments within Level 2 of the fair value hierarchy because observable inputs are available for substantially the full term of the derivative instruments. The fair values of the interest rate swaps and cross-currency swaps were developed using a market approach based on publicly available market yield curves and the terms of the swap. The Company performs ongoing assessments of counterparty credit risk.

The following table summarizes the fair value for derivatives designated as hedging instruments in the consolidated balance sheets as of December 31, 2020 and 2019:

	Fair Value as of December 31,	
	2020	2019
Location on Balance Sheet [1]:	(In thousands)	
Derivatives designated as hedges — Assets:		
Prepaid expenses and other current assets		
Cash Flow Hedges		
Interest rate swap[2]	$ —	$ 12
Cross-currency swap	7,623	5,032
Net Investment Hedges		
Cross-currency swap	5,297	7,952
Other assets		
Cash Flow Hedges		
Interest rate swap[2]	—	—
Net Investment Hedges		
Cross-currency swap	—	3,465
Total Derivatives designated as hedges — Assets	$ 12,920	$ 16,461
Derivatives designated as hedges — Liabilities		
Accrued expenses and other current liabilities		
Cash Flow Hedges		
Interest rate swap[2]	$ 22,033	$ 6,635
Cross-currency swap	4,335	101
Net Investment Hedges		
Cross-currency swap	1,884	—
Other liabilities		
Cash Flow Hedges		
Interest rate swap[2]	71,736	38,522
Cross-currency swap	26,728	5,440
Net Investment Hedges		
Cross-currency swap	9,449	2,772
Total Derivative designated as hedges — Liabilities	$ 136,165	$ 53,470

(1) The Company classifies derivative assets and liabilities as current based on the cash flows expected to be incurred within the following 12 months.

(2) At December 31, 2020 and 2019, the total notional amounts related to the Company's interest rate swaps were $1.9 billion and $1.3 billion, respectively.

The following presents the effect of derivative instruments designated as cash flow hedges and net investment hedges on the accompanying consolidated statements of operations during the years ended December 31, 2020 and 2019:

	Balance in AOCL Beginning of Year	Amount of Gain (Loss) Recognized in AOCL	Amount of Gain (Loss) Reclassified from AOCL into Earnings	Balance in AOCL End of Year	Location in Statements of Operations
			(In thousands)		
Year Ended December 31, 2020					
Cash Flow Hedges					
Interest rate swap	$ (45,145)	$ (64,778)	$ (16,154)	$ (93,769)	Interest expense
Cross-currency swap	177	(17,147)	(15,897)	(1,073)	Other income, net
Net Investment Hedges					
Cross-currency swap	10,229	(14,911)	7,609	(12,291)	Interest income
	$ (34,739)	$ (96,836)	$ (24,442)	$ (107,133)	
Year Ended December 31, 2019					
Cash Flow Hedges					
Interest rate swap	$ 619	$ (43,493)	$ 2,271	$ (45,145)	Interest expense
Cross-currency swap	(6,190)	9,334	2,967	177	Other income, net
Net Investment Hedges					
Cross-currency swap	(632)	20,488	9,627	10,229	Interest income
	$ (6,203)	$ (13,671)	$ 14,865	$ (34,739)	

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The Company tests goodwill for impairment by either performing a qualitative evaluation or a quantitative test.

The qualitative evaluation is an assessment of factors including reporting unit specific operating results as well as industry, market and general economic conditions, to determine whether it is more likely than not that the fair values of a reporting unit is less than its carrying amount, including goodwill. The Company may elect to bypass the qualitative assessment for its three reporting units and perform a quantitative test. The assumptions used in evaluating goodwill for impairment are subject to change and are tracked against historical results by management.

The quantitative test estimates the fair value of its three reporting units using a discounted cash flow model, which incorporates significant estimates and assumptions made by management which, by their nature, are characterized by uncertainty. Inputs used to fair value the Company's reporting units are considered inputs of the fair value hierarchy. For Level 3 measurements, significant increases or decreases in long-term growth rates or discount rates in isolation or in combination could result in a significantly lower or higher fair value measurement. The key assumptions impacting the valuation included the following:

- The reporting unit's financial projections, which are based on management's assessment of regional and macroeconomic variables, industry trends and market opportunities, and the Company's strategic objectives and future growth plans.
- The projected terminal value for the reporting unit, which represents the present value of projected cash flows beyond the last period in the discounted cash flow analysis. The terminal value reflects the Company's assumptions related to long-term growth rates and profitability, which are based on several factors, including local and macroeconomic variables, market opportunities, and future growth plans.
- The discount rate used to measure the present value of the projected future cash flows is set using a weighted-average cost of capital method that considers market and industry data as well as the Company's specific risk factors that are

likely to be considered by a market participant. The weighted-average cost of capital is the Company's estimate of the overall after-tax rate of return required by equity and debt holders of a business enterprise.

The Company elected to perform a qualitative analysis for its three reporting units as of July 31, 2020. The Company determined, after performing qualitative analysis, that there was no evidence that it is more likely than not that the fair value of any identified reporting unit was less that the carrying amounts, therefore, it was not necessary to perform a quantitative impairment test.

Changes in the carrying amount of goodwill in 2020 and 2019 were as follows:

	Codman Specialty Surgical	Orthopedics and Tissue Technologies	Total
		(In thousands)	
Goodwill at January 1, 2019	$ 625,760	$ 300,715	$ 926,475
Arkis Acquisition	27,600	—	27,600
Foreign currency translation	140	65	205
Goodwill at December 31, 2019	$ 653,500	$ 300,780	$ 954,280
Foreign currency translation	18,475	7,158	25,633
Transfer to assets held for sale (See Note 3. *Assets Held for Sale*)	$ —	$ (47,546)	$ (47,546)
Goodwill at December 31, 2020	$ 671,975	$ 260,392	$ 932,367

Other Intangible Assets

The components of the Company's identifiable intangible assets were as follows:

		December 31, 2020		
	Weighted Average Life	Cost	Accumulated Amortization	Net
		(Dollars in Thousands)		
Completed technology	19 years	$ 896,478	$ (248,088)	$ 648,390
Customer relationships	12 years	213,270	(132,838)	80,432
Trademarks/brand names	28 years	104,209	(31,767)	72,442
Codman trade name	Indefinite	170,226	—	170,226
Supplier relationships	27 years	30,211	(15,203)	15,008
All other [1]	4 years	9,995	(7,057)	2,938
		$ 1,424,389	$ (434,953)	$ 989,436

		December 31, 2019		
	Weighted Average Life	Cost	Accumulated Amortization	Net
		(Dollars in Thousands)		
Completed technology	19 years	$ 880,623	$ (213,702)	$ 666,921
Customer relationships	12 years	222,575	(119,393)	103,182
Trademarks/brand names	28 years	103,873	(28,514)	75,359
Codman trade name	Indefinite	163,126	—	163,126
Supplier relationships	27 years	34,721	(17,947)	16,774
All other [1]	4 years	10,869	(4,640)	6,229
		$ 1,415,787	$ (384,196)	$ 1,031,591

(1) At December 31, 2020 and 2019, all other included IPR&D of $1.0 million, which was indefinite-lived. At December 31, 2020, this IPR&D asset was presented separately as "assets held for sale" in conjunction with the sale of the Extremity Orthopedics business which is expected to be sold within twelve months. See Note 3, *Assets and Liabilities Held for Sale*, for details.

At December 31, 2020, $13.3 million of Intangible assets, net were presented separately as "assets held for sale" in conjunction with the sale of the Extremity Orthopedics business. See Note 3, *Assets and Liabilities Held for Sale*.

The Company tests intangible assets with indefinite lives for impairment annually in the third quarter in accordance with ASC Topic 350. The Company elected to bypass the qualitative evaluation for its Codman tradename intangible asset and perform quantitative test during the third quarter of 2020. In performing the test, the Company utilized a range of projected sales growth rates, a royalty rate of 5.0%, a tax rate of 24.0% and a discount rate of 11.5%. The assumptions used in evaluating the Codman tradename for impairment are subject to change and are tracked against historical results by management. Based on the results of the quantitative test, the Company recorded no impairment to the Codman tradename intangible asset.

Product rights and other definite-lived intangible assets are tested periodically for impairment in accordance with ASC Topic 360 when events or changes in circumstances indicate that an asset's carrying value may not be recoverable. The impairment testing involves comparing the carrying amount of the asset or asset group to the forecasted undiscounted future cash flows. In the event the carrying value of the asset exceeds the undiscounted future cash flows, the carrying value is considered not recoverable and impairment exists. An impairment loss is measured as the excess of the asset's carrying value over its fair value, calculated using discounted future cash flows. The computed impairment loss is recognized in the period that the impairment occurs.

During the second quarter of 2019, a contract manufacturing customer of the private label product line received a notification from the FDA ordering them to remove their product from the market. The Company recorded an impairment charge of $5.8 million in intangible asset amortization in the consolidated statement of operations related to the customer relationship intangible asset acquired from TEI Biosciences, Inc. and TEI Medical Inc. (collectively "TEI") due to revised future projections based on the contract termination.

Amortization expense (including amounts reported in cost of product revenues) for the years ended December 31, 2020, 2019 and 2018 was $74.5 million, $72.8 million and $71.6 million, respectively. Annual amortization expense is expected to approximate $63.8 million in 2021, $61.4 million in 2022, $60.7 million in 2023, $60.2 million in 2024, $60.2 million in 2025 and $512.3 million thereafter. Amortization of product technology based intangible assets totaled $46.7 million, $45.8 million and $50.4 million for the years ended December 31, 2020, 2019 and 2018, respectively, and is presented by the Company within cost of goods sold.

9. TREASURY STOCK

As of December 31, 2020 and 2019, there were 4.9 million and 2.9 million shares of treasury stock outstanding with a cost of $235.1 million and $119.9 million, at a weighted average cost per share of $47.86 and $41.87, respectively.

On December 7, 2020, the Board of Directors authorized the Company to repurchase up to $225 million of the Company’s common stock. The program allows the Company to repurchase its shares opportunistically from time to time. The repurchase authorization expires in December 2022. This stock repurchase authorization replaces the previous $225 million stock repurchase authorization, of which $125 million remained authorized at the time of its replacement, and which was otherwise set to expire on December 31, 2020.

During the twelve months ended December 31, 2020, the Company repurchased 2.1 million shares of Integra’s common stock as part of the previous share repurchase authorization. The Company utilized $100.0 million of net proceeds from the offering of the Convertible Senior Notes to execute the share repurchase transactions. This included $7.6 million from certain purchasers of the convertible notes in conjunction with the closing of the offering. On February 5, 2020, the Company entered into a $92.4 million accelerated share repurchase ("ASR") to complete the remaining $100.0 million of share repurchase. The Company received 1.3 million shares at inception of the ASR, which represented approximately 80% of the expected total shares. Upon settlement of the ASR in June 2020, the Company received an additional 0.6 million shares determined using the volume-weighted average price of the Company's common stock during the term of the transaction.

10. STOCK-BASED COMPENSATION

Stock-based compensation expense - all related to employees and members of the Board of Directors - recognized under the authoritative guidance was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
Cost of goods sold	344	317	449
Research and development	1,471	1,785	1,609
Selling, general and administrative	$ 17,776	$ 19,153	$ 18,721
Total stock-based compensation expense	19,591	21,255	20,779
Total estimated tax benefit related to stock-based compensation expense	6,221	9,420	10,430
Net effect on net income	$ 13,370	$ 11,835	$ 10,349

EMPLOYEE STOCK PURCHASE PLAN

The purpose of the Employee Stock Purchase Plan (the "ESPP") is to provide eligible employees of the Company with the opportunity to acquire shares of common stock at periodic intervals by means of accumulated payroll deductions. The ESPP is a non-compensatory plan. Under the ESPP, a total of 3.0 million shares of common stock are reserved for issuance. These shares will be made available either from the Company's authorized but unissued shares of common stock or from shares of common stock reacquired by the Company as treasury stock. At December 31, 2020, 2.0 million shares remain available for purchase under the ESPP. During the years ended December 31, 2020, 2019 and 2018, the Company issued 18,284 shares, 12,531 shares and 16,721 shares under the ESPP for $1.1 million, $0.7 million and $0.7 million, respectively.

EQUITY AWARD PLANS

As of December 31, 2020, the Company had stock options, restricted stock awards, performance stock awards, contract stock awards and restricted stock unit awards outstanding under three plans, the 2000 Equity Incentive Plan (the "2000 Plan"), the 2001 Equity Incentive Plan (the "2001 Plan"), and the 2003 Equity Incentive Plan (the "2003 Plan," and collectively, (the "Plans")).

In May 2010 and May 2017, the stockholders of the Company approved amendments to the 2003 Plan to increase by 3.5 million and 1.7 million, respectively, the number of shares of common stock that may be issued under the 2003 Plan. The Company has reserved 4.0 million shares under each of the 2000 Plan and the 2001 Plan, and 14.7 million shares under the 2003 Plan. The Plans permit the Company to grant incentive and non-qualified stock options, stock appreciation rights, restricted stock, contract stock, performance stock, or dividend equivalent rights to designated directors, officers, employees and associates of the Company.

Stock options issued under the Plans become exercisable over specified periods, generally within four years from the date of grant for officers and employees, and within one year from the date of the grant for members of the Board of Directors. The awards generally expire eight years from the grant date for employees and from six to ten years for directors and certain executive officers. Restricted stock issued under the Plans vests ratably over specified periods, generally three years after the date of grant.

Stock Options

The Company values stock option grants using the binomial distribution model. Management believes that the binomial distribution model is preferable to the Black-Scholes model because it is a more flexible model that gives consideration to the impact of non-transferability and vesting provisions in valuing employee stock options.

In determining the value of stock options granted, the Company considered that it has never paid cash dividends and does not currently intend to pay cash dividends, and thus has assumed a 0% dividend yield. Expected volatilities are based on the historical volatility of the Company's stock price. The expected life of stock options is estimated based on historical data on exercise of stock options, post-vesting forfeitures and other factors to estimate the expected term of the stock options granted. The risk-free interest rates are derived from the U.S. Treasury yield curve in effect on the date of grant for instruments with a remaining term similar to the expected life of the options. The Company accounts for forfeitures as they occur.

The following weighted-average assumptions were used in the calculation of fair value:

	Years Ended December 31,		
	2020	2019	2018
Dividend yield	0%	0%	0%
Expected volatility	27%	28%	28%
Risk free interest rate	0.89%	2.51%	2.79%
Expected life of option from grant date	7 years	7 years	8 years
Weighted average grant date fair value of options granted	$13.03	$18.74	$21.78

The following table summarizes the Company's stock option activity.

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term in Years	Aggregate Intrinsic Value
	(In thousands)			(In thousands)
Outstanding at January 1, 2020	1,284	$ 34.83	—	—
Granted	349	43.39	—	—
Exercised	(236)	19.20	—	—
Forfeited or Expired	(51)	49.12	—	—
Outstanding at December 31, 2020	1,346	$ 39.25	4.41	$ 34,560
Exercisable at December 31, 2020	881,261	$ 35.19	3.20	$ 26,197

The Company recognized $3.2 million, $3.0 million and $2.6 million in expense related to stock options during the years ended December 31, 2020, 2019 and 2018, respectively. The intrinsic value of options exercised for the years ended December 31, 2020, 2019 and 2018 were $8.7 million, $14.6 million and $16.9 million, respectively. Cash received from option exercises and employee stock purchase plan was $5.2 million, $6.9 million and $9.4 million, for the years ended December 31, 2020, 2019 and 2018, respectively. The realized tax benefit from options exercised were $1.7 million, $3.0 million and $3.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, there was approximately $5.1 million of total unrecognized compensation costs related to unvested stock options. These costs are expected to be recognized over a weighted-average period of approximately two years.

Awards of Restricted Stock, Performance Stock and Contract Stock

The following table summarizes the Company's awards of restricted stock, performance stock and contract stock for the year ended December 31, 2020.

	Restricted Stock Awards		Performance Stock and Contract Stock Awards	
	Shares	Weighted Average Grant Date Fair Value Per Share	Shares	Weighted Average Grant Date Fair Value Per Share
	(In thousands)		(In thousands)	
Unvested, January 1, 2020	460	$ 54.31	192	55.38
Granted	286	44.78	234	43.63
Adjustments for performance achievement related to award target	—	—	14	51.93
Cancellations	(42)	50.11	(31)	—
Released	(232)	52.07	(157)	43.48
Vested but not released	—	—	(55)	51.84
Unvested, December 31, 2020	472	$ 50.02	197	47.66

The Company recognized $16.4 million, $18.1 million and $18.1 million in expense related to such awards during the years ended December 31, 2020, 2019 and 2018, respectively. The total fair market value of shares vested and released in 2020, 2019 and 2018 was $17.3 million, $21.1 million and $24.8 million, respectively. Vested awards include shares that have been fully earned but had not been delivered as of December 31, 2020.

Performance stock awards have performance features associated with them. Performance stock, restricted stock and contract stock awards generally have requisite service periods of three years. The fair value of these awards is being expensed on a straight-line basis over the vesting period.

As of December 31, 2020, there was approximately $22.6 million of total unrecognized compensation costs related to unvested restricted stock, performance stock and contract stock awards. These costs are expected to be recognized over a weighted-average period of approximately two years.

As of December 31, 2020, there were approximately 0.5 million vested Restricted Units and 0.1 million vested performance share units held by various employees for which the related shares have not yet been issued. The final determination of the number of shares to be issued is made by the Company's Compensation Committee of the Board of Directors which is is contingent upon achieving certain revenue and organic revenue growth performance metric.

At December 31, 2020, there were approximately 1.9 million shares available for grant under the Plans.

The Company capitalized into inventory, share based compensation costs of $0.4 million, $0.3 million and $0.4 million for the years ended December 31, 2020, 2019 and 2018, respectively. Such share-based compensation was recognized as cost of goods sold when related inventory was sold.

11. RETIREMENT BENEFIT PLANS

DEFINED BENEFIT PLANS

The Company has various defined benefit plans which covers certain employees in France, Japan, Germany and Switzerland.

Net periodic benefit costs for the Company’s defined benefit pension plans for the years ended December 31, 2020 and 2019 included the following (amounts in thousands):

	Year ended December 31,	
	2020	**2019**
Service cost	$ 4,029	$ 3,815
Interest cost	219	517
Expected return on plan assets	(652)	(1,047)
Amortization of prior service cost (credit)	(274)	(259)
Recognized actuarial losses	787	65
Settlements	(102)	602
Net period benefit cost	**$ 4,007**	**$ 3,693**

The following weighted average assumptions were used to develop net periodic pension benefit costs and the actuarial present values of projected pension benefit obligations for the years ended December 31, 2020 and 2019, respectively:

	As of December 31,	
	2020	**2019**
Discount rate	0.34 %	0.40 %
Expected return on plan assets	2.04 %	3.33 %
Rate of compensation increase	2.14 %	2.25 %
Interest crediting rate for cash balance plans	1.00 %	0.93 %

The Company’s discount rates are determined by considering current yield curves representing high quality, long-term fixed income instruments. The resulting discount rates are consistent with the duration of plan liabilities. In 2020 and 2019, the discount rates were prescribed as the current yield on corporate bonds with an average rating of AA or AAA of equivalent currency and term to the liabilities. The expected returns on plan assets represent the average rate of return expected to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. In developing the expected rates of return, the Company considers returns of historical market data as well as actual returns on the plan assets. Using this reference information, the long-term return expectations for each asset category are developed according to the allocation among those investment categories.

The assessment is determined using projections from external financial sources, long-term historical averages, actual returns by asset class and the various asset class allocations by market.

The following sets forth the change in projected benefit obligations and the change in plan assets for the years ended December 31, 2020 and 2019 and a reconciliation of the funded status at December 31, 2020 and 2019, respectively (amounts in thousands):

	Year ended December 31,	
	2020	**2019**
Change In Projected Benefit Obligations		
Projected benefit obligations, beginning of year	$ 66,972	$ 52,542
Interest cost	219	517
Service cost	4,029	3,815
Actuarial (gain) loss	(3,347)	12,188
Plan amendments	—	(3,133)
Plan settlements	(77)	(2,664)
Employee contribution	883	899
Premiums paid	(388)	(395)
Benefit payment	(1,537)	(635)
Plans transferred in	—	3,199
Effect of foreign currency exchange rates	6,115	639
Projected benefit obligations, end of year	**$ 72,869**	**$ 66,972**

	Year ended December 31,	
	2020	**2019**
Change In Plan Assets		
Plan assets at fair value, beginning of year	$ 30,770	$ 31,103
Actual return on plan assets	2,882	(152)
Employer contributions	2,274	2,189
Employee contributions	883	899
Plan settlements	(56)	(2,645)
Benefits paid	(1,537)	(635)
Premiums paid	(388)	(395)
Effect of foreign currency exchange rates	2,997	406
Plan assets at fair value, end of year	**$ 37,825**	**$ 30,770**

	Year ended December 31,	
	2020	**2019**
Reconciliation Of Funded Status		
Fair value of plan assets	$ 37,825	$ 30,770
Benefit obligations	72,869	66,972
Unfunded benefit obligations	**$ 35,044**	**$ 36,202**

The unfunded benefit obligations are included in other liabilities in the consolidated balance sheets at December 31, 2020 and 2019, respectively.

During the periods ended December 31, 2020 and 2019, the Company had a net gain of $4.6 million and a net loss of $9.0 million, respectively, recognized within accumulated other comprehensive loss that has not been recognized as a component of net periodic benefit cost. The gain recognized during the period ended December 31, 2020, is primarily attributed to a change in the discount rate used to estimate the projected benefit obligation for defined benefit plans which cover certain employees in Switzerland. The combined accumulated benefit obligations for the defined benefit plans was $61.5 million and $61.1 million as of December 31, 2020 and 2019, respectively.

Unrecognized gains and losses are amortized over the average remaining future service for each plan. For plans with no active employees, they are amortized over the average life expectancy. The amortization of gains and losses is determined by using a 10% corridor of the greater of the market value of assets or the accumulated benefit obligation. Total unamortized gains and losses in excess of the corridor are amortized over the average remaining future service.

Prior service costs/benefits for the pension plans are amortized over the average remaining future service of plan participants at the time of the plan amendment.

The net plan assets of the pension plans are invested in common trusts. Common trusts are classified as Level 2 in fair value hierarchy. The fair value of common trusts is valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts. The investment strategy of the Company's defined benefit plans is both to meet the liabilities of the plans as they fall due and to maximize the return on invested assets within appropriate risk profile.

The benefit plans in France and Germany had no assets at December 31, 2020.

As of December 31, 2020, no plan assets are expected to be returned to the Company in the next twelve months.

The following table is the summary of expected future benefit payments (in thousands):

2021	$	1,900
2022	$	1,626
2023	$	1,694
2024	$	1,789
2025	$	2,101
Next five years	$	10,429

As of December 31, 2020, contributions expected to be paid to the plan in 2021 is $2.3 million.

DEFINED CONTRIBUTION PLANS

The Company also has various defined contribution savings plans that cover substantially all employees in the United States, Belgium, Canada, France, Japan, Netherlands, the U.K. and Puerto Rico. The Company matches a certain percentage of each employee’s contributions as per the provisions of the plans. Total contributions by the Company to the plans were $6.7 million, $8.6 million and $8.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

DEFERRED COMPENSATION PLAN

During the first quarter of 2020, employees participating in the Company's deferred compensation plan began to defer their compensation. This deferred compensation is invested in funds offered under this plan and is valued based on Level 1 measurements in the fair value hierarchy. Assets of the Company's deferred compensation plan are included in Other current assets and recorded at fair value based on their quoted market prices. The fair value of these assets at December 31, 2020 was $2.0 million. Offsetting liabilities relating to the deferred compensation plan are included in Other liabilities.

12. LEASES AND RELATED PARTY LEASES

The Company leases administrative, manufacturing, research and distribution facilities and vehicles through operating lease agreements. The Company has no finance leases as of December 31, 2020. Many of the Company's leases include both lease (e.g., fixed payments including rent) and non-lease components (e.g., common-area or other maintenance costs). For vehicles, the Company has elected the practical expedient to group lease and non-lease components.

Most facility leases include one or more options to renew. The exercise of lease renewal options is typically at the Company's sole discretion, therefore, the majority of renewals to extend the lease terms are not included in the ROU assets and lease liabilities as they are not reasonably certain of exercise. The Company regularly evaluates renewal options and when they are reasonably certain of exercise, the renewal period is included in the lease term.

As most of the Company's leases do not provide an implicit rate, the Company uses a collateralized incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments.

Total operating lease expense for the year ended December 31, 2020 and December 31, 2019, was $19.7 million and $19.6 million, respectively, which includes $0.3 million, in related party operating lease expense.

Supplemental balance sheet information related to operating leases at December 31, 2020 were as follows:

	December 31, 2020	December 31, 2019
	(In thousands, except lease term and discount rate)	
ROU assets	$ 83,635	$ 94,530
Current lease liabilities	12,818	12,253
Non-current lease liabilities	88,118	97,504
Total lease liabilities	$ 100,936	$ 109,757
Weighted average remaining lease term (in years):		
Leased facilities	11.6 years	12.8 years
Leased vehicles	2.3 years	2.6 years
Weighted average discount rate:		
Leased facilities	4.6 %	5.4 %
Leased vehicles	2.3 %	3.2 %

Supplemental cash flow information related to leases was as follows for the year ended December 31, 2020 (in thousands):

	December 31, 2020	December 31, 2019
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 15,226	$ 11,469
ROU assets obtained in exchange for lease liabilities:		
Operating leases	6,027	41,423

Future minimum lease payments under operating leases at December 31, 2020 were as follows:

	Related Parties	Third Parties	Total
		(In thousands)	
2021	296	13,458	13,754
2022	296	13,992	14,288
2023	296	11,054	11,350
2024	296	10,254	10,550
2025	296	9,645	9,941
Thereafter	1,130	77,784	78,914
Total minimum lease payments	$ 2,610	$ 136,187	$ 138,797
Less: Imputed interest			$ 37,861
Total lease liabilities			100,936
Less: Current lease liabilities			12,818
Long-term lease liabilities			88,118

There were no future minimum lease payments under finance leases at December 31, 2020.

Related Party Leases

The Company leases its manufacturing facility in Plainsboro, New Jersey, from a general partnership that is 50% owned by a corporation whose stockholders are trusts, whose beneficiaries include family members of the Company's former director. The term of the current lease agreement is through October 31, 2029 at an annual rate of approximately $0.3 million per year. The current lease agreement also provides (i) a 5-year renewal option for the Company to extend the lease from November 1, 2029 through October 31, 2034 at the fair market rental rate of the premises, and (ii) another 5-year renewal option to extend the lease from November 1, 2034 through October 31, 2039 at the fair market rental rate of the premises.

13. INCOME TAXES

Income (Loss) before income taxes consisted of the following:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
United States operations	$ 15,082	$ (38,359)	$ (21,218)
Foreign operations	78,438	98,463	78,621
Total	$ 93,520	$ 60,104	$ 57,403

The 2017 U.S. Tax Act was signed into law on December 22, 2017. The 2017 Tax Act made significant changes to the previous tax law, which included the reduction of the federal statutory rate from 35% to 21% and the recognition of a one-time repatriation tax on accumulated untaxed earnings of foreign subsidiaries. As of December 31, 2018, the Company finalized its calculations and completed its accounting for the income tax effect of the 2017 Tax Act, for which the finalization adjustments recognized during 2018 were not significant.

A number of these provisions continue to have an impact on our effective tax rate, including limitations on the deductibility of executive compensation and the elimination of certain tax deductions. Additionally, the implementation of a territorial tax system, which subjects certain foreign earnings to additional taxation as global intangible low-taxed income, continues to adversely affect income tax expense.

A reconciliation of the U.S. Federal statutory rate to the Company's effective tax rate is as follows:

	Years Ended December 31,		
	2020	2019	2018
Federal statutory rate	21.0 %	21.0 %	21.0 %
Increase (decrease) in income taxes resulting from:			
State income taxes, net of federal tax benefit	1.2 %	1.0 %	(0.4)%
Foreign operations	(7.9)%	(20.0)%	(21.8)%
Excess tax benefits from stock compensation	(1.0)%	(5.6)%	(7.8)%
Charitable contributions	(0.3)%	(0.6)%	(1.2)%
Nondeductible meals and entertainment	0.4 %	1.5 %	1.6 %
Intercompany profit in inventory	1.2 %	1.2 %	6.2 %
Nondeductible facilitative costs	1.4 %	0.8 %	— %
Changes in valuation allowances	0.1 %	0.2 %	0.2 %
Uncertain tax positions	0.5 %	0.2 %	0.4 %
Research and development credit	(1.6)%	(2.9)%	(2.6)%
Return to provision	(2.3)%	1.7 %	(2.9)%
Global intangible low-taxed income ("GILTI")	2.5 %	7.6 %	3.5 %
Nondeductible executive compensation	2.4 %	3.0 %	1.6 %
Carryback of Federal net operating loss ("NOL")	— %	0.1 %	(3.7)%
Other	0.5 %	0.4 %	— %
Swiss tax holiday	— %	(15.7)%	— %
IPR&D expense	— %	22.7 %	— %
Foreign-Derived Intangible Income	(0.8)%	— %	— %
Transfer of Intra-entity of certain intellectual property - Rate Differential on FMV Step-Up	(63.3)%	— %	— %
Assets held for sale - Outside Basis Difference	2.8 %	— %	— %
Effective tax rate	(43.2)%	16.5 %	(5.9)%

Our effective tax rate was (43.2)% and 16.5% of income before income taxes for the years ended December 31, 2020 and December 31, 2019, respectively. In 2020, the Company's lower worldwide effective tax rate, as compared to 2019, is primarily driven by an $59.2 million income tax benefit on an intra-entity transfer of certain intellectual property, substantially completed during the fourth quarter in 2020. Excluding this transaction, the effective worldwide tax rate for 2020 is 20.2%.

In December 2020, the Company completed an intra-entity transfer of certain intellectual property rights to one of its subsidiaries in Switzerland. While the transfer did not result in a taxable gain, the Company's Swiss subsidiary received a step-up in tax basis based on the fair value of the transferred intellectual property rights. The Company determined the fair value using a discounted cash flow model based on expectations of revenue growth rates, royalty rates, discount rates, and useful lives of the intellectual property. The Company recorded a $59.2 million deferred tax benefit in Switzerland related to the amortizable tax basis in the transferred intellectual property.

During 2020, the Company's foreign operations generated a $48.2 million decrease in income tax expense when compared to the same period in 2019, because of the intra-entity transfer of certain intellectual property, geographic and business mix of taxable earnings and losses, among other factors. The 2020 foreign effective tax rate is (57.1)%, compared to 3.5% in 2019. The Company's foreign tax rate is primarily based upon statutory rates and is also impacted by the intra-entity transfer of certain intellectual property as described above.

During 2019, the Company's foreign operations generated a $5.7 million decrease in income tax expense when compared with 2018, because of geographic and business mix of taxable earnings and losses, among other factors. The 2019 foreign effective tax rate is 3.5%, compared to 11.6% in 2018. The Company's foreign tax rate is primarily based upon statutory rates and is also impacted by the tax holiday in Switzerland, described below.

During 2019, the Company finalized negotiations related to tax holidays in Switzerland, on a federal, cantonal, and communal level. The Company received a federal tax credit in Switzerland of $12.1 million ($0.14 per share), which may be used over a seven-year period, ending in 2024. The Company also received a reduction in its rate for the cantonal and communal level taxes during the third quarter of 2019, pursuant to tax reform in Switzerland.

The provision for income taxes consisted of the following:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
Current:			
Federal	$ 6,184	$ 14,597	$ (3,880)
State	5,029	3,447	1,609
Foreign	12,553	10,905	7,057
Total current	$ 23,766	$ 28,949	$ 4,786
Deferred:			
Federal	(5,079)	(10,889)	(7,202)
State	(1,760)	(666)	(3,048)
Foreign	(57,299)	(7,491)	2,066
Total deferred	$ (64,138)	$ (19,046)	$ (8,184)
Provision for income taxes	$ (40,372)	$ 9,903	$ (3,398)

The income tax effects of significant temporary differences that give rise to deferred tax assets and liabilities, shown before jurisdictional netting, are presented below:

	December 31,	
	2020	2019
	(In thousands)	
Assets:		
Doubtful accounts	$ 2,207	$ 2,426
Inventory related items	47,034	39,548
Tax credits	18,319	19,134
Accrued vacation	3,403	3,206
Accrued bonus	4,883	6,017
Stock compensation	6,160	8,347
Deferred revenue	1,665	1,805
Net operating loss carryforwards	29,335	37,418
Capitalization of research and development expenses	13,044	9,781
Unrealized foreign exchange loss	23,798	8,105
Charitable contributions carryforward	203	235
Leases and Other	23,205	12,496
Total deferred tax assets	173,256	148,518
Less valuation allowance	(9,897)	(9,865)
Deferred tax assets after valuation allowance	$ 163,359	$ 138,653
Liabilities:		
Intangible and fixed assets	(90,274)	(150,879)
Leases and Other	(15,585)	(11,704)
Total deferred tax liabilities	$ (105,859)	$ (162,583)
Total net deferred tax assets (liabilities)	$ 57,500	$ (23,930)

Prior period amounts were reclassified as it relates to Leases and Other between deferred tax asset and liabilities within this table to conform to the current period presentation.

At December 31, 2020, the Company had net operating loss carryforwards of $90.2 million for federal income tax purposes, $36.7 million for foreign income tax purposes and $41.6 million for state income tax purposes to offset future taxable income. The majority of the federal net operating loss carryforwards expire through 2037, while $11.8 million have an indefinite carry forward period. For foreign net operating loss carryforwards, $0.3 million expire through 2025, and the remaining $36.4 million have an indefinite carry forward period. The state net operating loss carryforwards expire through 2036.

The valuation allowance relates to deferred tax assets for certain items that will be deductible for income tax purposes under very limited circumstances and for which the Company believes it will not satisfy the more likely than not threshold for realization of the associated tax benefit. In the event that the Company determines that it would be able to realize more or less than the recorded amount of net deferred tax assets, an adjustment to the deferred tax asset valuation allowance would be recorded in the period such a determination is made.

The Company’s valuation allowance increased by less than $0.1 million, increased by $2.9 million and decreased by $1.0 million at December 31, 2020, 2019 and 2018, respectively. The 2020 valuation allowance primarily remained unchanged from the prior period.The 2019 overall increase in the valuation allowance primarily resulted from certain assets from the Rebound and Arkis acquisitions.

As of December 31, 2020, the Company has not provided deferred income taxes on unrepatriated earnings from foreign subsidiaries as they are deemed to be indefinitely reinvested. Such taxes would primarily be attributable to foreign withholding taxes and local income taxes when such earnings are distributed. As such, the Company has determined the tax impact of repatriating these earnings would not be material as of December 31, 2020.

A reconciliation of the beginning and ending amount of uncertain tax benefits is as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
Balance, beginning of year	$ 676	$ 676	$ 424
Gross increases:			
Current year tax positions	—	53	273
Prior years' tax positions	26	—	—
Gross decreases:			
Statute of limitations lapses	—	—	(21)
Other	—	(53)	—
Balance, end of year	$ 702	$ 676	$ 676

Approximately $0.7 million of the balance at December 31, 2020 relates to uncertain tax positions that, if recognized, would affect the annual effective tax rate. There are no amounts within the balance of uncertain tax positions at December 31, 2020 related to tax positions for which it is reasonably possible that the amounts could be reduced during the twelve months following December 31, 2020.

The Company recognizes interest and penalties relating to uncertain tax positions in income tax expense. The Company recognized a minimal benefit for the years ended December 31, 2020, 2019 and 2018. The Company had minimal interest and penalties accrued for the years ended December 31, 2020 and 2019 and 2018.

The Company files Federal income tax returns, as well as multiple state, local and foreign jurisdiction tax returns. The Company is no longer subject to examinations of its U.S. consolidated Federal income tax returns by the IRS through fiscal year 2016. All significant state and local matters have been concluded through fiscal 2015. All significant foreign matters have been settled through fiscal 2012.

14. NET INCOME PER SHARE

Basic and diluted net income per share was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands, except per share amounts)		
Basic net income per share:			
Net income	$ 133,892	$ 50,201	$ 60,801
Weighted average common shares outstanding	84,650	85,637	82,857
Basic net income per common share	$ 1.58	$ 0.59	$ 0.73
Diluted net income per share:			
Net income	$ 133,892	$ 50,201	$ 60,801
Weighted average common shares outstanding — Basic	84,650	85,637	82,857
Effect of dilutive securities:			
Stock options and restricted stock	577	857	1,142
Weighted average common shares for diluted earnings per share	85,228	86,494	83,999
Diluted net income per common share	$ 1.57	$ 0.58	$ 0.72

Common stock of approximately 0.3 million and 0.4 million shares at December 31, 2020, and 2019 that are issuable through exercise of dilutive securities, respectively, and were not included in the computation of diluted net income per share because their effect would have been anti-dilutive.

Performance Shares and Restricted Units that entitle the holders to approximately 0.5 million shares of common stock are included in the basic and diluted weighted average shares outstanding calculation from their date of issuance because no further consideration is due related to the issuance of the underlying common shares.

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component between December 31, 2020 and 2019 are presented in the table below, net of tax:

	Gains and Losses on Derivatives	Defined Benefit Pension Items	Foreign Currency Items	Total
	(In thousands)			
Balance at December 31, 2019	$ (26,625)	$ (9,709)	$ (40,068)	$ (76,402)
Other comprehensive gain (loss)	(74,394)	4,604	53,363	(16,427)
Less: Amounts reclassified from accumulated other comprehensive income, net	(18,770)	—	—	(18,770)
Net current-period other comprehensive gain (loss)	(55,624)	4,604	53,363	2,343
Balance at December 31, 2020	$ (82,249)	$ (5,105)	$ 13,295	$ (74,059)

For the year ended December 31, 2020, the Company reclassified a loss of $12.2 million and $6.6 million from accumulated other comprehensive loss to other income, net and interest income, respectively.

16. COMMITMENTS AND CONTINGENCIES

In consideration for certain technology, manufacturing, distribution, and selling rights and licenses granted to the Company, the Company has agreed to pay royalties on sales of certain products that it sells. The royalty payments that the Company made under these agreements were not significant for any of the periods presented.

The Company is subject to various claims, lawsuits and proceedings in the ordinary course of the Company's business, including claims by current or former employees, distributors and competitors and with respect to its products and product liability claims, lawsuits and proceedings, some of which have been settled by the Company. In the opinion of management, such claims are either adequately covered by insurance or otherwise indemnified, or are not expected, individually or in the aggregate, to result in a material, adverse effect on the Company's financial condition. However, it is possible that the Company's results of operations, financial position and cash flows in a particular period could be materially affected by these contingencies.

The Company accrues for loss contingencies when it is deemed probable that a loss has been incurred and that loss is estimable. The amounts accrued are based on the full amount of the estimated loss before considering insurance proceeds and do not include an estimate for legal fees expected to be incurred in connection with the loss contingency. The Company consistently accrues legal fees expected to be incurred in connection with loss contingencies as those fees are incurred by outside counsel as a period cost.

Contingent Consideration

The Company determined the fair value of contingent consideration during the twelve-month period ended December 31, 2020 and 2019 to reflect the change in estimate, additions, payments, transfers and the time value of money during the period.

A reconciliation of the opening balances to the closing balances of these Level 3 measurements for the years ended December 31, 2020 and 2019 is as follows (in thousands):

Year Ended December 31, 2020	Contingent Consideration Liability Related to Acquisition of Arkis (See Note 5)		Contingent Consideration Liability Related to Acquisition of Derma Sciences	Location in Financial Statements
	Short-term	Long-term	Long-term	
Balance as of January 1, 2020	$ —	$ 14,210	$ 230	
Transfers from long-term to current portion	3,415	(3,415)	—	
Loss from change in fair value of contingent consideration liabilities	—	951	—	Research and development
Balance as of December 31, 2020	$ 3,415	$ 11,746	$ 230	

Year Ended December 31, 2019	Contingent Consideration Related to Acquisition of Arkis (See Note 5)	Contingent Consideration Liability Related to Acquisition of Derma Sciences	Location in Financial Statements
	Long-term	Long-term	
Balance as of January 1, 2019	$ —	$ 230	
Additions from acquisition of Arkis	13,100	—	
Loss from change in fair value of contingent consideration liabilities	1,110	—	Research and development
Balance as of December 31, 2019	$ 14,210	$ 230	

17. SEGMENT AND GEOGRAPHIC INFORMATION

The Company internally manages two global reportable segments and reports the results of its businesses to its chief operating decision maker. The two reportable segments and their activities are described below.

- The Codman Specialty Surgical segment includes (i) the Neurosurgery business, which sells a full line of products for neurosurgery and neuro critical care such as tissue ablation equipment, dural repair products, cerebral spinal fluid management devices, intracranial monitoring equipment, and cranial stabilization equipment and (ii) the Instruments business, which sells more than 40,000 instrument patterns and surgical and lighting products to hospitals, surgery centers, dental, podiatry, and veterinary offices.
- The Orthopedics and Tissue Technologies segment includes such offerings as skin and wound repair, bone and joint fixation implants in the upper and lower extremities, bone grafts, and nerve and tendon repair products.

The Corporate and other category includes (i) various executive, finance, human resource, information systems and legal functions, (ii) brand management, and (iii) share-based compensation costs.

The operating results of the various reportable segments as presented are not comparable to one another because (i) certain operating segments are more dependent than others on corporate functions for unallocated general and administrative and/or operational manufacturing functions, and (ii) the Company does not allocate certain manufacturing costs and general and administrative costs to the operating segment results. Net sales and profit by reportable segment for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In thousands)		
Segment Net Sales			
Codman Specialty Surgical	$ 894,831	$ 996,206	$ 963,929
Orthopedics and Tissue Technologies	477,037	521,351	508,512
Total revenues	$ 1,371,868	$ 1,517,557	$ 1,472,441
Segment Profit			
Codman Specialty Surgical	$ 356,657	$ 395,019	$ 363,336
Orthopedics and Tissue Technologies	159,630	144,638	149,510
Segment profit	516,287	539,657	512,846
Amortization	(27,757)	(27,028)	(21,160)
Corporate and other	(337,160)	(418,869)	(380,688)
Operating income	$ 151,370	$ 93,760	$ 110,998

The Company does not allocate any assets to the reportable segments. No asset information is reported to the chief operating decision maker and disclosed in the financial information for each segment.

The Company attributes revenue to geographic areas based on the location of the customer. Total revenue, net and long-lived assets (tangible) by major geographic area are summarized below:

	United States*	Europe	Asia Pacific	Rest of the World	Consolidated
			(In thousands)		
Total revenue, net:					
2020	$ 971,975	$ 172,689	$ 157,174	$ 70,030	$ 1,371,868
2019	1,077,379	197,468	157,391	85,319	1,517,557
2018	1,045,887	201,354	144,253	80,947	1,472,441
Total long-lived assets:					
2020	$ 324,893	$ 38,812	$ 13,121	$ 5,577	$ 382,403
2019	383,652	47,325	8,598	7,143	446,718

* Includes long-lived assets in Puerto Rico.

18. SUBSEQUENT EVENTS

Sale of Extremity Orthopedics Business

On January 4, 2021, upon the terms and conditions set forth in the Divestiture agreement (see Note 3, *Assets and Liabilities Held for Sale)*, the Company completed its previously announced sale of its Extremity Orthopedics business to Smith & Nephew USD Limited. The Company received an aggregate purchase price of $240.0 million from Smith and Nephew and concurrently paid $41.5 million to CFO effectively terminating our licensing agreement (see Note 5, *Acquisitions)*. The transaction included the sale of the Company's upper and lower Extremity Orthopedics product portfolio, including ankle and shoulder arthroplasty and hand and wrist product lines.

ACell Inc. Acquisition

On January 20, 2021, the Company acquired ACell, Inc. for an acquisition purchase price of $300 million. Under the terms of the definitive merger agreement, the Company paid the consideration for the merger as an upfront cash payment subject to a customary post-closing adjustment for certain working capital. The Company is also required to pay the former shareholders of ACell Inc. up to $100 million based upon achieving certain revenue-based performance milestones in 2022, 2023 and 2025.

Equity Award Plans

The 2000 and 2001 Equity Incentive Plans were terminated as of February 19, 2021, and no further awards may be issued under the plans.

19. SELECTED QUARTERLY INFORMATION - UNAUDITED

(In thousands, except per share data)

Quarter	Total revenue, net	Gross margin	Net income (loss)	Per Share - Basic (1)	Per Share - Diluted (1)
2020					
First	354,324	220,848	9,180	$ 0.11	$ 0.11
Second	258,665	153,187	(369)	(0.00)	(0.00)
Third	370,232	235,421	32,337	0.38	0.38
Fourth	388,647	241,578	92,744	1.10	1.09
	1,371,868	851,034	133,892		
2019					
First	359,690	230,778	32,756	$ 0.38	$ 0.38
Second	383,645	239,974	29,736	0.35	0.34
Third	379,095	236,459	(27,610)	(0.32)	(0.32)
Fourth	395,127	245,665	15,319	0.18	0.18
	1,517,557	952,876	50,201		

(1) Per common share amounts for the quarters and full years have been calculated separately. Accordingly, quarterly amounts do not necessarily add to the annual amount because of differences in the weighted average common shares outstanding during each period principally due to the effect of the Company’s issuing and repurchasing shares of its common stock during the year.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Other	Deductions	Balance at End of Period
			(In thousands)		
Year ended December 31, 2020					
Allowance for doubtful accounts	$ 4,303	$ 3,635	$ —	$ (1,499) [1]	$ 6,439
Deferred tax assets valuation allowance	12,069	1,617	—	139	13,825
Year ended December 31, 2019					
Allowance for doubtful accounts	$ 3,719	$ 2,126	$ —	$ (1,542) [1]	$ 4,303
Deferred tax assets valuation allowance	6,973	3,848	1,291 [3]	(43)	12,069
Year ended December 31, 2018					
Allowance for doubtful accounts	$ 8,882	$ 557	$ (4,649) [2]	$ (1,071) [1]	$ 3,719
Deferred tax assets valuation allowance	7,961	(894)	—	(94)	6,973

(1) Deductions primarily relates to allowance for doubtful accounts written off during the year, net of recoveries and other adjustments.

(2) The Company transferred sales returns and allowances from accounts receivable, net to accrued expenses and other current liabilities upon adopting Topic 606 on January 1, 2018 using the modified retrospective method.

(3) The above amount primarily relates to amounts acquired through the acquisition of Arkis and a charge recorded in 2019 to valuation allowance related to the non-deductibility of executive compensation.

AGREEMENT AND PLAN OF MERGER
by and among

Integra LifeSciences Holdings Corporation;

ILS OCEAN 12-20 CORP.;

ACell, INC.;

and

FORTIS ADVISORS LLC, as the Security holders' Representative

Dated as of December 15, 2020

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Exhibits

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (as may be amended from time to time, this "***Agreement***") is made and entered into as of December 15, 2020, by and among: **Integra LifeSciences Holdings Corporation, a Delaware corporation** ("***Parent***"); **ILS Ocean 12-20 Corp.,** a Delaware corporation and a wholly-owned subsidiary of Parent ("***Merger Sub***"); **ACell Inc.**, a Delaware corporation (the "***Company***"); and **Fortis Advisors LLC**, a Delaware limited liability company, as the Securityholders' Representative. Certain capitalized terms used in this Agreement are defined in Exhibit A.

Recitals

A. Parent, Merger Sub and the Company intend to effect a merger of Merger Sub into the Company (the "***Merger***") in accordance with this Agreement and the Delaware General Corporation Law, as amended (the "***DGCL***"). Upon consummation of the Merger, Merger Sub will cease to exist as a separate corporate entity, and the Company will become a wholly-owned subsidiary of Parent.

B. The respective boards of directors of Parent, Merger Sub and the Company have approved this Agreement and approved the Merger and the other transactions contemplated by this Agreement (the "***Transactions***").

C. As a material inducement to Parent's and Merger Sub's willingness to enter into this Agreement, promptly after the execution and delivery of this Agreement and in any event within twenty-four (24) hours, the Company shall have obtained (i) the Initial Company Stockholder Vote via Written Consents in the form attached hereto as Exhibit B-1 and Support Agreements in the form attached hereto as Exhibit B-2 (the "***Support Agreements***") from holders representing the Initial Company Stockholder Vote.

D. As a material inducement to Parent's and Merger Sub's willingness to enter into this Agreement, concurrently with the execution of this Agreement those Persons set forth on Part 1 of Schedule I have entered into a Stockholder Non-Competition and Non-Solicitation Agreement in the form set forth on Part 2 of Schedule I by and between such Person and Parent.

Agreement

The parties to this Agreement, intending to be legally bound, agree as follows:

Section 1. Description of Transaction

a. Merger of Merger Sub into the Company

. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time, Merger Sub shall be merged with and into the Company, and the separate existence of Merger Sub shall cease. The Company will continue as the surviving corporation in the Merger (the "***Surviving Corporation***") and an indirect wholly-owned subsidiary of Parent.

b. Effect of the Merger

. The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise agreed pursuant to the terms of this Agreement, all of the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

c. Closing; Effective Time

. Unless otherwise mutually agreed in writing between the Company and Parent, the consummation of the transactions contemplated by this Agreement (the "***Closing***") shall take place at the Company's offices, at 10:00 a.m. New York time on either (i) January 4, 2021; provided that, all conditions set forth in Section 6 (*Conditions Precedent to the Obligations of Parent and Merger Sub*) and Section 7 (*Conditions Precedent to the Obligations of the Company*) are satisfied on or before December 30, 2020 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or (ii) otherwise, the date after January 4, 2021 that is the second Business Day after the date on which the last to be satisfied or waived of the conditions set forth in Section 6 (*Conditions Precedent to the Obligations of Parent and Merger Sub*) and Section 7 (*Conditions Precedent to the Obligations of the Company*) are satisfied (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) (the actual date of the Closing, the "***Closing Date***"). Subject to the provisions of this Agreement, a certificate of merger satisfying the applicable requirements of the DGCL (the "***Certificate of Merger***") shall be duly executed by the Company and, concurrently with or as soon as practicable following the Closing (but no later than the Closing Date and no earlier than the confirmation of receipt of the Upfront Payment Amount by the Payment Agent to Parent and the Company), delivered to and filed with the Secretary of State of the State of Delaware in accordance with the DGCL. The Merger shall become effective upon the date and time of the filing of such Certificate of Merger with the Secretary of State of the State of Delaware, or at such later time as may be mutually agreed in writing by the Company and Parent and specified in the Certificate of Merger (the "***Effective Time***").

d. Certificate of Incorporation and Bylaws; Directors and Officers.

(i)The certificate of incorporation of the Surviving Corporation shall be amended and restated as of the Effective Time to conform to the certificate of incorporation of Merger Sub as in effect immediately prior to the Effective Time until amended in accordance with the DGCL, except that the certificate of incorporation shall be amended to change the name of the Surviving Corporation to "ACell, Inc.".

(ii)The bylaws of the Surviving Corporation shall be amended and restated immediately as of the Effective Time to conform to the bylaws of Merger Sub as in effect immediately prior to the Effective Time until amended in accordance with the DGCL.

(iii)The directors and officers of the Surviving Corporation as of the Effective Time shall be the respective individuals who are directors and officers of Merger Sub immediately prior to the Effective Time, until the earlier of their removal or resignation or until their respective successors are duly elected and qualified, as the case may be.

e. Conversion of Shares

. At the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Merger Sub, the Company or any Securityholder:

(i)any shares of Company Capital Stock then held by the Company (or held in the Company's treasury) shall be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(ii)any shares of Company Capital Stock then held by Parent, Merger Sub or any other Subsidiary of Parent shall be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(iii)except as provided in subsections (a) and (b) of this Section 1.5 (*Conversion of Shares*) and subject to Sections 1.10 (*Exchange/Payment*), 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), 1.12 (*Earnout Consideration*), 1.13 (*PPP Forgiveness*), 1.14 (*Post-Closing Distributions*), 1.15 (*Appraisal Rights*) and 1.16 (*Securityholders' Representative*), each share of Company Preferred Stock issued and outstanding immediately prior to the Effective Time (except for Dissenting Shares) shall cease to be an existing and issued share of Company Preferred Stock, and shall be converted, by virtue of the Merger and without any action on the part of the holders thereof, into the right to receive, without interest, an amount in cash (i) at Closing equal to (x) the aggregate number of shares of Company Common Stock into which such share of Company Preferred Stock is convertible pursuant to the Company Charter immediately prior to the Effective Time *multiplied* by (y) the Per Share Upfront Merger Consideration and (ii) in the event any Earnout Payment becomes due pursuant to Section 1.12, (x) the aggregate number of shares of Company Common Stock into which such share of Company Preferred Stock is convertible pursuant to the Company Charter immediately prior to the Effective Time *multiplied* by (y) the Per Share Earnout Payment for each such Earnout Payment;

(iv)except as provided in subsections (a) and (b) of this Section 1.5 (Conversion of Shares) and subject to Sections 1.10 (*Exchange/Payment*), 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), 1.12 (*Earnout Consideration*), 1.13 (*PPP Forgiveness*), 1.14 (*Post-Closing Distributions*), 1.15 (*Appraisal Rights*) and 1.16 (*Securityholders' Representative*), each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (except for Dissenting Shares) shall cease to be an existing and issued share of Company Common Stock, and shall be converted, by virtue of the Merger and without any action on the part of the holders thereof, into the right to receive, without interest, an amount in cash equal to the Per Share Upfront Merger Consideration and, in the event any Earnout

Payment becomes due pursuant to Section 1.12, the Per Share Earnout Payment for each such Earnout Payment; and

(v)each share of the common stock, $1.00 par value per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of validly issued, fully paid and nonassessable common stock of the Surviving Corporation such that immediately following the Effective Time, Parent shall become the sole and exclusive owner of all of the issued and outstanding capital stock of the Company as the Surviving Corporation.

f. Treatment of Company Options.

(i)Company Options shall not be continued, assumed or substituted by the Surviving Corporation or the Parent as part of the Merger. Instead, subject to Sections 1.10 (*Exchange/Payment*), 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), 1.12 (*Earnout Consideration*), 1.13 (*PPP Forgiveness*), 1.14 (*Post-Closing Distributions*) and 1.16 (*Securityholders' Representative*), contingent on and effective immediately prior to the Effective Time, each Company Option that is outstanding and unexercised immediately prior to the Effective Time, whether under the Equity Incentive Plans or otherwise, whether or not vested or exercisable (other than Company Performance Options), shall become fully vested and exercisable immediately prior to the Effective Time and to the extent not exercised prior to the Effective Time, shall be cancelled at the Effective Time and, in consideration of such cancellation, the holder thereof shall be entitled to receive, without interest, no later than at the time prescribed in Section 1.10, a cash payment in an amount equal to (i) the aggregate number of shares of Company Common Stock issuable upon the exercise of such Company Option, *multiplied* by (ii) the amount by which the Per Share Upfront Merger Consideration exceeds the exercise price per share of such Company Option (the "***Closing Options Payout Amount***") and in the event any Earnout Payment becomes due pursuant to Section 1.12, each such Per Share Earnout Payment, *less* applicable Taxes required to be withheld pursuant to Section 1.10(e). For the avoidance of doubt, any Company Option that has an exercise price per share of Company Common Stock that is greater than or equal to the Per Share Upfront Merger Consideration shall be cancelled at the Effective Time for no consideration or payment.

(ii)Any Company Option that is a Company Performance Option shall be cancelled at the Effective Time for no consideration or payment.

(iii)The Company agrees that the Company Board shall adopt such resolutions or take such other actions (including obtaining any required consents) prior to the Effective Time as may be required to effect the transactions described in Section 1.6 (*Treatment of Company Options*).

g. Payoff Letters

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(i)Prior to the Closing, but no later than five Business Days prior to the Closing Date, the Company shall deliver customary payoff letters in form and substance reasonably acceptable to Parent (each a "***Payoff Letter***") for the Closing Date Indebtedness set forth on

Section 1.7 of the Disclosure Schedule and all other indebtedness for borrowed money incurred between the date hereof and the Closing Date other than the Settlement Debt (collectively, the "***Terminated Indebtedness***"), which shall provide that upon receipt from or on behalf of the Company of the pay-off amount set forth in the Payoff Letter, (a) the Terminated Indebtedness incurred shall be satisfied, and all obligations of the lenders terminated (other than those that customarily survive in payoff letters) and (b) if any Terminated Indebtedness is secured, all Liens relating to the assets, rights and properties of the Company with respect to such secured Terminated Indebtedness shall be released and terminated without any further action by the secured parties or the Company or its designee shall be entitled to file documents to reflect the release of such Liens. At the Closing, subject to compliance by the Company with its obligations under Section 1.11, Section 4.2 and delivery of such Payoff Letters by the lenders pursuant to the immediately preceding sentence and any other information as may be reasonably required to determine amounts required to pay off, discharge and terminate the Terminated Indebtedness, Parent shall, or shall cause, all Terminated Indebtedness to be paid off and/or terminated.

(ii)Immediately after the Closing, Parent shall pay by wire transfer, all Settlement Debt that represents the criminal settlement amount due from the Company under the Settlement Agreement, as expressly accelerated in Paragraph 8(d) of the plea agreement, to the United States in accordance with the Settlement Agreement. Within 15 days after the Closing, Parent shall pay by wire transfer, all Settlement Debt that represents the civil settlement amount due from the Company under the Settlement Agreement, as expressly accelerated in Section 1(e) of the civil settlement agreement, to the United States and Medicaid Participating States in accordance with the Settlement Agreement.

h. Further Action

. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Corporation with full right, title and possession of and to all rights and property of Merger Sub and the Company, the officers and directors of the Surviving Corporation and Parent shall take such action, so long as such action is not inconsistent with this Agreement.

i. Closing of the Company's Transfer Books

. At the Effective Time: (a) all shares of Company Capital Stock outstanding immediately prior to the Effective Time shall automatically be cancelled and retired and shall cease to exist, and all holders of certificates representing shares of Company Capital Stock that were outstanding immediately prior to the Effective Time shall cease to have any rights as stockholders of the Company, and each certificate representing any such Company Capital Stock (a "***Company Stock Certificate***") or uncertificated book-entry shares (a "***Book-Entry***") shall thereafter represent the right to receive the consideration referred to in Section 1.5 (*Conversion of Shares*) (or if applicable, Section 1.15 (*Appraisal Rights*)), if any; and (b) the stock transfer books of the Company shall be closed with respect to all shares of Company Capital Stock outstanding immediately prior to the Effective Time. No further transfer of any such shares of Company Capital Stock shall be made on such stock transfer books after the Effective Time. If, after the

Effective Time, a Company Stock Certificate or a Book-Entry is presented to the Payment Agent or to the Surviving Corporation or Parent, such Company Stock Certificate or a Book-Entry shall be cancelled and shall be exchanged as provided in Section 1.10 (*Exchange/Payment*).

j. Exchange/Payment.

(i)Prior to the Closing Date, Parent shall select a reputable bank or trust company reasonably acceptable to the Company to act as payment agent in the Merger (the "***Payment Agent***") and enter into a payment agent agreement in form and substance reasonably acceptable to the Company. Prior to the Closing, Parent shall pay the Payment Agent any upfront administration fee of the Payment Agent and shall deposit, or shall cause to be deposited, with the Payment Agent cash in the amount of the Upfront Payment Amount. As soon as practicable after the Effective Time, but in no event later than three Business Days after the Effective Time, the Payment Agent shall mail to the holders of Company Capital Stock and the Non-Employee Option Holders, in each case as of immediately prior to the Effective Time: (i) a letter of transmittal in substantially the form attached hereto as Exhibit C (which shall include a waiver and release pursuant to which holder of Company Capital Stock and the Non-Employee Option Holders executes a full and unconditional release regarding any and all claims as a Securityholder, as a condition to receiving the Per Share Upfront Merger Consideration, in favor of Parent, Merger Sub and the Surviving Corporation and its subsidiaries and each of their directors, officers, managers, employees and Affiliates) (the "***Letter of Transmittal***"), (ii) instructions for use in effecting the surrender of Company Stock Certificates or Book-Entries, if applicable, in exchange for the cash amounts payable in accordance with Section 1.5 (*Conversion of Shares*), and (iii) instructions for use in effecting the surrender of Company Options held by Non-Employee Option Holders in exchange for the cash amounts payable in accordance with Section 1.6 (*Treatment of Company Options*). As soon as reasonably practicable upon the later of the Closing and the surrender of a Company Stock Certificate or a Book-Entry to the Payment Agent for payment, together with a duly executed Letter of Transmittal, (A) the Payment Agent shall, and Parent shall cause the Payment Agent to, pay the holder of such Company Stock Certificate, or a Book-Entry, as applicable, in exchange therefor, the cash amounts payable in accordance with Section 1.5 (*Conversion of Shares*) and Section 1.6 (*Treatment of Company Options*) for each share evidenced by such Company Stock Certificate or a Book-Entry, as applicable (other than amounts payable in respect of Employee Options), and (B) the Company Stock Certificate or a Book-Entry, as applicable, so surrendered shall be cancelled. If any Company Stock Certificate shall have been lost, stolen or destroyed, Parent or the Payment Agent, as applicable, may, as a condition to the payment of the consideration hereunder with respect to each share of Company Capital Stock evidenced by such Company Stock Certificate, require the owner of such Company Stock Certificate to provide a reasonably appropriate affidavit to Parent or the Payment Agent, as applicable. As soon as reasonably practicable upon surrender to the Payment Agent of a duly executed Letter of Transmittal, the Payment Agent shall, and Parent shall cause the Payment Agent to, pay each Non-Employee Option Holder, in exchange therefor, the cash amounts payable to such Person in accordance with Section 1.6 (*Treatment of Company Options*). Notwithstanding the foregoing, Parent and the Company shall use commercially reasonable efforts to cause (x) the Letter of Transmittal to be made available to each holder of Company Stock Certificate and Book-Entry (if applicable),

and to each Non-Employee Option Holder, in each case, prior to the Effective Time, and (y) such Person's Letter of Transmittal to be reviewed and processed prior to the Effective Time, such that, so long as the Payment Agent receives the Letter of Transmittal by the deadline set forth in the Letter of Transmittal and such Person continues to hold the Company Capital Stock or Company Options, as applicable, described in the Letter of Transmittal as of immediately prior to the Effective Time, such Person will be paid the payment in cash described in Sections 1.5 (*Conversion of Shares*) and 1.6 (*Treatment of Company Options*), as applicable, with respect to such Letter of Transmittal on the Closing Date. Notwithstanding the foregoing, in the event that any Non-Employee Option Holder fails to deliver a duly executed Letter of Transmittal by the deadline set forth therein, the Company shall provide the Payment Agent such information with respect to such Non-Employee Option Holder as requested by the Payment Agent, and upon receipt of such information by the Payment Agent such Non-Employee Option Holder will be paid the payment in cash described in Sections 1.6 (*Treatment of Company Options*). All consideration paid upon the surrender of Company Stock Certificates or Book-Entries (or affidavits of loss in lieu thereof as set forth in this Section 1.10(a)) in accordance with the terms hereof shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Capital Stock represented thereby. No interest will be paid or accrued on any amount payable for shares of Company Capital Stock pursuant to this Section 1.

(ii)On the regular payment date for the next full payroll period that occurs at least five Business Days following the Effective Time (or, in the case of any distribution made pursuant to Sections 1.6(a) (*Treatment of Company Options*)) and subject to Section 1.10(e) (*Exchange/Payment*), Parent shall cause the Surviving Corporation to pay to each Employee Option Holder the applicable amount required to be paid pursuant to Sections 1.6(a) (*Treatment of Company Options*), with respect to such individual's Employee Options.

(iii)Any portion of the amounts payable in accordance with Sections 1.5 (*Conversion of Shares*), 1.6 (*Treatment of Company Options*), 1.11 *(Post-Closing Adjustment to Closing Merger Consideration Amount)*, 1.12 *(Earnout Consideration*) and 1.14 *(Post-Closing Distributions*) that remains undistributed by the Payment Agent to a Securityholder as of 12 months after the date of deposit of such amounts with the Payment Agent shall be delivered to Parent upon demand. Notwithstanding the foregoing, (i) any Securityholder who has not theretofore surrendered the documentation contemplated under this Section 1.10 (*Exchange/Payment*) shall thereafter look only to the Surviving Corporation and only as general creditors thereof for satisfaction of their claims for the cash amounts payable in accordance with Sections 1.5 (*Conversion of Shares*), 1.6 (*Treatment of Company Options*), 1.11 *(Post-Closing Adjustment to Closing Merger Consideration Amount)*, 1.12 *(Earnout Consideration*) and 1.14 *(Post-Closing Distributions*), as applicable, and (ii) neither Parent, the Surviving Corporation nor any of their Affiliates shall have liability to any Securityholder or other Person for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws.

(iv)Neither Parent nor the Surviving Corporation shall be liable to any holder or former holder of Company Capital Stock or Company Options with respect to any amounts

properly delivered to any public official pursuant to any applicable abandoned property Law or escheat Law.

(v)Each of Parent, the Company, the Surviving Corporation and the Payment Agent (each a "***Withholding Agent***") will be entitled to deduct and withhold from the consideration otherwise payable under this Agreement to any Person the amounts such Withholding Agent is required to deduct and withhold under the Code or any other Tax Law. If any withholding obligation may be reduced or avoided by any holder of Company Capital Stock, or Company Options providing information or documentation to a Withholding Agent, the Withholding Agent shall use commercially reasonable efforts to reduce or avoid such withholding obligation upon receipt from a Securityholder of information or documentation providing for the same. To the extent that amounts are so withheld and properly paid-over to the applicable Governmental Body in accordance with applicable Law, such withheld and paid over amounts will be treated as having been paid to such Person in respect of which such deduction and withholding was made.

(vi)After Parent delivers any payment to the Payment Agent pursuant to Sections 1.5 (*Conversion of Shares*), 1.6 (*Treatment of Company Options*), 1.11 *(Post-Closing Adjustment to Closing Merger Consideration Amount)*, 1.12 *(Earnout Consideration*) and 1.14 *(Post-Closing Distributions*) in accordance with any Closing Payment Schedule, each Stockholder will be entitled to look only to the Payment Agent (or, solely if applicable under Section 1.10(c), the Surviving Corporation) for any payments due and payable to such Stockholder pursuant to Sections 1.5 (*Conversion of Shares*), 1.6 (*Treatment of Company Options*), 1.11 *(Post-Closing Adjustment to Closing Merger Consideration Amount)*, 1.12 *(Earnout Consideration*) and 1.14 *(Post-Closing Distributions*) following the delivery of such Stockholders duly executed Letter of Transmittal, pursuant to this Agreement.

k. Post-Closing Adjustment to Closing Merger Consideration Amount.

(i)Not fewer than five Business Days prior to the Closing Date, the Company shall deliver to Parent the Estimated Closing Statement and the Closing Payment Schedule accompanied by reasonable supporting detail relating to each component (including bank statements dated as of the date that the Estimated Closing Statement is provided, a reconciliation between any differences in the Estimated Closing Date Cash Amount and the bank statement, debt payoff letters (including Payoff Letters) and invoices). Upon the delivery of the Estimated Closing Statement, the Company will reasonably make available to Parent and its representatives the work papers and other books and records used in preparing the Estimated Closing Statement. The Company shall consider in good faith any potential adjustments to the Estimated Closing Statement and Closing Payment Schedule raised by Parent prior to the Closing and, make any corresponding changes to the Estimated Closing Statement and the Closing Payment Schedule that the Company reasonably deems appropriate based on Parent's proposed adjustments and shall, at least two Business Days prior to the Closing, reissue the Estimated Closing Statement, Closing Payment Schedule and each component thereof along with any such revisions that the Company has determined are appropriate.

(ii)Within 90 days following the Closing, Parent shall prepare and deliver to the Securityholders' Representative a written statement (the "***Closing Statement***") setting forth (i) an unaudited Closing Date Balance Sheet and (ii) in reasonable detail its calculation of (A) the Closing Date Net Working Capital and the Final Net Working Capital Adjustment, (B) the Closing Date Cash Amount, (C) the Closing Date Indebtedness, (D) the Closing Date Transaction Expenses and (E) the Settlement Debt. Subject to applicable Laws relating to the exchange of information and except as required to comply with any COVID-19 Measures, following the Closing, Parent shall provide to the Securityholders' Representative and its representatives reasonable access, during regular business hours, in such a manner as to not interfere with the normal operation of Parent or the Surviving Corporation (subject to the execution of customary work paper access letters, if requested), to work papers and books and records relating to the preparation of the Closing Statement and to the employees of the Company, who are knowledgeable about the preparation of the Closing Statement, in each case, solely for the purpose of assisting the Securityholders' Representative and its representatives in their review of the Closing Statement and the calculations contained therein.

(iii)If the Securityholders' Representative disagrees with the calculations in the Closing Statement, the Securityholders' Representative shall notify Parent of such disagreement in writing (the "***Dispute Notice***") no later than the 30th day after delivery of the Closing Statement. The Dispute Notice must set forth in reasonable detail (i) any item on the Closing Statement which the Securityholders' Representative believes has not been prepared in accordance with this Agreement and the Securityholders' Representative's determination of the amount of such item and (ii) the Securityholders' Representative's alternative calculation of the Closing Date Net Working Capital and Final Net Working Capital Adjustment, the Closing Date Cash Amount, the Closing Date Indebtedness or the Closing Date Transaction Expenses, as the case may be. The Dispute Notice shall include only disagreements based on mathematical errors or the failure of the Closing Date Net Working Capital, Final Net Working Capital Adjustment, the Closing Date Cash Amount, the Closing Date Indebtedness or the Closing Date Transaction Expenses to be calculated in accordance with this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), the Accounting Principles and the definitions contained in this Agreement (including the inclusion or exclusion of items in the definition and the magnitude of the included or excluded items). Any item or amount that the Securityholders' Representative does not validly dispute in reasonable detail in the Dispute Notice within such period shall be final, binding and conclusive for all purposes hereunder.

(iv)In the event any such Dispute Notice is timely provided, Parent and Securityholders' Representative shall use commercially reasonable efforts for a period of 30 days after the date of such Dispute Notice (or such longer period as they may mutually agree in writing) to resolve any disagreements with respect to the calculations included in the Closing Statement that were disputed in the Dispute Notice and all such discussions and negotiations related thereto shall (unless otherwise agreed in writing by Parent and the Securityholders' Representative) be governed by Rule 408 of the Federal Rules of Evidence (as in effect as of the date of this Agreement) and any applicable similar state rule. If, at the end of such 30-day period (or such longer period as mutually agreed in writing), the Securityholders' Representative and Parent remain unable to resolve the dispute in its entirety, then the unresolved items and amounts

thereof in dispute shall be submitted to Ernst & Young LLP, or, if Ernst & Young LLP is not available or is providing accounting, tax or audit services to Parent or its controlled Affiliates or the Company for which it is receiving material compensation, a nationally recognized financial services firm, reasonably acceptable to Parent and the Securityholders' Representative, which shall not be the independent accountants, tax advisors (other than with respect to immaterial matters) or auditors of Parent or the Company (the "***Dispute Auditor***"). The Dispute Auditor shall act as an expert and not an arbitrator in resolving the matters submitted to it. The Dispute Auditor shall determine, based solely on the provisions of this Section 1.11 (*PostClosing Adjustment to Closing Merger Consideration Amount*), the Accounting Principles and the written presentations by the Securityholders' Representative and Parent, and not by independent review, only those items and amounts that remain then in dispute as set forth in the Dispute Notice.

(v)The Dispute Auditor's determination of the Closing Date Net Working Capital, the Final Net Working Capital Adjustment, the Closing Date Cash Amount, the Closing Date Indebtedness or the Closing Date Transaction Expenses, as applicable, shall be made within 30 days after the dispute is submitted for its determination and shall be set forth in a written statement delivered to the Securityholders' Representative and Parent. A judgment of a court of competent jurisdiction selected pursuant to Section 10.5 (*Applicable Law; Jurisdiction*) hereof may be entered following the Dispute Auditor's determination solely for the purposes of enforcing the payment of the specific amount provided by the Dispute Auditor; *provided* that no party shall make any filing to obtain such judgment unless (i) the payment required by such determination shall not have been made and (ii) 15 days shall have elapsed following delivery of the Dispute Auditor's determination and; *provided*, *further*, that any filing to obtain such judgment shall respect the confidential nature of the dispute resolution process provided in this Section 1.11 (*PostClosing Adjustment to Closing Merger Consideration Amount*) and shall disclose the details of the dispute only to the extent necessary to obtain a judgment for such payment. The Dispute Auditor have exclusive jurisdiction over, and resorting to the Dispute Auditor as provided in this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*) shall be the only recourse and remedy of the parties against one another with respect to, those items and amounts that remain in dispute under this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), and Parent shall not be entitled to seek indemnification or recovery of any attorneys' fees or other professional fees incurred by Parent in connection with any dispute governed by this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*). The Dispute Auditor shall allocate its fees and expenses between Parent and the Securityholders' Representative (on behalf of the Participating Securityholders) in the proportion that Parent's position, on the one hand, and the Securityholders' Representative, on the other hand (based on the aggregate of all differences taken as a whole), bear to the final resolution as determined by the Dispute Auditor.

(vi)The Securityholders' Representative and Parent shall, and shall cause their respective Affiliates and representatives to, cooperate in good faith with the Dispute Auditor, and shall give the Dispute Auditor access to all data and other information it reasonably requests for purposes of such resolution. In no event shall the decision of the Dispute Auditor assign a value to any item greater than the greatest value for such item claimed by either Parent or Securityholders' Representative or lesser than the smallest value for such item claimed by either

Parent or Securityholders' Representative. Any determinations made by the Dispute Auditor pursuant to this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*) shall be final, binding and conclusive on the parties hereto, absent manifest error or common law fraud.

(vii)"***Adjustment Amount***" shall mean the net amount, which may be positive or negative, equal to: (i) (a) the amount of the Final Net Working Capital Adjustment (based on the Closing Date Net Working Capital (as finally determined in accordance with this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*)) *minus* (b) the Estimated Closing Date Net Working Capital Adjustment (which amount may be positive or negative)); *plus* (ii) (a) the Closing Date Cash Amount (as finally determined in accordance with this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*)); *minus* (b) the Estimated Closing Date Cash Amount; *plus* (iii) (a) the Estimated Closing Date Indebtedness; *minus* (b) the amount of Closing Date Indebtedness (as finally determined in accordance with this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*)); *plus* (iv) (a) the Estimated Closing Date Transaction Expenses; *minus* (b) the amount of Closing Date Transaction Expenses (as finally determined in accordance with this Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*)). For the avoidance of doubt, an illustrative example of the adjustment pursuant to this Section 1.11(g) (*Post-Closing Adjustment to Closing Merger Consideration Amount*) is set forth in Exhibit D.

(viii)If the Adjustment Amount is zero or a positive number, then within ten Business Days after the final determination of the amount, Parent and the Securityholders' Representative shall deliver Joint Written Instructions to the Escrow Agent instructing the Escrow Agent to release the Purchase Price Escrow Amount and Parent shall pay the Adjustment Amount to (x) to the Payment Agent for further distribution to the Participating Securityholders that are holders of Company Common Stock or the Non-Employee Option Holders (other than amounts payable in respect of Employee Options) based on each such Participating Securityholder's Ownership Percentage and (y) to the Surviving Corporation for the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options. Subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after receipt by the Surviving Corporation of the applicable amount, Parent shall cause the Surviving Corporation to pay the portion of the Adjustment Amount and Purchase Price Escrow Amount due to the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options for payment by the Surviving Corporation. Prior to any such distribution of the Adjustment Amount or Purchase Price Escrow Amount to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the Adjustment Amount payable to each Participating Securityholder.

(ix)If the Adjustment Amount is a negative number and its absolute value is equal to or greater than the Purchase Price Escrow Amount then within ten Business Days after the final determination of such amount, Parent and the Securityholders' Representative shall deliver Joint

Written Instructions to the Escrow Agent instructing the Escrow Agent to release (i) the Purchase Price Escrow Amount and (ii) any amount by which the Adjustment Amount exceeds the Purchase Price Escrow Amount from the Retention Escrow Fund, in each case, to Parent.

1. If the Adjustment Amount is a negative number with an absolute value that is lower than the Purchase Price Escrow Amount (such difference between the Adjustment Amount and the Purchase Price Escrow Amount, the "***Shortfall***"), then within ten Business Days after the final determination of such amount, Parent and the Securityholders' Representative shall deliver Joint Written Instructions to the Escrow Agent instructing the Escrow Agent to release (x) the Adjustment Amount to Parent, and (y) (A) the portion of the Shortfall due to the Participating Securityholders that are holders of Company Common Stock or the Non-Employee Option Holders (other than amounts payable in respect of Employee Options) to the Payment Agent for further distribution to such Participating Securityholders based on each such Participating Securityholder's Ownership Percentage and (B) the portion of the Shortfall due to the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options to the Surviving Corporation and (ii) subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after receipt by the Surviving Corporation of the applicable amount, Parent shall cause the Surviving Corporation to pay the portion of the Shortfall due to the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options for payment by the Surviving Corporation. Prior to any such distribution of the Shortfall to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the Shortfall payable to each Participating Securityholder.

2. On the Closing Date, Parent shall cause the payment of: (i) the Estimated Closing Date Transaction Expenses, if any, to the Persons identified on the Estimated Closing Statement and (ii) the Estimated Closing Date Indebtedness, if any, to the Persons identified on Section 1.7 of the Disclosure Schedule. The Company shall deliver all applicable wire instructions for the payment of any Estimated Closing Date Transaction Expenses and Estimated Closing Date Indebtedness to Parent at least five Business Days prior to the Closing.

3. Notwithstanding anything to the contrary contained herein, no line item included in the calculation of Closing Date Net Working Capital and Final Net Working Capital Adjustment, the Closing Date Cash Amount, the Closing Date Indebtedness and the Closing Date Transaction Expenses shall be duplicative of any other line item included in such other calculations.

l. Earnout Consideration.

4. Parent shall pay, or cause to be paid, to the Participating Securityholders for each of calendar year 2022, 2023 and 2025 (each a **"*Milestone Year***") the following earnout payments (each an "***Earnout Payment***") as follows:

Milestone Year	Earnout Calculation
Calendar Year 2022	an amount equal to (i) the Net Revenue of ACell Products in 2022 in excess of $100,000,000, *multiplied by* (ii) 2.7 ("***Earnout Payment 1***"); *provided* that the Earnout Payment 1 shall not exceed $50,000,000
Calendar Year 2023	an amount equal to (i)(A) the Net Revenue of ACell Products in 2023 in excess of $100,000,000, *multiplied by* (B) 2.7, *minus* (ii) an amount equal to any Earnout Payment 1 ("***Earnout Payment 2***"); *provided* that the cumulative payment for Earnout Payment 1 and Earnout Payment 2 shall not be less than $0 nor exceed $50,000,000
Calendar Year 2025	an amount equal to (x) $25,000,000 if Net Revenue of ACell Products in 2025 is $175,000,000 or (y) if the Net Revenue of ACell Products in 2025 is greater than $175,000,000, an amount, up to $50,000,000 scaling linearly from $175,000,000 to $200,000,000

An illustrative calculation of Earnout Payments is attached as Exhibit G hereto.

5. Subject to the Securityholders' Representative's ongoing compliance with the Securityholders' Representative NDA in the form attached hereto as Exhibit I, within 90 days after the end of each Milestone Year, Parent shall (i) deliver, or cause to be delivered, to the Securityholders' Representative a statement showing (A) gross revenue of the ACell Products (individually and in the aggregate) during the applicable calendar year, (B) Net Revenue of ACell Products (individually and in the aggregate) during the applicable calendar year and (C) a calculation of the amount of Earnout Payment due for any Milestone Year, if any ("***Earnout Report***"), and (ii) Parent shall, (A) within five Business Days following the delivery of an Earnout Report, pay, or cause to be paid the portion of the Earnout Payment for such Milestone Year due to the Participating Securityholders that are holders of Company Common Stock or the Non-Employee Option Holders (other than amounts payable in respect of Employee Options) to the Payment Agent for further distribution to such Participating Securityholders based on each such Participating Securityholder's Ownership Percentage and (B) subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after the final determination of the applicable amount, Parent shall cause the Surviving Corporation to pay the portion of the Earnout Payment for such Milestone Year due to the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options; *provided*, *however*, that any amounts payable by Parent pursuant to Section 1.12 shall be offset and reduced by any amounts payable by the Securityholders to Parent pursuant to Section 8 (*Indemnification*), each of which will be set out in any Earnout Report. Promptly following receipt of each such Earnout Report and prior to any such distribution of any Earnout Payment to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the Adjustment Amount payable to each Participating Securityholder

6. Following the Effective Time until December 31, 2025 (such period the "***Milestone Period***"), Parent shall and shall cause its Affiliates to:

i. use Commercially Reasonable Efforts to market, promote, distribute and sell the ACell Products (other than Excluded Products);

ii. not take any action that was specifically intended by any Parent Executive to reduce possible Earnout Payments during the Milestone Period; and

iii. keep adequate books and records to permit the tracking of Net Revenue of the ACell Products (including retaining copies of such books and records and other reasonably necessary information) (the "***Records***").

7. For the purposes of this Section 1.12, "***Commercially Reasonable Efforts***" means allocating a level of marketing, promotion, distribution and sale efforts and resources substantially similar to those allocated to Parent's and its Affiliates' Comparable Products, including (i) maintaining an adequately sized and competitively compensated sales and marketing team, and (ii) providing product management, marketing communications, customer service, reimbursement support and other marketing support; it being understood that Parent and its Affiliates may consider various factors in the allocation of efforts and resources in respect of Comparable Products including the revenue and margin of a product, market demand, supply and manufacturing constraints, quality-control issues, feedback of customers and Health Care Professionals, regulatory issues and any limitations imposed by applicable Law or regulation; provided that Parent and its Affiliates may not consider a change in corporate strategy or the potential payment of any Earnout Payment in respect of the foregoing. For the avoidance of doubt, the obligation to use "Commercially Reasonable Efforts" shall not require Parent to retain any ACell employees, undertake any research, development or pursuit of additional product indications in respect of any ACell Products nor take any action or engage in any business that would not be in compliance with applicable Law. The parties intend the express provisions of this Agreement to govern their contractual relationship and to supersede any standard of efforts or implied covenant of good faith and fair dealing that might otherwise be imposed by applicable Law, any court or other Governmental Body.

8. During the period commencing on the date that is six months following the Closing Date until the end of the Milestone Period, Parent shall, and shall cause each applicable Affiliate to, provide, on a semi-annual basis (within 15 days following Parent's filing of its first quarter and third quarter 10-Q), a written report to the Securityholders' Representative regarding the status of resources and activities relating to the marketing, distribution and sale of ACell Products (each such report, an "***Update Report***"), including reasonable details with respect to (i) the sales and marketing practices of ACell Products during the prior six-month period, and (ii) the estimated Net Revenue of ACell Products during the applicable six month period, including whether and to what extent any revenue was excluded from Net Revenue pursuant to the HCP Exclusion. Within 15 days after delivery of an Update Report, if the Securityholders' Representative in good faith requests a meeting with representatives of Parent or any of Parent's applicable Affiliates to discuss such report, Parent shall make available for such meeting at least one employee with operating management responsibility for the activities of Parent or any such Affiliate related to the ACell Products to discuss the content of such report and in good faith answer any reasonable questions the Securityholders' Representative may have. The parties agree that neither Parent, the Surviving Company nor any of their Affiliates shall have any liability to the Securityholders' Representative, any Securityholder or any other Person in respect of the information contained in the Update Report and any responses to questions and any other information provided pursuant to this Section 1.12(e); provided that the foregoing sentence shall not limit either the rights of the Securityholders' Representative to request an audit or dispute the Earnout Report as set forth in Section 1.12(f) based on the information contained in such Update Report or the rights of the Participating Securityholders to receive the Earnout Payment as finally determined pursuant to this Section 1.12 (*Earnout Consideration*). The Securityholders' Representative may not request more than one such meeting for any Update Report. Promptly

following the date of this Agreement, and in any event prior to the Closing, Parent and the Company shall jointly develop and agree on a template Update Report that will serve as the basis for all future Update Reports unless otherwise agreed in writing by Parent and the Securityholders' Representative.

9. Within thirty days of the delivery of the Earnout Report, if the Securityholders' Representative determines, in its good faith judgment, that an audit is required pursuant to Section 1.12(h) in order to deliver an Earnout Dispute Notice with the detail required by the immediately following sentences of this Section 1.12(f), the Securityholders' Representative may submit a written request to Parent for an audit of the Records on the terms set forth in Section 1.12(h). If the Securityholders' Representative provides such an audit request and the Securityholders' Representative disagrees with the calculations set forth in Earnout Report, the Securityholders' Representative shall notify Parent of such disagreement in writing (the "***Earnout Dispute Notice***") no later than the 10th day following the date on which such audit is complete. If the Securityholders' Representative does not provide such an audit request, and the Securityholders' Representative disagrees with the calculations set forth in Earnout Report, the Securityholders' Representative shall deliver an Earnout Dispute Notice no later than the 30th day after the delivery of the Earnout Report. The Earnout Dispute Notice must set forth in reasonable detail (i) any item in the Earnout Report which the Parent believes has not been prepared in accordance with this Agreement and Parent's determination of the amount of such item and (ii) the Securityholders' Representative's alternative calculation of the items set forth in the Earnout Report. The Earnout Dispute Notice shall include only disagreements based on mathematical errors or the failure of the items set forth in the Earnout Report to be calculated in accordance with this Section 1.12 (*Earnout Consideration*) and the definitions contained in this Agreement (including the inclusion or exclusion of items in the definition and the magnitude of the included or excluded items). Any item or amount that Securityholders' Representative does not validly dispute in reasonable detail in the Earnout Dispute Notice within such period shall be final, binding and conclusive for all purposes hereunder absent manifest error or common law fraud.

10. In the event any such Earnout Dispute Notice is timely provided, Parent and Securityholders' Representative shall use commercially reasonable efforts for a period of 30 days after the date of such Earnout Dispute Notice (or such longer period as they may mutually agree in writing) to resolve any disagreements with respect to the calculations included in the Earnout Report that were disputed in the Earnout Dispute Notice and all such discussions and negotiations related thereto shall (unless otherwise agreed in writing by Parent and the Securityholders' Representative) be governed by Rule 408 of the Federal Rules of Evidence (as in effect as of the date of this Agreement) and any applicable similar state rule. If, at the end of such 30-day period (or such longer period as mutually agreed in writing), the Securityholders' Representative and Parent remain unable to resolve the dispute in its entirety, then the Securityholders' Representative may, within five (5) Business Days following the end of such 30-day period, (i) submit a written request to Parent for an audit of the Records on the terms set forth in Section 1.12(h); *provided that* (x) such an audit was not already conducted prior to delivering such Earnout Dispute Notice in accordance with Section 1.12(f) and (y) such request is made on the basis of the Securityholders' Representative's good faith belief that such audit is

required to resolve any disagreements with respect to the calculations in the Earnout Report or (ii) submit the unresolved items and amounts thereof in dispute to the Earnout Dispute Auditor as set forth in Section 1.12(i). If the Securityholders' Representative fails to provide either such notice within such time period, the Earnout Report shall be final, binding and conclusive for all purposes hereunder absent manifest error or common law fraud. Notwithstanding the foregoing, Section 1.12(g) will not preclude the Securityholders' Representative from asserting any claim for breach of Section 1.12(c).

11. If the Securityholders' Representative exercises its right to an audit of the Records pursuant to Section 1.12(g), the Securityholders' Representative may cause a certified public accountant employed by a nationally recognized firm that is not providing accounting, tax or audit services to the Securityholders' Representative or its controlled Affiliates for which it is receiving material compensation (the "***Auditor***") to commence its examination of the Records. Subject to applicable Laws relating to the exchange of information and except as required to comply with any COVID-19 Measures, Parent shall provide to the Auditor reasonable access, during regular business hours, in such a manner as to not interfere with the normal operation of Parent or the Surviving Corporation (subject to the execution of customary work paper access letters, if requested), to work papers and books and records relating to the preparation of the Closing Statement and to the employees of the Company, who are knowledgeable about the preparation of the Closing Statement, in each case, solely for the purpose of verifying the accuracy of the Earnout Report (including the underlying Net Revenue) furnished by Parent under this Agreement or of any such Earnout Payment made, or required to be made, by Parent pursuant to this Agreement. All fees and expenses of the Auditor shall be borne (i) if following such audit, the parties agree in writing or the Earnout Dispute Auditor finally determines pursuant to Section 1.12(i) that (x) Net Revenue is at least five percent greater than that set forth in the Earnout Report and (y) the amount to be paid as an Earnout Payment increases by at least $1, solely by Parent and (ii) in all other cases, solely by the Securityholders' Representative (on behalf of the Participating Securityholders). The Securityholders' Representative shall provide notice within 30 days of the end of the 30-day period set forth in Section 1.12(g) if it wishes to submit any items and amounts to the Earnout Dispute Auditor pursuant to Section 1.12(i). If the Securityholders' Representative fails to provide either such notice within such time period, the Earnout Report shall be final, binding and conclusive for all purposes hereunder absent manifest error or common law fraud.

12. The Securityholders' Representative may, solely as set forth in Section 1.12(g) and 1.12(h), submit any unresolved items and amounts thereof in dispute to Ernst & Young LLP, or if Ernst & Young LLP is not available or is providing accounting, tax or audit services to Parent or its controlled Affiliates or the Company for which it is receiving material compensation, a nationally recognized financial services firm, reasonably acceptable to Parent and the Securityholders' Representative, which shall not be the independent accountants, tax advisors (other than with respect to immaterial matters) or auditors of Parent or the Company (the "***Earnout Dispute Auditor***"). The Earnout Dispute Auditor shall act as an expert and not an arbitrator in resolving the matters submitted to it. The Earnout Dispute Auditor shall determine, based solely on the provisions of this Section 1.12 (*Earnout Consideration*) and the written presentations by the Securityholders' Representative and Parent, and not by independent review,

only those items and amounts that remain then in dispute as set forth in the Earnout Dispute Notice.

13. The Earnout Dispute Auditor's determination of the Earnout Payment shall be made within 30 days after the dispute is submitted for its determination and shall be set forth in a written statement delivered to the Securityholders' Representative and Parent. A judgment of a court of competent jurisdiction selected pursuant to Section 10.5 (*Applicable Law; Jurisdiction*) hereof may be entered following the Earnout Dispute Auditor's determination solely for the purposes of enforcing the payment of the specific amount provided by the Earnout Dispute Auditor; *provided* that no party shall make any filing to obtain such judgment unless (i) the payment required by such determination shall not have been made and (ii) 15 days shall have elapsed following delivery of the Earnout Dispute Auditor's determination and; *provided*, *further*, that any filing to obtain such judgment shall respect the confidential nature of the dispute resolution process provided in this Section 1.12 (*Earnout Consideration*) and shall disclose the details of the dispute only to the extent necessary to obtain a judgment for such payment. The Earnout Dispute Auditor shall have exclusive jurisdiction over, and resorting to the Earnout Dispute Auditor as provided in this Section 1.12 (*Earnout Consideration*) shall be the only recourse and remedy of the parties against one another with respect to, those items and amounts that remain in dispute under this Section 1.12 (*Earnout Consideration*), subject to Section 1.12(n) and Parent shall not be entitled to seek indemnification or recovery of any attorneys' fees or other professional fees incurred by Parent in connection with any dispute governed by this Section 1.12(j). The Earnout Dispute Auditor shall allocate its fees and expenses between Parent and the Securityholders' Representative (on behalf of the Participating Securityholders) in the proportion that Parent's position, on the one hand, and the Securityholders' Representative, on the other hand (based on the aggregate of all differences taken as a whole) bear to the final resolution as determined by the Earnout Dispute Auditor.

14. The Securityholders' Representative and Parent shall, and shall cause their respective Affiliates and representatives to, cooperate in good faith with the Earnout Dispute Auditor, and shall give the Earnout Dispute Auditor access to all data and other information it reasonably requests for purposes of such resolution. In no event shall the decision of the Earnout Dispute Auditor assign a value to any item greater than the greatest value for such item claimed by either Parent or Securityholders' Representative or lesser than the smallest value for such item claimed by either Parent or Securityholders' Representative. Any determinations made by the Earnout Dispute Auditor pursuant to this Section 1.12 (*Earnout Consideration*) shall be final, binding and conclusive on the parties hereto, absent manifest error or common law fraud.

15. The right of any Participating Securityholder to receive any amounts with respect to Earnout Payments (i) shall not be evidenced by a certificate or other instrument, (ii) shall not be assignable or otherwise transferable by such Participating Securityholder other than (A) on death by will or intestacy, (B) pursuant to a court order, (C) by operation of Law (including a consolidation or merger), (D) to or for the benefit of any spouse, children, parents, uncles, aunts, siblings or grandchildren (collectively, "***Approved Relatives***") or to a trust established solely for the benefit of such Participating Securityholder and/or his or her Approved Relatives; *provided* that such transferee shall, as a condition to such transfer, deliver to Parent

and the Surviving Corporation a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement or (E) without consideration in connection with the dissolution, liquidation or termination of any corporation, limited liability company, partnership or other entity, (iii) does not represent any right other than the right to receive the Earnout Payments pursuant to this Agreement and (iv) shall be contingent upon the Participating Securityholder, their Approved Relatives or any other Person otherwise entitled to such amounts in accordance with the terms hereof, having executed a HCP Attestation in the form set forth in Exhibit H (the "***HCP Attestation***"). Any attempted transfer of the right to any amounts with respect to any such payment by any holder thereof (other than as specifically permitted by the immediately preceding sentence) shall be null and void.

16. For U.S. federal income tax purposes, any Earnout Payments received pursuant to this Agreement shall be treated to the extent permitted by applicable Law as installment payments from an installment sale described in Section 453 of the Code, a portion of which may be treated as imputed interest under the Code.

17. Any dispute arising out of, resulting from or in connection with Section 1.12(c)-(l) shall be exclusively and definitively resolved, without any recourse to appeal, by final and binding arbitration pursuant to this Section 1.12(n) (an "***Earnout Arbitration***"). Any Earnout Arbitration shall be instituted and conducted in, and its seat shall be, the city of New York, New York, where the arbitration award shall be rendered. The arbitration shall be administered by the International Court of Arbitration of the International Chamber of Commerce ("***ICC***") in accordance with the Rules of Arbitration of the ICC ("***Arbitration Rules***"), as in effect as of the date of commencement of the arbitration, as modified by this Agreement or mutual agreement of the parties. The arbitration shall be conducted in the English language, though documents or testimony may be submitted in other languages if a translation is provided. The arbitration panel shall be composed of three (3) arbitrators. The first (1st) arbitrator shall be nominated by the claimant and the second (2nd) arbitrator shall be nominated by the respondent, each in accordance with Article 12(4) of the Arbitration Rules. The third (3rd) arbitrator (who shall act as chairman) shall be appointed by the two (2) party-appointed arbitrators, within fifteen (15) calendar days from the date of confirmation of the second (2nd) party-appointed arbitrator. If any party fails to appoint an arbitrator within the required period, or if the two (2) arbitrators cannot reach an agreement with respect to the third (3rd) arbitrator within the applicable period, the appointment shall be made by the ICC International Court of Arbitration pursuant to the Arbitration Rules. To the extent that an Earnout Arbitration involves more than one (1) party as claimant, such claimants shall jointly appoint the first (1st) arbitrator. To the extent that an Earnout Arbitration involves more than one (1) respondent, such respondents shall jointly appoint the second (2nd) arbitrator. The parties consent to the consolidation of arbitrations commenced hereunder pursuant to the Arbitration Rules. Any award of the arbitration panel must be in writing and state the grounds upon which it is based (in each case, a "***Final Award***"). The Final Award shall be final, binding and conclusive on the parties and their successors, and a judgment upon the Final Award may be recognized and enforced in any court of competent jurisdiction. The fees and expenses of the arbitration and other reasonable and documented costs of the party which has prevailed in such arbitration (the "***Arbitration Fees***"), including reasonable attorney's fees, shall be borne as established by the

arbitration panel. The Arbitration Fees payable by Parent (if any) shall be paid directly by Parent, and the Arbitration Fees payable by the Securityholders' Representative (if any, solely on behalf of the Securityholders) shall be paid from the Securityholders' Representative Reserve. To the extent the Securityholders' Representative Reserve is insufficient or unavailable to cover all of the Arbitration Fees payable by the Securityholders' Representative, Parent may (i) pay any such amounts from the Escrow Account. (ii) pay any such remaining Arbitration Fees directly and in the case of (ii) be entitled to deduct such amounts from any amounts payable to the applicable Securityholders (or to the Payment Agent on their behalf) pursuant to Section 1.11 and this Section 1.12 of this Agreement or (iii) if the Securityholders' Representative was not wholly successful in the Earnout Arbitration, from the Participating Securityholders according to each Securityholder's Ownership Percentage.

18. Through the end of calendar year 2025, Parent shall not, and shall cause its Affiliates not to, directly or indirectly, sell, assign or otherwise transfer to any third party, the ACell Business or any material Company Intellectual Property used in or necessary for the development, manufacturing or commercialization of any ACell Products, unless (i) the Securityholders' Representative has consented in writing to such transaction and Parent continues to be bound by the obligations in this Agreement; or, (ii) the assignee or other transferee is a Qualified Transferee, (iii) such Qualified Transferee expressly agrees in writing to assume the obligations in this Agreement, including this Section 1.12 and (iv) the Securityholders' Representative is made an express third party beneficiary of such written agreement; *provided that* nothing in this Section 1.12(o) shall restrict or prohibit the Company or any of its Affiliates from taking any actions (including the licensing of such Company Intellectual Property or the provision of access to tangible embodiments of Trade Secrets included in such Company Intellectual Property) reasonably necessary to outsource the manufacture of any ACell Products (or components thereof), without outsourcing the other obligations of Parent under this Agreement.

a. PPP Forgiveness

19. . To the extent that an amount of the PPP Loan is forgiven (the "***Forgiven Amount***") following the Closing, Parent shall (A) within five Business Days of such forgiveness provide notice of the same to the Securityholders' Representative, (B) within five Business Days following the date of the receipt by the Surviving Corporation of the Forgiven Amount from the PPP Loan Escrow Account, pay, or cause to be paid the portion of Forgiven Amount due to the Participating Securityholders that are holders of Company Common Stock or the Non-Employee Option Holders (other than amounts payable in respect of Employee Options) to the Payment Agent for further distribution to such Participating Securityholders based on each such Participating Securityholder's Ownership Percentage and (C) subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after the receipt by the Surviving Corporation of the Forgiven Amount from the PPP Loan Escrow Account, Parent shall cause the Surviving Corporation to pay the portion of the Forgiven Amount due to the Participating Securityholders who are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options; *provided*, *however*, that any amounts payable by Parent pursuant to this Section 1.13 shall be

offset and reduced by any amounts payable by the Securityholders to Parent pursuant to Section 8 (*Indemnification*). Promptly following receipt of any such notification and prior to any such distribution of any portion of the Forgiven Amount to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the Forgiven Amount payable to each Participating Securityholder.

b. Post-Closing Distributions.

20. Any distributions to be made to the Participating Securityholders after the Closing, including distribution of any remaining balance of the Securityholders' Representative Reserve or the Escrow Account, shall be released to the Surviving Corporation or the Payment Agent, as applicable, and (i) subject to Section 1.10(e), Parent shall cause the Surviving Corporation to pay (on the regular payment date for the next full payroll period that occurs at least five Business Days after the receipt of the remaining balance of the Securityholders' Representative Reserve or the Escrow Account from the Securityholders' Representative or Escrow Agent, as applicable) the cash distribution due to the Participating Securityholders in respect of Employee Options based on each such holder's Ownership Percentage attributable to such Employee Options and (ii) the Payment Agent shall pay the Participating Securityholders in respect of Company Common Stock or Non-Employee Options based on each such holder's Ownership Percentage attributable to such Company Common Stock or Non-Employee Options. Prior to any such distribution to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the cash distribution payable to each Participating Securityholder in accordance with this Agreement.

21. Any distribution of cash made to the Participating Securityholders shall be made in accordance with Sections 1.5 (*Conversion of Shares*), 1.6 (*Treatment of Company Options*), 1.10(b) (*Exchange/Payment*), 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*) and 1.12 (*Earnout Consideration*), 1.13 (*PPP Forgiveness*), 1.14 (*Post-Closing Distributions*) and 1.17 (*Escrow Agreement*) at the time of such distribution as set forth in this Agreement and, in each case, any amounts so payable shall be reduced by (i) any fees or other costs payable to the Payment Agent or Guggenheim Securities, LLC in respect of such payments and (ii) the Sellers Employer Taxes.

c. Appraisal Rights.

Notwithstanding any other provision of this Agreement to the contrary, shares of Company Capital Stock held by a holder who has made a demand for appraisal of such shares in accordance with Section 262 of the DGCL (any such shares being referred to as "***Dissenting Shares***" until such time as such holder fails to perfect or otherwise loses such holder's appraisal rights under Section 262 of the DGCL with respect to such shares), will not be converted into or represent the right to receive cash in accordance with Section 1.5 (*Conversion of Shares*), but will be converted into the right to receive such consideration as may be determined to be due with respect to such Dissenting Shares pursuant to the DGCL (and at the Effective Time, such

Dissenting Shares shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and such holder shall cease to have any rights with respect thereto, except the rights set forth in Section 262 of the DGCL); *provided*, *however*, that if a holder of Dissenting Shares (a "***Dissenting Stockholder***") withdraws, has failed to perfect or otherwise loses such holder's demand for such payment and appraisal or becomes ineligible for such payment and appraisal then, as of the later of the Effective Time or the date on which such Dissenting Stockholder withdraws such demand or otherwise becomes ineligible for such payment and appraisal, such holder's Dissenting Shares will cease to be Dissenting Shares (and the right of such holder to be paid the fair value of such holder's Dissenting Shares under Section 262 of the DGCL will cease) and will be converted into the right to receive a cash payment determined in accordance with and subject to the provisions of Section 1.5 (*Conversion of Shares*) upon surrender of the certificate representing such shares in accordance with the terms of Section 1.10 (*Exchange/Payment*). The Company shall provide prompt notice of any demands received by the Company for appraisal of shares of Company Capital Stock under Section 262 of the DGCL, any withdrawal of any such demand and any other notice or instrument delivered to the Company prior to the Effective Time related thereto. Except with the prior written consent of Parent (such consent not to be unreasonably withheld or delayed), the Company shall not make any payment with respect to, or settle or offer to settle, any such demands.

d. Securityholders' Representative.

22. In order to efficiently administer certain matters contemplated hereby following the Closing, including any actions that the Securityholders' Representative may, in its sole discretion, determine to be necessary, desirable or appropriate in connection with the matters set forth in this Agreement (including Sections 1.10 (*Exchange/Payment*), 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), 1.12 (*Earnout Consideration*), 1.14 (*PostClosing Distributions*), 5.6 (*Transfer Taxes*), 8 (*Indemnification*) and 10.1 (*Amendment*)), the Securityholders, by the adoption of this Agreement, acceptance of consideration under this Agreement or the completion and execution of the Letters of Transmittal shall be deemed to have designated Fortis Advisors LLC as the representative of the Securityholders (the "***Securityholders' Representative***").

23. The Securityholders' Representative may resign at any time. In the event the Securityholders' Representative becomes unable to perform its responsibilities hereunder or resigns from such position, the Securityholders who hold at least a majority in interest of the Ownership Percentages at such time shall be authorized to and shall select another representative to fill such vacancy and such substituted representative shall be deemed to be the Securityholders' Representative for all purposes of this Agreement and the documents delivered pursuant hereto.

24. By their adoption of this Agreement, acceptance of consideration under this Agreement or the delivery of the Letter of Transmittal contemplated by Section 1.10 (*Exchange/Payment*) and without any further action of any of the Securityholders or the Company, the Securityholders shall be deemed to have agreed, in addition to the foregoing, that:

i.the Securityholders' Representative shall be appointed and constitute the exclusive agent and true and lawful attorney-in-fact of each Securityholder, with full power in his, her or its name and on his, her or its behalf to act according to the terms of this Agreement, the Escrow Agreement, the Securityholders' Representative Engagement Agreement and in general to do all things and to perform all acts including executing and delivering any agreements, amendments, certificates, receipts, instructions, notices or instruments contemplated by or deemed advisable in connection with this Agreement, the Escrow Agreement, the Securityholders' Representative Engagement Agreement and the agreements ancillary hereto and thereto. The Securityholders' Representative hereby accepts such appointment;

ii.the Securityholders' Representative shall have full authority to (A) execute, deliver, acknowledge, certify and file on behalf of the Securityholders (in the name of any or all of the Securityholders or otherwise) any and all documents, including the Escrow Agreement, that the Securityholders' Representative may, in its sole discretion, determine to be necessary, desirable or appropriate, in such forms and containing such provisions as the Securityholders' Representative may, in its sole discretion, determine to be appropriate, (B) give and receive notices and other communications relating to this Agreement and the transactions contemplated hereby (except to the extent that this Agreement contemplates that such notice or communication shall be given or received by the Securityholder individually), (C) take or refrain from taking any actions (whether by negotiation, settlement, litigation or otherwise) to resolve or settle all matters and disputes arising out of or related to this Agreement, the Escrow Agreement, the Securityholders' Representative Engagement Agreement and the transactions contemplated hereby and thereby, including the payment of any Adjustment Amount solely from, and to the extent of, the Escrow Amount pursuant to Section 1.11(g) (*Post-Closing Adjustment to Closing Merger Consideration Amount*) and the payment of any amounts in satisfaction of any claims for indemnification made by Parent pursuant to Section 8, and (D) engage attorneys, accountants, financial and other advisors, paying agents and other persons necessary or appropriate in the judgment of the Securityholders' Representative for the accomplishment of the foregoing; *provided*, *however*, that the Securityholders' Representative shall have no obligation to act on behalf of the Securityholders, except as expressly provided herein and in the Securityholders' Representative Engagement Agreement, and for purposes of clarity, there are no obligations of the Securityholders' Representative in any ancillary agreement, schedule, exhibit or the Disclosure Schedule;

iii.Parent shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on the instructions and decisions given or made by the Securityholders' Representative as to any of the matters described in this Section 1.16 (*Securityholders' Representative*), and no party shall have any cause of action against Parent for any action taken by Parent in reliance upon any such instructions or decisions;

iv.all actions, decisions and instructions of the Securityholders' Representative shall be conclusive and binding upon each of the Securityholders and their successors as if expressly confirmed and ratified in writing by such the Securityholders, and no Securityholders shall have any cause of action against the Securityholders' Representative and neither the Securityholders' Representative Group will not be liable for any action taken,

decision made or instruction given by the Securityholders' Representative under this Agreement, the Escrow Agreement or the Securityholders' Representative Engagement Agreement, except for common law fraud or Willful Breach of this Agreement or the Escrow Agreement on the part of the Securityholders' Representative;

v. the provisions of this Section 1.16 (*Securityholders' Representative*) and the powers, immunities and rights to indemnification granted to the Securityholders' Representative Group hereunder: (A) are independent and severable, are irrevocable and coupled with an interest, and shall survive the death, incompetence, bankruptcy or liquidation of any Securityholder and shall be binding on any successor thereto; (B) shall be enforceable notwithstanding any rights or remedies that any Securityholder may have in connection with the transactions contemplated by this Agreement; and (C) shall survive the delivery of an assignment by any Securityholder of the whole or any fraction of his, her or its interest in the Escrow Amount or Earnout Payment;

vi. no Securityholders shall have any cause of action against the Securityholders' Representative for any action taken, decision made or instruction given by the Securityholders' Representative under this Agreement, except for common law fraud or Willful Breach of this Agreement or the Escrow Agreement on the part of the Securityholders' Representative, and all defenses which may be available to any Securityholder to contest, negate or disaffirm the action of the Securityholders' Representative taken in good faith under this Agreement, the Escrow Agreement or the Securityholders' Representative Engagement Agreement are waived;

vii. the Securityholders' Representative shall be entitled to: (x) rely upon the Closing Payment Schedule, (y) rely upon any signature believed by it to be genuine, and (z) reasonably assume that a signatory has proper authorization to sign on behalf of the applicable Securityholder or other party; and

viii. the provisions of this Section 1.16 (*Securityholders' Representative*) shall be binding upon the executors, heirs, legal representatives, successors and assigns of each Securityholder, and any references in this Agreement to a Securityholder or the Securityholders shall mean and include the successors to the Securityholders' rights hereunder, whether pursuant to testamentary disposition, the laws of descent and distribution or otherwise.

25. At the Closing, Parent shall cause to be deposited, in an account designated by the Securityholders' Representative, (i) $1,250,000 (the "***Securityholders' Representative Reserve***") *plus* (ii) the upfront engagement fee of the Securityholders' Representative. The Securityholders' Representative Reserve may be applied: (i) as the Securityholders' Representative, in its sole discretion, determines to be appropriate to defray, offset, or pay any charges, fees, costs, liabilities, charges, losses, fines, damages, claims, forfeitures, actions, judgments, amounts paid in settlement or expenses (including fees, disbursements and costs of counsel and other skilled professionals and in connection with seeking recovery from insurers) that the Securityholders' Representative incurred in connection with the transactions contemplated by this Agreement and the Securityholders' Representative

Engagement Agreement, including in connection with the matters contemplated by Section 1.10 (*Exchange/Payment*) and the evaluation or defense of any claim for indemnification under this Agreement (the "***Securityholders' Representative Expenses***"), or (ii) as otherwise determined by the Advisory Group. The Securityholders' Representative will hold these funds in a non-interest bearing account separate from its corporate funds, will not use these funds for its operating expenses or any other corporate purposes and will not voluntarily make these funds available to its creditors in the event of bankruptcy. The Securityholders' Representative is not providing any investment supervision, recommendations or advice and shall have no responsibility or liability for any loss of principal of the Securityholders' Representative Reserve other than as a result of its gross negligence or Willful Breach. The Securityholders' Representative is not acting as a withholding agent or in any similar capacity in connection with the Securityholders' Representative Reserve and has no Tax reporting or income distribution obligations. Subject to Advisory Group approval, the Securityholders' Representative may contribute funds to the Securityholders' Representative Reserve from any consideration otherwise distributable to the Participating Securityholders. The balance of the Securityholders' Representative Reserve held pursuant to this Section 1.16(d) (*Securityholders' Representative*), if any, shall, at the sole discretion of the Securityholders' Representative and at such time to be determined in the sole discretion of the Securityholders' Representative, be distributed in the same manner as the distributions set forth in Section 1.12 (*Post-Closing Distributions*), as applicable, to the Escrow Agent, the Payment Agent and/or Parent, as applicable, for further distribution to the Participating Securityholders. Prior to any such distribution of the Securityholders' Representative Reserve, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the Securityholders' Representative Reserve payable to each Participating Securityholder.

26. Certain Participating Securityholders have entered into an engagement agreement (the "***Securityholders' Representative Engagement Agreement***") with the Securityholders' Representative to provide direction to the Securityholders' Representative in connection with its services under this Agreement, the Escrow Agreement and the Securityholders' Representative Engagement Agreement (such Participating Securityholders, including their individual representatives, collectively hereinafter referred to as the "***Advisory Group***"). As between the Participating Securityholders and the Securityholders' Representative, neither the Securityholders' Representative nor its members, managers, directors, officers, contractors, agents and employees nor any member of the Advisory Group (collectively, the "***Securityholders' Representative Group***") shall be liable for any act done or omitted hereunder, under the Escrow Agreement or under the Securityholders' Representative Engagement Agreement as Securityholders' Representative while acting in good faith, and any act done or omitted to be done pursuant to the advice of counsel shall be conclusive evidence of such good faith except for common law fraud or Willful Breach of this Agreement or the Escrow Agreement by the Securityholders' Representative. The Securityholders' Representative Group shall be indemnified, defended and held harmless and reimbursed by the Participating Securityholders against any Securityholders' Representative Expenses incurred without bad faith, gross negligence or Willful Breach on the part of the Securityholders' Representative and

arising out of or in connection with the acceptance or administration of its duties hereunder, under the Escrow Agreement or under the Securityholders' Representative Engagement Agreement and in connection with any Securityholders' Representative Expenses, at the election of the Securityholders' Representative, at any time first, from the Securityholders' Representative Reserve, to the extent any funds remain in such fund, second, from any distribution of the Escrow Amount or any Earnout Payment and otherwise distributable to the Participating Securityholders at the time of distribution, and third, directly from the Participating Securityholders according to each Participating Securityholder's Ownership Percentage; *provided*, *however*, that no Participating Securityholder shall be liable to the Securityholders' Representative for any amount in excess of the portion of the Upfront Purchase Price actually paid to such Participating Securityholder. The Participating Securityholders acknowledge that the Securityholders' Representative shall not be required to expend or risk its own funds or otherwise incur any financial liability in the exercise or performance of any of its powers, rights, duties or privileges or pursuant to this Agreement or the transactions contemplated hereby. Furthermore, the Securityholders' Representative shall not be required to take any action unless the Securityholders' Representative has been provided with funds, security or indemnities which, in its determination, are sufficient to protect the Securityholders' Representative against the costs, expenses and liabilities which may be incurred by the Securityholders' Representative in performing such actions. The immunities and rights to indemnification shall survive the resignation or removal of the Securityholders' Representative or any member of the Advisory Group and the Closing or any termination of this Agreement.

e. Escrow Agreement.

27. On or prior to the Closing Date, Parent and the Securityholders' Representative shall enter into an escrow agreement with the Escrow Agent effective as of the Closing Date, which shall be substantially on the terms attached hereto as Exhibit F (the "***Escrow Agreement***"). In accordance with the Escrow Agreement, Parent shall deliver or cause to be delivered to the Escrow Agent, the Escrow Amount by wire transfer of immediately available funds to the account established pursuant to the Escrow Agreement in which any portion of the Escrow Amount is held for disbursement by the Escrow Agent pursuant to the Escrow Agreement (the "***Escrow Account***").

28. The Escrow Fund shall be available to be paid to Parent as set forth in Section 1.11 and Section 8 (*Indemnification*).

29. No later than ten Business Days after the final determination of any claim pursuant to Section 8 (*Indemnification)* or the final determination of any adjustment pursuant to Section 1.11, Parent and the Securityholders' Representative shall deliver Joint Written Instructions to the Escrow Agent instructing the Escrow Agent to deliver such amount payable in respect of the claim to Parent.

30. Upon each Applicable Escrow Release Date, Parent and the Securityholders' Representative shall deliver joint written instructions (the "***Joint Written Instructions***") to the Escrow Agent instructing the Escrow Agent to deliver the Step-Down

Release Amount or funds remaining in the Purchase Price Escrow Fund, the Retention Escrow Fund or the Special Escrow Fund (as the case may be) (each an "***Applicable Release Amount***") (A) no later than five Business Days following the Applicable Escrow Release Date, the Applicable Release Amount due to the Participating Securityholders that are holders of Company Common Stock or the Non-Employee Option Holders (other than amounts payable in respect of Employee Options) to the Payment Agent for payment to the Participating Securityholders based on each such Participating Securityholders' Ownership Percentage, and (B) no later than five Business Days following the Applicable Escrow Release Date, the portion of the Applicable Release Amount due to the Participating Securityholders that are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options to the Surviving Corporation for payment by the Surviving Corporation onto such Employee Option Holders, subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after receipt of the applicable amount by the Surviving Corporation; *provided* that, in each case, if there are any claims under Section 8 (*Indemnification*) or Section 1.11 in the case of the Purchase Price Escrow Fund or Retention Escrow Fund that are pending on the Applicable Escrow Release Date, the applicable portion of the Applicable Release Amount that is subject to any claims shall be held back and not be released or paid to Parent or the Payment Agent (on behalf of the Participating Securityholders) until such applicable claims are finally resolved and satisfied, and upon resolution of such claims, Parent and the Securityholders' Representative shall deliver Joint Written Instructions to the Escrow Agent instructing the Escrow Agent to deliver to the Payment Agent any remaining amount in the Purchase Price Escrow Fund, the Retention Escrow Fund or the Special Escrow Fund (as the case may be) to be distributed to the Participating Securityholders in accordance with this Section 1.17. Prior to any such distribution of the Applicable Release Amount to the Participating Securityholders, the Securityholders' Representative shall deliver to Parent and the Payment Agent an updated Closing Payment Schedule (which need not be certified) setting forth the portion of the remaining amount in the Escrow Fund payable to each Participating Securityholder. Subject to Section 1.10(e), on the regular payment date for the next full payroll period that occurs at least five Business Days after receipt by the Surviving Corporation of the applicable amount, the Surviving Corporation shall the portion of the Applicable Release Amount due to the Participating Securityholders that are Employee Option Holders based on each such individual's Ownership Percentage in respect of such individual's Employee Options for payment by the Surviving Corporation to such Employee Option Holders.

31. The "***Applicable Escrow Release Date***" shall mean, (i) with respect to the Purchase Price Escrow Fund, the date upon which the Adjustment is finally determined, (ii) with respect to the Retention Escrow Fund, the date that is 18 months following the Closing Date, (iii) with respect to the Special Escrow Fund, the date that is 18 months following the Closing Date and (iv) with respect to the "***Step-Down Release Amount***", the date that is 12 months following the Closing Date.

32. Parent shall be treated for Tax purposes as the owners of the Escrow Amount and shall be subject to Tax on all interest and earnings, if any, earned in connection with the Escrow Amount.

Section 2. Representations and Warranties of the Company

The Company represents and warrants to Parent and Merger Sub, except as set forth in the Disclosure Schedule, subject to Section 10.17, as follows:

a. Due Incorporation; Subsidiaries; Etc.

33. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to conduct its business in the manner in which its business is currently being conducted.

34. The Company is qualified to do business as a foreign corporation, and is in good standing, under the laws of all states where the nature of its business requires such qualification, except for any failure to be so qualified or in such good standing, individually or in the aggregate, that would not have a Company Material Adverse Effect. Section 2.1(b) of the Disclosure Schedule contains a correct and complete list of each jurisdiction where the Company is organized and qualified to do business.

35. The Company does not have any Subsidiary or own any interests (including any securities exercisable or exchangeable for or convertible into interests) in any Person.

b. Certificate of Incorporation and Bylaws

. The Company has delivered or otherwise made available to Parent or its representatives copies of the Company Charter and Company bylaws, including all amendments thereto, as in effect on the date hereof, which organizational documents are in full force and effect as of the date hereof.

c. Capitalization, Etc

. As of the date of this Agreement, the authorized capital of the Company consists of:

36. (i) 2,000,000 shares of Series A Convertible Preferred Stock, of which 891,000 are issued and outstanding, which are convertible into 314,517 shares of Company Common Stock, (ii) 2,000,000 shares of Series B Convertible Preferred Stock, of which 1,915,149 shares are issued and outstanding, which are convertible into 2,027,915 shares of Company Common Stock, (iii) 30,000,000 shares of Series C Convertible Preferred Stock, of which 23,393,691 are issued and outstanding, which are convertible into 8,257,838 shares of Company Common Stock, and (iv) 10,000,000 shares of Series D Convertible Preferred Stock, of which 6,428,545 shares are issued and outstanding which are convertible into 2,269,196 shares of Company Common Stock. The rights, preferences, privileges and restrictions of the Company Preferred Stock are as stated in the Company Charter.

37. 65,000,000 shares of Company Common Stock, of which 4,861,131 shares are issued and outstanding. (i) 5,072,537 shares of Company Common Stock are reserved for

issuance under the Equity Incentive Plans, of which 2,820 shares of Company Common Stock are subject to outstanding Company Options under the 2002 Equity Incentive Plans, 2,074,276 shares of Company Common Stock are subject to outstanding Company Options under the 2011 Equity Incentive Plans, and 547,375 shares of Company Common Stock are subject to outstanding Company Options under the 2016 Equity Incentive Plans, (ii) 400,981 shares of Company Common Stock remain available for future grant under the Equity Incentive Plans, and (iii) 2,896,287 shares of Company Common Stock have been issued pursuant to the exercise of Company Options and are included in the number of outstanding shares of Company Common Stock set forth above.

38. The Closing Payment Schedule, when delivered in accordance with Section 1.11(a), will contain true and correct information in respect of all items contained therein, except for *de minimis* inaccuracies.

39. Except for (i) the Company Options, (ii) the conversion privileges of the Company Preferred Stock and (iii) those rights set forth in Section 2.3(d) of the Disclosure Schedule, (A) there are no other existing options, restricted stock units, warrants, calls, rights (including conversion rights, preemptive rights, co-sale rights, rights of first refusal or other similar rights) or agreements to which the Company, or to the Company's Knowledge, any Company Stockholder or holder of the Company Options, is a party requiring, and there are no securities of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional shares of Company Capital Stock or other equity securities of the Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase shares of Company Capital Stock or other equity securities of the Company, (B) there are no obligations, contingent or otherwise, of the Company to (1) repurchase, redeem or otherwise acquire any shares of Company Capital Stock or (2) to make any material investment in (in the form of a loan, capital contribution or otherwise), or to provide any guarantee (excluding indemnification obligations) with respect to the obligations of, any Person and (C) there are no outstanding stock appreciation, phantom stock, profit participation or similar rights with respect to the Company.

40. Except for those rights set forth in Section 2.3(e) of the Disclosure Schedule, there are no bonds, debentures, notes or other Debt of the Company having the right to vote or consent (or, convertible into, or exchangeable for, securities having the right to vote or consent) on any matters on which the Company Stockholders may vote. Except as set forth in Section 2.3(e) of the Disclosure Schedule, there are no voting trusts, irrevocable proxies or other Contracts or understandings to which the Company, or, to the Company's Knowledge, any Company Stockholder or any holder of the Company Options is a party or is bound with respect to the voting or consent of any shares of Company Capital Stock.

41. All of the outstanding shares of Company Capital Stock have been duly authorized and validly issued, and are fully paid and nonassessable and have been issued and granted in compliance with all applicable securities Laws.

42. Section 2.3(g) of the Disclosure Schedule sets forth, with respect to each Company Option that is outstanding as of the date of this Agreement: (i) the name of the holder of such Company Option; (ii) the total number of shares of Company Common Stock that are subject to such Company Option; (iii) the exercise price per share of Company Common Stock purchasable under such Company Option; (iv) the vesting schedule or terms of such Company Option; and (v) the expiration date of such Company Option.

d. Financial Statements.

43. The Company has delivered or otherwise made available to Parent or its counsel (i) its audited balance sheets as of December 31, 2019 (such date, the "***Balance Sheet Date***") and December 31, 2018, (ii) its audited statements of operations, statements of stockholders' equity and statements of cash flows for the years ended December 31, 2019 and December 31, 2018 ((i) and (ii) collectively, the "***Audited Company Financial Statements***"), (iii) the unaudited balance sheet of the Company and statements of operations as of September 30, 2020 (the "***Unaudited Balance Sheet***" and such date, the "***Unaudited Balance Sheet Date***") (all of the foregoing financial statements of the Company and any notes thereto are hereinafter collectively referred to as the "***Company Financial Statements***").

44. The Company Financial Statements (x) have been prepared in accordance with GAAP and fairly present in all material respects the financial condition of the Company at the dates therein indicated and the results of operations of the Company for the periods therein specified in accordance with GAAP, except as may be indicated in the footnotes to such financial statements. The Company maintains a system of internal accounting controls sufficient, in all material respects, to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.

45. Except as set forth on Section 2.4(c) of the Disclosure Schedule, the Company has no indebtedness or other obligation for borrowed money, whether current, short-term, long-term, secured or unsecured.

46. The Company has not received a notice from any Governmental Body asserting or threatening that any portion of the PPP Loan is not or may not be eligible for forgiveness or that the PPP Loan does not comply with applicable Laws and requirements. The Company has complied with all applicable Law with respect to such PPP Loan, including properly utilizing (and has documented the utilization of) the proceeds of such PPP Loan in accordance with all applicable Law.

e. Absence of Certain Changes

. Since the Balance Sheet Date through the date of this Agreement, (a) there has not occurred any event or series of related events that has had a Company Material Adverse Effect; (b) there has not been any material damage, destruction or other casualty loss with respect to any material asset or property owned, leased or otherwise used by the Company, whether or not covered by insurance; (c) there has not been any material change in any method of accounting or

accounting practice by the Company, except as required by concurrent changes in GAAP; (d) there has not been any change in any material election in respect of Taxes, material change in any accounting method in respect of Taxes, settlement of any material claim or assessment in respect of Taxes, filing of any amended income or other material Tax Returns or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of income or other material Taxes; (e) there has not been any amendment to the Company Charter or the Company bylaws; (f) there has been no notification, written or otherwise, to or from any government official or authority alleging or otherwise related to any non-compliance by the Company with any obligations of the Company pursuant to the Settlement Agreement; and (g) the Company has not entered into any arrangement or commitment regarding any of the matters described in subsections (a) through (f) above. Since the Unaudited Balance Sheet Date through the date of this Agreement, (h) there has not been any termination of, or receipt of notice of termination of, any Material Contracts; (i) there has been no sale, lease, license or other disposition of any material asset (other than the sale or use of Inventory in the ordinary course of business consistent with past practice) or creation or imposition of any Lien, other than Permitted Encumbrances on assets, on any material assets; (j) there has not been any material change in compensation (including bonuses) or wage rate, pension, welfare, fringe or other benefits, severance or termination pay of any director or employee of the Company; (k) except as expressly contemplated by this Agreement and for discussion, negotiations and transactions related to this Agreement or other potential strategic transactions and except for any changes made in response to COVID-19 Measures, the Company has operated its business in the ordinary course consistent with past practices in all material respects; and (l) the Company has not entered into any arrangement or commitment regarding any of the matters described in subsections (h) through (l) above.

f. Title to and Condition of Assets

. The Company has good and valid title to all material assets owned by it, other than Intellectual Property which is covered by Section 2.8 (*Intellectual Property*), including all material assets (other than capitalized or operating leases) reflected on the Unaudited Balance Sheet (except for assets sold or otherwise disposed of since the Unaudited Balance Sheet Date in the ordinary course of business consistent with past practice). Except as set forth in Section 2.6 of the Disclosure Schedule, all of such assets are owned by the Company, free and clear of any Liens (other than Permitted Encumbrances). The tangible assets (including equipment), taken as a whole, are in good working condition, subject to normal wear and tear.

g. Real Property; Leasehold.

47. The Company does not own any interest in real property, except for the leaseholds created under the real property leases (including all amendments, extensions, renewals, guarantees and other agreements with respect thereto) identified in Section 2.7 of the Disclosure Schedule (the "***Leased Real Property***" and such leases, the "***Real Property Leases***"). The Leased Real Property listed on Section 2.7 of the Disclosure Schedule comprises all material real property interests used in the conduct of the business and operations of the Company as currently conducted.

48. The Company is in material compliance with all Real Property Leases, and has a valid and subsisting leasehold interest in all Leased Real Property, in each case free and clear of all Liens, other than Permitted Encumbrances. There are no subleases or agreements to sublease, or other tenancies in effect with respect to, the Leased Real Property in which the Company has granted any other Person the right to occupy or use any Leased Real Property, and no Person is in physical possession of the Leased Real Property other than the Company. The Company has not received written notice of (i) any breach or default, or intention to terminate or not renew, any Real Property Lease or (ii) any eminent domain, condemnation or similar proceeding pending or threatened, against all or any portion of any Leased Real Property, and no event has occurred which, with the giving of notice, the passage of time, or both, would constitute a breach or default under any such Real Property Lease. To the Company's Knowledge, no defect exists in any building or other improvement situated on the Leased Real Property that would materially impair the use or occupancy of the Leased Real Property by the Company as currently conducted.

h. Intellectual Property.

49. Section 2.8(a) of the Disclosure Schedule identifies: (i) each item of unexpired Registered IP owned by the Company; and (ii) the jurisdiction in which such item of Registered IP has been registered or filed, the applicable registration or filing date, and the applicable registration, application or serial number (or in the case of Internet domain names, the applicable Internet domain name registrar). The Company Intellectual Property is subsisting, and to the Company's Knowledge, each item of Registered IP included therein that has been issued or granted is valid and enforceable. Except for as disclosed in Section 2.8(a) of the Disclosure Schedule, there are no pending inventorship challenges, opposition or nullity proceedings or interferences declared, commenced or provoked, or to the Company's Knowledge, threatened in the prior three years, with respect to any Patent or trademark included in the Company Intellectual Property.

50. The Company solely and exclusively owns all Company Intellectual Property, free and clear of all Liens, other than Permitted Encumbrances.

51. Except as disclosed in Section 2.8(c) of the Disclosure Schedule, and provided that this Section 2.8(c) shall not be construed as a representation of third party Intellectual Property or as to ownership disputes or other challenges to Company Intellectual Property (which are covered in Sections 2.8(a), (d), and (g)), the Company has sufficient rights to use all Intellectual Property necessary to conduct its business in all material respects, and the consummation of the transactions contemplated by this Agreement will not result in any material limitation on the Company's right, title or interest in or to any of such Intellectual Property.

52. To the Company's Knowledge, neither the Company nor the conduct of its business infringes, misappropriates or otherwise violates, or in the prior three years has infringed, misappropriated or otherwise violated, any Intellectual Property rights of any third parties. For the prior three years, no Person (other than the U.S. Patent and Trademark Office (the "***USPTO***") or any equivalent foreign governmental administrative agency that deals with

patent and/or trademark matters in connection with the prosecution of pending patent and/or trademark applications in the ordinary course) has asserted any written claim (or to the Company's Knowledge, any oral claim or threatened any claim) (i) challenging the Company's right, interest or title in any of the Company Intellectual Property or (ii) alleging infringement, misappropriation or other violation of any third-party Intellectual Property by the Company. With the exception of the USPTO's or any other equivalent foreign governmental administrative agency that deals with patent and/or trademark matters' review of pending patent applications in connection with the prosecution of such applications in the ordinary course, none of the Company Intellectual Property is subject to any pending or outstanding injunction, directive, order, judgment or other disposition of dispute that adversely restricts the use, transfer, registration or licensing of any such Company Intellectual Property by the Company.

53. To the Company's Knowledge, no Person has infringed, misappropriated or otherwise violated, and no Person is currently infringing, misappropriating or otherwise violating, any Company Intellectual Property. During the prior six years, the Company has not asserted any written claim (or to the Company's Knowledge, any oral claim or threatened any claim), against any third party alleging infringement, misappropriation or other violation of any Company Intellectual Property.

54. The Company has taken all reasonable measures to protect the confidentiality and value of all material Trade Secrets included in the Company Intellectual Property or otherwise used or held by the Company and, to the Company's Knowledge, such Trade Secrets have not been used, disclosed to or discovered by any Person except pursuant to written, valid and appropriate non-disclosure and/or license agreements which have not been breached.

55. All assignments evidencing proper ownership of Registered IP included in the Company Intellectual Property have been duly executed and timely filed and recorded with the USPTO and such other foreign offices where such recordation is required.

56. The Company has obtained from all parties (including current or former employees, officers, directors, consultants and contractors) who have created or developed any material Trade Secrets, unregistered copyrights and unregistered trademarks for or on behalf the Company written, valid and enforceable present assignments of any such Intellectual Property to the Company.

57. To the actual knowledge of the Specified Persons, the IT Assets owned by the Company are free from material bugs, malicious code, and other material defects, and otherwise perform as required by the Company in connection with its business. To the Company's Knowledge, no Person has gained unauthorized access to such IT Assets within the prior three years that has resulted or could reasonably be expected to result in material liability to the Company. The Company has implemented reasonable system change controls and backup and disaster recovery technology processes consistent with industry best practices.

58. None of the Company's material proprietary software is subject to any obligation or condition under any license that conditions the distribution of such software (or any portion thereof) on (i) the disclosure, licensing or distribution of any source code for any portion of such software, (ii) the granting to licensees of the right to make derivative works or other modifications to such software, (iii) the licensing under terms that allow such software or portions thereof or interfaces therefor to be reverse engineered, reverse assembled or disassembled (other than by operation of Law), or (iv) redistribution of such software at no license fee.

59. To the Company's Knowledge, except for inventions supported by grant no. NCC 9-58 from the National Space Biomedical Research institute through NASA with respect to the SPV-015 patent family, and the Company Intellectual Property subject to certain U.S. government rights and University rights as disclosed in Section 2.8(a) of the Disclosure Schedule, and except for any other funding or use of facilities or personnel that has not resulted in any Governmental Body or any university, college, research institute or other educational institution obtaining ownership rights in (or options to obtain ownership rights in), licenses to (or options to receive licenses to) or other rights to use or exploit any Company Intellectual Property, no funding, facilities or personnel of any Governmental Body or any university, college, research institute or other educational institution has been used to create or otherwise develop any material Company Intellectual Property.

60. (A) Section 2.8(l)(A) of the Disclosure Schedule identifies each Contract pursuant to which the Company is a licensee of, or is otherwise granted any rights to use any Intellectual Property that is material to the Company's business by, a third party (other than (i) non-exclusive licenses (A) to commercially available third party software, including software as a service subscriptions or (B) in vendor agreements or clinical trial agreements entered into in the ordinary course of business, or (ii) pursuant to non-disclosure agreements or material transfer agreements entered into in the ordinary course of business) and (B) Section 2.8(l)(B) of the Disclosure Schedule identifies each Contract pursuant to which the Company is a licensor or otherwise grants any rights to use any material Company Intellectual Property to a third party other than non-exclusive licenses granted in the ordinary course of business of the Company (each such Contract identified in clause (A) and clause (B), an "***Intellectual Property Contract***").

i. Regulatory Matters.

61. Except as would not reasonably be expected to be, individually or in the aggregate, material to the Company, (i) the Company holds all Governmental Authorizations under the FDCA (including Section 510(k)), and all Governmental Authorizations of any applicable Governmental Body that has regulatory authority over the testing, development, design, quality, identity, safety, efficacy, manufacturing, labeling, marketing, distribution, commercialization, sale, pricing, import or export of the products currently sold by the Company, including those listed on Section 2.9(a) of the Disclosure Schedule ("***Company Products***" and any such Governmental Body, a "***Company Regulatory Agency***"), necessary for the lawful operation of the business of the Company in each jurisdiction in which the Company operates (the "***Company Regulatory Permits***"); (ii) all such Company Regulatory Permits are valid and in

full force and effect; and (iii) the Company is in compliance with the terms of all Company Regulatory Permits. There is no Legal Proceeding pending or, to the Company's Knowledge, threatened that would result in the termination, revocation, suspension or the imposition of a restriction on any such Company Regulatory Permit or the imposition of any fine, penalty or other sanction for violation of any such Company Regulatory Permit.

62. Except as would not reasonably be expected to be, individually or in the aggregate, material to the Company, the business of the Company is being conducted in compliance with, and has appropriate internal controls that are reasonably designed to ensure compliance with (i) the FDCA (including all applicable registration and listing requirements set forth in Section 510 of the FDCA (21 U.S.C. § 360) and 21 C.F.R. Part 807); (ii) the Patient Protection Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010; (iii) federal Medicare and Medicaid statutes and related state or local statutes; (iv) any comparable foreign Legal Requirements for any of the foregoing (including the GDPR); (v) the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7(b)), Stark Law (42 U.S.C. §1395nn), the federal criminal False Claims Act (42 U.S.C. §1320a-7b(a)), the federal civil False Claims Act (31 U.S.C. § 3729 et seq.), Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), as amended by the Health Information Technology for Economic and Clinical Health Act, and any comparable federal, state or local Legal Requirements; (vi) state testing, manufacturing, distribution, commercialization, marketing, licensing, disclosure, gift ban, code of conduct and reporting requirements, including the Physician Payments Sunshine Act (42 C.F.R. Parts 402-403) and equivalent or related state reporting requirements; (vii) Legal Requirements with respect to the protection of Personally Identifiable Information collected or maintained by or on behalf of the Company; (viii) rules and regulations promulgated pursuant to all such applicable Legal Requirements with respect to any of the foregoing, each as amended from time to time; (ix) any other Law that governs the health care industry or relationships among health care providers, suppliers, distributors, manufacturers and patients (collectively, "***Company Healthcare Laws***"); (x) the Federal Trade Commission Act; and (xi) the Settlement Agreement.

63. Except as set forth on Section 2.9(c) of the Disclosure Schedule, the Company is not party to any corporate integrity agreements, monitoring agreements, deferred prosecution agreements, consent decrees, settlement orders or similar agreements with or imposed by any Governmental Body and, to the Company's Knowledge, no such action is currently contemplated, proposed or pending.

64. The Company has not, and, to the Company's Knowledge, no officer, employee, agent or authorized representative of the Company has, made an untrue or misleading statement of a material fact or a fraudulent statement to any Governmental Body, failed to disclose a material fact required to be disclosed to any Governmental Body, or committed an act, made a statement, or failed to make a statement, in each case, related to the business and which, at the time such disclosure was made, violated the "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" policy of the FDA set forth in 56 Fed. Reg. 46191 (September 10, 1991) or any other applicable, similar policy of another Company Regulatory Agency. Neither the Company nor any duly authorized representative of the Company has been convicted

of any crime or engaged in any conduct for which debarment is mandated by 21 U.S.C. § 335a(a) or authorized by 21 U.S.C. § 335a(b) or any similar applicable Laws. Neither the Company nor any director, officer, employee, or to the Knowledge of the Company, any agent, supplier, licensee or contractor of the Company has been debarred or excluded from participating in any government health care programs or convicted of any crimes or engaged in any conduct for which such Person could be excluded from participating in any government (including federal, state, local or foreign) health care programs, debarred or suspended from participating in federal, state, local or foreign government Contracts, or convicted of any crime or, to the Knowledge of the Company, engaged in any conduct for which such Person could be excluded from participating in any federal health care program under Section 1128 of the Social Security Act of 1935, as amended, or any similar Law or program whether federal, local, state or foreign. No claim, investigation, proceeding, suit or action that would reasonably be expected to result in such an exclusion is pending or, to the Knowledge of the Company, threatened against the Company or any director, officer or employee of the Company or, to the Knowledge of the Company, any agent or authorized representative of the Company.

65. The manufacturing operations conducted by the Company or, to the Company's Knowledge, on behalf of the Company (a) are being, and have been conducted in material compliance with all Company Healthcare Laws, including the provisions of FDA's current good manufacturing practice regulations at 21 C.F.R. Parts 210-211 and 820 and similar federal, state, local or foreign requirements for the manufacture of the Company's Products and (b) have achieved and maintained all applicable quality certifications including all required ISO (International Organization for Standardization) certificates. Section 2.9(e) of the Disclosure Schedule lists each ISO and quality certification applicable to the Company. There is no pending, or, to the Company's Knowledge, threatened, proceeding to audit, repeal, fail to renew or challenge any such certification.

66. All pre-clinical and clinical investigations conducted or, to the Company's Knowledge, sponsored by or on behalf of the Company, used or intended to be used to support any filing or application for a Company Regulatory Permit, have been or are being conducted in compliance with all applicable Legal Requirements administered or issued by the applicable Company Regulatory Agencies, including (i) FDA standards for conducting non-clinical laboratory studies contained in Title 21 part 58 of the Code of Federal Regulations, (ii) FDA standards for the design, conduct, performance, monitoring, auditing, recording, analysis and reporting of clinical trials and the protection of human subjects, including without limitation, Title 21 parts 11, 50, 54, 56 and 812 of the Code of Federal Regulations, (iii) any comparable state, local or foreign Legal Requirements regulating the conduct of pre-clinical and clinical investigations and the protection of human subjects, (iv) federal, state, local or foreign Laws restricting the collection, use and disclosure of individually identifiable health information and personal information and (v) all directions, notices, approvals and restrictions issued by the relevant institutional review board or ethics board, except, in each case, for such noncompliance that, individually or in the aggregate, would not reasonably be expected to be material to the Company. To the Company's Knowledge, no investigator, employee or agent that has participated or is participating in any clinical investigation conducted or sponsored by or on behalf of the Company, or used or intended to be used to support any filing or application for a

Company Regulatory Permit, is or has been disqualified or restricted by the FDA from receiving investigational drugs, biologics or devices or from conducting any clinical investigation that supports an application for a research or marketing permit; has entered into a restricted agreement with FDA; or is or has been subject to any comparable action by any other Governmental Body.

67. The Company has not been, and is not the subject of, any FDA Form 483 observations, warning letters, untitled letters, inspection or audit reports from any Company Regulatory Agency identifying any major or minor non-compliances, subpoenas, investigations, actions, demands or notices relating to any alleged non-compliance, which would reasonably be expected to be, individually or in the aggregate, material to the Company or to lead to the denial, suspension or revocation of any application or grant for marketing approval with respect to any material Company Product currently pending before or previously approved or cleared by the FDA or such other Company Regulatory Agency. The Company has not been subject to any adverse audit reports or alleged non-compliance by its customers or other third parties with which it does business, except where such report or allegation of non-compliance would not reasonably be expected to be, individually or in the aggregate, material to the Company.

68. Except as set forth on Section 2.9(h) of the Disclosure Schedule, for a period of five years prior to the date of this Agreement, for each adverse event and device malfunction requiring the submission of a medical device report under 21 C.F.R. Part 803 ("***MDR***"), or any other filing, submission, notice or report to the FDA or any other Company Regulatory Agency, the Company has reported, filed, or submitted an MDR or other required filing, submission, notice or report in a timely manner, except where a failure to report, file or submit has not had and would not reasonably be expected to be, individually or in the aggregate, material to the Company. All such reports, filings, submissions or notices were complete and accurate in all material respects on the date filed (or were corrected in or supplemented by a subsequent filing), and any material and legally necessary or required updates, changes, corrections, amendments, supplements or modifications to such filings have been submitted to the applicable Governmental Body.

69. Except as set forth on Section 2.9(i) of the Disclosure Schedule, for a period of five years prior to the date of this Agreement, the Company has not voluntarily or involuntarily initiated, conducted or issued, caused to be initiated, conducted or issued any recall, removal, market withdrawal, replacement, field action, safety alert, warning, "dear doctor" letter, investigator notice or other notice or action to wholesalers, distributors, retailers, healthcare professionals or patients (including any action required to be reported or for which records must be maintained under 21 C.F.R. Part 806) relating to any Company Product (collectively, a "***Recall***") or is currently considering initiating, conducting or issuing any Recall of any Company Product, except as (with respect to Recalls other than Class I Recalls) has not had and would not reasonably be expected to, individually or in the aggregate, result in a material liability to the Company or otherwise interfere in any material respect with the conduct of its business as it is now being conducted.

70. No Company Product is or during the past three years has been (i) adulterated within the meaning of 21 U.S.C. §351, (ii) misbranded within the meaning of 21 U.S.C. §352, (iii) in violation of 21 U.S.C. §§360 or 360e, in each case as would be a material violation of applicable Law, or (iv) subject to any actions, demands, notices of violation, proceedings or demand letters relating to any alleged hazard or alleged defect in design, manufacture, materials or workmanship, including any failure to warn or alleged breach of express or implied warranty or representation relating to any Company Product manufactured, distributed or sold by or on behalf of the business or relating to alleged noncompliance by, or liability of, to Company under any Company Healthcare Laws.

j. Material Contracts.

71. Section 2.10(a) of the Disclosure Schedule lists each Contract (other than purchase orders) in effect as of the date of this Agreement to which the Company is a party in the following categories (other than any Contract (1) that is a nondisclosure agreement entered into (x) in the ordinary course of business or (y) solely as a customary confidentiality agreement in connection with discussions, negotiations and transactions related to this Agreement or other potential strategic transactions or (2) that is a Company Plan or Company Service Provider Agreement, which shall be governed under Section 2.15 (*Employee Benefit Plans and Employee Matters*)) (the "***Material Contracts***"):

ix.any Contract that requires future payments by or to the Company in excess of $250,000 in any calendar year, including any such Contract for the purchase or sale of assets, raw materials, goods, commodities, utilities, equipment, supplies, products or other personal property, or for the provision or receipt of services;

x.any Contract with a Significant Customer or Significant Supplier;

xi.any Contract that permits any Person other than the Company to market, offer, distribute or sell any Company Products or services, including distribution, sales representative and similar agreements;

xii.any Contract that permits any Person other than the Company to manufacture and sell any Company Products, including original equipment manufacturer or similar agreements;

xiii.any Contract related to an acquisition, divestiture, merger, or similar transaction containing representations, covenants, indemnities, purchase price payments, "earn-outs," adjustments or other obligations;

xiv.(A) any guaranty, surety or performance bond or letter of credit issued or posted, as applicable, by the Company; (B) any Contract evidencing Debt of the Company or providing for the creation of or granting any Lien upon any of the property or assets of the Company (excluding Permitted Encumbrances); (C) any Contract (1) relating to any loan or advance to any Person which is outstanding as of the date of the Agreement (other than advances to employees and consultants in connection with the carrying out of such Person's duties for the

Company in the ordinary course of business, which shall not exceed $10,000 individually) or (2) obligating or committing the Company to make any such loans or advances; (D) any currency, commodity or other hedging or swap contract; and (E) any Contract under which any Person has guaranteed any liabilities or obligations of the Company;

xv. any Contract creating or purporting to create any partnership or joint venture or any sharing of profits or losses by the Company with any third party;

xvi. any Contract for consulting, advisory or similar services with a Health Care Professional;

i. any settlement agreement or similar Contract with a Governmental Body;

ii. any Contract with an Affiliate;

iii. any Contract creating or purporting to create any obligation to pay or receive any royalty or similar payment;

iv. any Contract (A) containing covenants restricting or purporting to restrict competition which, in either case, have, would have or purport to have the effect of prohibiting the Company or, after the Closing, Parent or the Surviving Corporation from engaging in any business or activity in any geographic area or other jurisdiction; (B) in which the Company has granted "exclusivity" or that requires the Company to deal exclusively with, or grant exclusive rights or rights of first refusal to, any customer, vendor, supplier, distributor, contractor or other Person; (C) that includes minimum purchase conditions, take-or-pay or other requirements imposed on the Company, in either case that exceed $100,000 in any calendar year; (D) containing a "most-favored-nation," "best pricing" or other similar term or provision by which another party to such Contract or any other Person is, or could become, entitled to any benefit, right or privilege which, under the terms of such Contract, must be at least as favorable to such party as those offered to another Person; or (E) covenants restricting or purporting to restrict solicitation which, in either case, have, would have or purport to have the effect of prohibiting the Company or, after the Closing, Parent or the Surviving Corporation from engaging in any solicitation of employees, customers, distributors or activities in any geographic area or other jurisdiction;

v. any Contract involving commitments to make capital expenditures or to purchase or sell assets involving $250,000 or more individually, other than sales of product in the ordinary course of business;

vi. any Real Property Lease;

vii. any Contract that contains any standstill or similar agreement pursuant to which the Company has agreed not to acquire assets or securities of another Person;

viii. any Contract that is between the Company and any of its directors, executive officers, employees or to the Knowledge of the Company, any Person beneficially

owning five percent (5%) or more of the outstanding Company Capital Stock, other than Company Plans and Company Service Provider Agreements;

ix. any Contract that contains a put, call, or similar right pursuant to which the Company could be required to purchase or sell, as applicable, any equity interests of any Person or any assets;

x. any collective bargaining agreements or agreements with labor unions;

xi. any Contract (other than those specified in subsection (xvi) above) that was not entered into on an arm's length basis; and

xii. any Intellectual Property Contract.

72. With respect to each Material Contract listed or required to be listed in Section 2.10(a) of the Disclosure Schedule: (i) such Material Contract is, and to the Company's Knowledge, with respect to each party thereto other than the Company, valid, binding and enforceable against such party in accordance with its terms, subject to (A) laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (B) rules of Law governing specific performance, injunctive relief and other equitable remedies; (ii) such Material Contract is in full force and effect; (iii) the Company is not in material breach or material default of such Material Contract or, with the giving of notice or the giving of notice and passage of time without a cure would be, in material breach or material default of such Material Contract, and to the Company's Knowledge, as of the date of this Agreement no other party to such Material Contract is in material breach or material default of such Material Contract; and (iv) as of the date of this Agreement, the Company has not received any written notice of termination or non-renewal of any Material Contract, and the Company has not given, nor does the Company intend nor to the Company's Knowledge does any counterparty intend, to provide any notice of termination or non-renewal of any Material Contract. The Company has delivered or otherwise made available to Parent or its counsel a true and complete copy of each such written Material Contract and a written description of each oral Material Contract in the case of Material Contracts entered into on or before the date of this Agreement, prior to the date of this Agreement and in the case of all other Material Contracts, within two Business Days of the execution thereof.

k. Liabilities

. The Company has no material liabilities or obligations (whether accrued, absolute, contingent, unknown or otherwise) that would be required to be reflected under GAAP other than: (i) those which are adequately reflected or reserved against in the Company Financial Statements as of the Balance Sheet Date or the Unaudited Balance Sheet; (ii) those which have been incurred in the ordinary course of business since the Balance Sheet Date; and (iii) liabilities and obligations incurred as expressly contemplated in this Agreement or any other Transaction Document.

l. Compliance with Laws; Export Controls.

73. The Company is in compliance in all material respects with, and during the past three years has been in compliance in all material respects with applicable Laws, and during the past three years the Company has not received any written notices of any violation with respect to such Laws, except for violations that are immaterial, have been cured or are no longer being asserted. This Section 2.12 shall not apply with respect to Tax matters.

74. During the past three years, the Company has complied in all material respects with its internal privacy policies, and contractual and fiduciary obligations in connection with any collection, use, transfer, disclosure or other exploitation by the Company of any Personally Identifiable Information of any Person. To the Knowledge of the Company, there are no complaints to or audits, proceedings, investigations or claims pending against the Company by any Governmental Body, or by any Person, in respect of the collection, use, transfer, disclosure or other exploitation of Personally Identifiable Information of any Person in connection with the Company or its business. During the past three years, the Company has taken all steps reasonably necessary (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that all Personally Identifiable Information is protected against loss and against unauthorized access, use, modification or disclosure, and there has been no unauthorized access to or misuse of Personally Identifiable Information.

75. For a period of three years prior to the date of this Agreement, the Company has not been in material violation of, has not been investigated for, and has not been charged or notified by any Governmental Body with a material violation of any (i) applicable U.S. export and reexport control Laws or regulations, including the U.S. Export Administration Regulations and the Foreign Assets Control Regulations, (ii) any applicable economic sanctions Laws, regulations and orders or (iii) other applicable import/export controls in other countries in which the Company conducts business.

76. Neither the Company nor to the Company's Knowledge any stockholder, director, officer, agent or Affiliate of the Company is currently the subject or the target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("***OFAC***"), the U.S. Department of State, the United Nations Security Council, the European Union or other sanctions authority (collectively, the "***Sanctions***"). The Company has not been located, organized, operating or resident in, or sold into a country or territory that is or was the subject or target of Sanctions, including the Crimea region of the Ukraine, Cuba, Burma (Myanmar), Iran, North Korea, Sudan and Syria. To the Company's Knowledge, the Company does not have, and has not had, a customer, supplier or distributor relationship with or is a party to any Contract with any Person or Entity is: (1) on any sanctions list maintained OFAC or any other relevant sanctions authority, including OFAC's List of Specially Designated Nationals and Blocked persons; (2) owned or controlled or acting on behalf of a Person on any such sanctions list; (3) otherwise the target of Sanctions; or (4) owned or controlled by, or acting on behalf of, one or more Persons that is otherwise the target of Sanctions, in each case to the extent prohibited by applicable Law.

m. Certain Business Practices

. For a period of three years prior to the date hereof, the Company and its directors, officers, employees or other representatives, in each case, to the extent such action or inaction constitutes a violation of applicable Anti-Corruption Laws, (a) has not used and is not using any funds for any unlawful contributions, unlawful gifts, unlawful entertainment or other unlawful expenses; (b) has not made any direct or indirect unlawful payments, unlawful gifts or unlawful entertainment to any foreign or domestic Government Official or Health Care Professionals; (c) has not violated and is not violating any Anti-Corruption Laws; (d) has not established or maintained, and is not maintaining, any unlawful or unrecorded fund of monies or other properties; (e) has not made, and is not making, any false or fictitious entries on its accounting books and records; (f) has not made, and is not making, any bribe, payoff, influence payment, kickback or other unlawful payment of any nature, and has not paid, and is not paying, any fee, commission or other payment that has not been properly recorded on its accounting books and records as required by the Anti-Corruption Laws; and (g) has not otherwise given or received anything of value to or from a Government Official, an intermediary for payment to any individual including Government Officials, any political party or customer for the purpose of obtaining or retaining business. All payments by the Company to, and all payments to the Company from, Health Care Professionals are at and have been at fair market value for the applicable goods and services, plus reasonable and actual expenses, and the Company only purchases or provides such goods or services for which there is a commercially reasonable need for the services.

n. Tax Matters.

77. The Company has filed all income and other material Company Returns that it was required to file under applicable Laws. All such Company Returns were correct and complete in all material respects. All income and other material Taxes due and owing by the Company (whether or not shown on any Company Return) have been paid. There are no Liens for Taxes (other than Permitted Encumbrances) upon any of the assets of the Company. No extension of time with respect to any date on which a Company Return was required to be filed by the Company that extends such date beyond the date of this Agreement is in force, and no waiver or agreement by the Company is in force for the extension of time for the payment, collection or assessment of any Taxes beyond the date of this Agreement.

78. The Company has not received written notice from any Governmental Body of any audit or other examination of any Company Return (or any other material Tax examination, Tax claim or Tax action relating to the Company) that is presently in progress, pending or threatened and has not been resolved in full.

79. The Company has not received written notice from any Governmental Body of any material Tax deficiency that is outstanding, assessed or proposed against the Company and has not been resolved in full. The Company has never received a written claim from any Governmental Body in a jurisdiction in which the Company does not file Company Returns that the Company is or may be subject to taxation by that jurisdiction.

80. The Company has withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

81. The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

82. Within the past three years, the Company has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code. The Company has not engaged in a "listed transaction" as defined in Section 6707A(c) of the Code or the treasury regulations promulgated thereunder.

83. The Company will not be required to include an item of income in, or exclude an item of deduction from, taxable income (in a cumulative amount in excess of its net operating loss carryforward from taxable periods ending on or before the Closing Date), for any Tax period (or portion thereof) ending after the Closing as a result of any: (i) change in method of accounting for a Tax period ending prior to the Closing; (ii) "closing agreement" as described in Section 7121 of the Code (or any comparable or similar provisions of applicable Law) executed prior to the Closing; (iii) election pursuant to Section 108(i) of the Code; (iv) installment sale or open transaction disposition made prior to the Closing; (v) deferral of any Tax obligations pursuant to the CARES Act or similar statutory relief; or (vi) prepaid amount received prior to the Closing (other than prepaid amounts received in the ordinary course of business).

84. The Company has delivered or made available to Parent complete and accurate copies of all U.S. federal income Company Returns for taxable year ending on or after December 31, 2015, and complete and accurate copies of all audit or examination reports and statements of deficiencies assessed against the Company with respect to such Company Returns.

85. The Company is not a party to any agreement with any third party relating to allocating or sharing the payment of, or liability for, Taxes (other than this Agreement and any contract, such as a loan or a lease, entered into in the ordinary course of business the primary purpose of which is unrelated to Taxes).

86. The Company has not been a member of an affiliated group filing a U.S. federal income Tax Return (other than a group the common parent of which was the Company). The Company does not have any liability for the Taxes of any other Person (i) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law); (ii) as a transferee or successor; or (iii) otherwise by operation of Law.

87. The Company is not and has not been, for U.S. federal income tax purposes, an equity holder of a "controlled foreign corporation" as defined in Section 957 of the Code (or any similar provision of state, local or foreign Law).

88. No material unpaid Taxes of the Company have been incurred since the Balance Sheet Date other than (i) the employer portion of any Taxes payable in connection with payments pursuant to this Agreement, (ii) Transfer Taxes, and (iii) in the ordinary course of business of the Company and consistent with amounts previously paid with respect to such Taxes for similar periods in prior years, adjusted for changes in ordinary course operating results.

89. No material closing agreements, private letter rulings, technical advice memoranda or similar agreements or rulings have been entered into or issued by any Governmental Body after December 31, 2010 with respect to the Company.

90. There is no material amount of any property or obligation of the Company, including uncashed checks to vendors, customers or employees, non-refunded overpayments, credits or unclaimed amounts, that is, or may become, escheatable or reportable as unclaimed property to any Governmental Body under any applicable escheatment, unclaimed property or similar Laws.

91. Nothing in this Section 2.14 (*Tax Matters*) or otherwise in this Agreement shall be construed as a representation or warranty with respect to (i) the amount, value or availability in any Tax period (or portion thereof) beginning after the Closing Date of any net operating loss, capital loss, Tax credit, Tax basis or other Tax asset or attribute of the Company, or (ii) any Tax position that Parent or any of its Affiliates (including the Surviving Corporation) may take in respect of any Tax period (or portion thereof) beginning after the Closing Date.

o. Employee Benefit Plans and Employee Matters.

92. Section 2.15(a) of the Disclosure Schedule sets forth an accurate and complete list of each material Company Plan and each material Company Service Provider Agreement (other than offer letters executed on the Company's standard form). For purposes of this Agreement, "***Company Plan***" means any employee benefit or compensation plan, program, policy, practice, agreement, Contract, obligation or arrangement (including any material "employee benefit plan" as defined in Section 3(3) of ERISA), but excluding any Company Service Provider Agreement, whether or not in writing and whether or not funded, in each case, which is sponsored, maintained or contributed to, or required to be contributed to, by the Company or with respect to which the Company or any of its Subsidiaries would reasonably be expected to have any potential liability. For purposes of this Agreement, "***Company Service Provider Agreement***" means any individual offer letter or agreement for employment, consulting, retirement, severance, termination or change in control, deferred compensation, equity-based, incentive, bonus, supplemental retirement, profit sharing, insurance, medical, welfare, fringe or other benefits or remuneration of any kind between the Company and any individual Company employee or service provider, except for any consulting, advisory or similar agreement set forth in Section 2.10(a)(viii) of the Disclosure Schedule.

93. With respect to each Company Plan and each Company Service Provider Agreement, the Company has delivered or otherwise made available to Parent or its counsel a copy of: (i) each writing constituting a part of any written Company Plan or Company Service

Provider Agreement and all amendments thereto, and all trusts or service agreements relating to the administration and recordkeeping of any Company Plan or Company Service Provider Agreement, and written summaries of the material terms of all unwritten Company Plans and Company Service Provider Agreements; (ii) the two most recent Annual Reports (Form 5500 Series or otherwise in a form in accordance with applicable Law) including all applicable schedules, if any, for each Company Plan that is subject to such reporting requirements; (iii) the current summary plan description and any material modifications thereto, if any, or any written summary provided to participants with respect to any plan for which no summary plan description exists; (iv) the most recent determination letter (or if applicable, advisory or opinion letter) from the IRS, if any, and any pending applications for a determination or opinion letter; and (v) all material correspondence to or from any Governmental Body received in the last three years with respect to any Company Plan.

94. Each Company Plan and Company Service Provider Agreement has been established and maintained in all material respects in accordance with its terms and applicable Laws, including but not limited to ERISA or the Code. No "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Company Plan that would reasonably be expected to result in any material liability. There are no current actions, suits or claims pending, or, to the Company's Knowledge, threatened in writing (other than routine claims for benefits) against any Company Plan or any Company Service Provider Agreement or against the assets of any Company Plan or Company Service Provider Agreement. There are no audits, inquiries or proceedings pending or, to the Company's Knowledge, threatened in writing by any Governmental Body with respect to any Company Plan or Company Service Provider Agreement. The Company and each ERISA Affiliate have timely made or otherwise provided for all contributions and other payments required by and due under the terms of each Company Plan or Company Service Provider Agreement has accrued such contributions and other payments in accordance with generally accepted accounting principles.

95. Except as set forth in Section 2.15(d) of the Disclosure Schedule, with respect to each Company Plan intended to be "qualified" within the meaning of Section 401(a) of the Code, (i) each such Company Plan has been determined to be so qualified and has received a favorable determination or opinion letter from the IRS with respect to its qualification, (ii) the trusts maintained thereunder have been determined to be exempt from taxation under Section 501(a) of the Code, and (iii) no event has occurred that could reasonably be expected to result in disqualification or adversely affect such exemption.

96. Except as set forth in Section 2.15(e) of the Disclosure Schedule and other than as required under Section 4980B of the Code or other applicable Law, no Company Plan or Company Service Provider Agreement provides benefits or coverage in the nature of health, life or disability insurance following retirement or other termination of employment (other than death benefits when termination occurs upon death).

97. Each Company Plan or Company Service Provider Agreement to which the Patient Protection and Affordable Care Act and its companion bill, the Health Care and

Education Reconciliation Act of 2010 (together known as the "***ACA***"), applies is in compliance in all material respects with the ACA, and the rules and regulations promulgated thereunder, and no federal income Taxes or penalties have been imposed or are due for noncompliance with the ACA or for failure to provide minimum coverage to employees.

98. Each Company Plan that is a Code Section 125 cafeteria plan has passed non-discrimination testing for each year of existence.

99. Except as set forth in Section 2.15(h) of the Disclosure Schedule, no payment or benefit which will or may be made by the Company in connection with the Merger with respect to any "disqualified individual" (as defined in Code Section 280G and the regulations thereunder) would reasonably be expected to be characterized as a "parachute payment" within the meaning of Code Section 280G(b)(2). There is no Contract, agreement, plan or arrangement (including, for the avoidance of doubt, any Company Plan or Company Service Provider Agreement) to which the Company or any ERISA Affiliates is bound to provide a gross up or otherwise reimburse any employee for excise Taxes paid pursuant to Section 4999 of the Code. The execution and delivery of this Agreement and the consummation of the Merger, either alone or in combination with another event, will not (i) increase the benefits payable under any Company Plan or Company Service Provider Agreement or the amount of compensation due to any current or former employee, director, officer or independent contractor of the Company or any of its Subsidiaries, (ii) result in any acceleration of the time of payment or vesting of any benefits under any Company Plan or Company Service Provider Agreement (other than accelerated vesting of Company Options as provided in Section 1.6 (*Treatment of Company Options*)), (iii) entitle any current or former employee, director, officer or independent contractor of the Company or any of its Subsidiaries to severance pay or termination pay or any material increase in severance or termination pay, (iv) directly or indirectly cause the Company to transfer or set aside any assets to fund any material benefits under any Company Plan or Company Service Provider Agreement, (v) otherwise give rise to any material liability under any Company Plan or Company Service Provider Agreement, or (vi) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Company Plan or Company Service Provider Agreement on or following the Effective Time, and, except as provided by terms of this Agreement and applicable Law, Parent may at any time following the Effective Time, and from time to time, amend, terminate or wind up any Company Plan or Company Service Provider Agreement, in whole or in part, without consent from any Person and without incurring any material liabilities, costs or expenses. Except with respect to any limitations pursuant to applicable Law, the Company has the right to terminate the employment of each employee of the Company at will and to terminate the engagement or service of directors and its independent contractors at will.

100. Neither the Company nor any Entity with which the Company is or would be considered a single employer under Section 414(b), (c) or (m) of the Code ("***ERISA Affiliates***") has, within the six years preceding the date of this Agreement, sponsored, maintained, participated in, contributed to, been obligated to contribute to or had any obligations or incurred any liability under (i) any employee benefit plan that is subject to Title IV of ERISA

or Section 412 of the Code (including any "defined benefit plan" within the meaning of Section 3(35) of ERISA), or (ii) a "multiemployer plan" within the meaning of Section 3(37) of ERISA.

101. Each Company Plan or Company Service Provider Agreement, that constitutes a "nonqualified deferred compensation plan" subject to Section 409A of the Code has been written, executed, and operated in compliance in all material respects with Section 409A of the Code and the regulations thereunder. The Company does not have any obligation to gross up or otherwise reimburse any person for any Tax incurred by such person pursuant to Section 409A of the Code. Each Company Option has an exercise price that is not less than the fair market value of the underlying Company Common Stock on the date the Company Option was granted as determined in accordance with Section 422 or 409A of the Code, as applicable, has a grant date identical to the date on which the Company Board or compensation committee of the Company actually awarded such Company Option, and is otherwise exempt from Section 409A.

102. To the Company's Knowledge: (i) the Company is, and during the past three years has been, in compliance in all material respects with all applicable Laws, and with any order, ruling, decree, judgment or arbitration award of any arbitrator or any court or other Governmental Body, respecting employment, employment practices, terms and conditions of employment, wages, hours or other labor-related matters, including Laws, orders, rulings, decrees, judgments and awards relating to discrimination, worker classification (including the proper classification of workers as independent contractors and consultants), wages and hours, labor relations, leave of absence requirements, occupational health and safety, privacy, harassment, retaliation, immigration, wrongful discharge or violation of the personal rights of employees, former employees or prospective employees; (ii) the Company has withheld and reported all amounts required by any Law or Contract to be withheld and reported with respect to wages, salaries and other payments to any employee; (iii) the Company has no liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Body with respect to unemployment compensation benefits, social security or other benefits or obligations for any employee (other than routine payments to be made in the normal course of business and consistent with past practice); and (iv) there has not been in the three years prior to the date of this Agreement, nor are there currently, any Legal Proceedings or formal internal investigations conducted by the Company (or any Person at the request of the Company or its governing bodies) concerning any illegal activity, fraudulent or deceptive conduct, discrimination, sexual harassment, whistleblowing or other malfeasance issues with respect to any current or former employee of the Company.

103. The Company is not and has never been a party to or otherwise bound by any collective bargaining agreement, Contract or other agreement or understanding with a labor union or labor organization, or works council or similar body, nor is any such Contract or agreement presently being negotiated, nor, to the Company's Knowledge, is there, nor has there been in the last three years, a representation campaign with respect to any of the employees of the Company. As of the date of this Agreement, there is no pending or, to the Company's Knowledge, threatened, labor strike, dispute, walkout, work stoppage, slow-down or lockout involving Company. Neither the Company nor, to the Company's Knowledge, any of its representatives or employees has committed or engaged in any Unfair Labor Practice pursuant to

the National Labor Relations Act in connection with the operation of the business of the Company. There are no Legal Proceedings pending, or, to the Company's Knowledge, threatened, relating to any Company Plan or Company Service Provider Agreement, collective bargaining obligation or agreement, wages and hours, leave of absence, plant closing notification, employment statute or regulation, privacy right, labor dispute, workers' compensation policy, safety, retaliation, harassment, immigration or discrimination matter involving any employee, including charges of any Unfair Labor Practices, discrimination, retaliation or harassment complaints, except for such Legal Proceedings which would not reasonably be expected to, individually or in the aggregate, result in any material liability to the Company.

104. Section 2.15(m) of the Disclosure Schedule sets forth a list of each current employee and independent contractor (who is a natural person) of the Company, including any employee who is on a leave of absence of any nature, including such employee or independent contractor's name (or employee identification number), job title, date of hire or commencement of services, location, base salary or hourly rate of compensation and total cash compensation for calendar year 2019. To the Company's Knowledge, no employee or independent contractor of the Company is party to or is bound by any confidentiality, non-competition or non-solicitation agreement that may have an adverse effect on such employee's or independent contractor's performance of his or her duties or responsibilities as an employee or independent contractor of the Company. No current executive officer of the Company has provided written notice to Company of his or her intent to terminate his or her employment with Company as of the date hereof.

105. The Company has made available to Parent copies of all employee manuals and handbooks, policy statements and other materials in effect as of the date hereof relating to the employment of the employees of the Company and its Subsidiaries.

106. The Company and its Subsidiaries are in substantial compliance with (1) the applicable health care continuation and notice provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***"), or any state Law governing health care coverage extension or continuation, (2) the applicable requirements of the Family and Medical Leave Act of 1993 and the regulations thereunder, (3) the applicable requirements of HIPAA, (4) the applicable requirements of the Patient Protection and Affordable Care Act and its companion bill, the Health Care and Education Reconciliation Act of 2010, and (5) the applicable requirements of the Cancer Rights Act of 1998. The Company and its Subsidiaries have no material unsatisfied obligations to any current or former employees or their qualified beneficiaries pursuant to COBRA, HIPAA or any other Law governing health care coverage extension or continuation.

107. No Company Plan or Company Service Provider Agreement is maintained outside the jurisdiction of the United States or covers any employees or other service providers of the Company or any of its Subsidiaries who reside or work outside of the United States.

p. Environmental Matters

. The Company is and for the past five years, has been in material compliance with all applicable Environmental Laws. During the past three years, the Company has not received any written notices, demand letters or requests for information from any Governmental Body indicating that the Company is or may be in violation of, or be liable under, any Environmental Law, and the Company is not subject to any pending or, to Company's Knowledge, threatened action or investigation by any Governmental Body under any Environmental Law. To the Company's Knowledge, no current or prior owner of any property leased or controlled by the Company has received any written notice from a Governmental Body during the past five years that alleges that such current or prior owner or Company is materially violating any Environmental Law. The Company is in compliance in all material respects with, and has no material liability under, any provisions of leases relating in any way to any Environmental Laws or to the use, management or release of Hazardous Substances under such leases. All Environmental Permits, if any, required to be obtained by the Company under any Environmental Law in connection with its operation as it is currently being conducted, including those relating to the management of Hazardous Substances, have been obtained by the Company, are in full force and effect, and the Company is in material compliance with the terms thereof. The Company has not disposed of, arranged for disposal of, or released any Hazardous Substances on, in or under any real property currently owned or operated by the Company that would reasonably be expected to require remediation under Environmental Laws. The Company has delivered or otherwise made available to Parent or its counsel copies of any environmental investigation, study, test, audit, review or other analysis in its possession in relation to the current or prior business of the Company. To the Company's Knowledge, there is no underground or aboveground storage tank containing Hazardous Substances at any real property currently owned or operated by, or premises leased by the Company.

q. Insurance

. The Company has the insurance of the types and in the amounts set forth in Section 2.17 of the Disclosure Schedule (the "***Insurance Policies***"). The Insurance Policies are in full force and effect and all premiums due and payable under such Insurance Policies have been paid on a timely basis. The Insurance Policies provide coverage to the extent and in the manner required by Law and by any Contract. The Company has disclosed to the Parent all claims submitted by or on behalf of the Company pursuant to the Insurance Policies. There is no material claim pending under any of the Company's Insurance Policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies. The Company is not in default under the Insurance Policies and as of the date of this Agreement, the Company has not received any notice alleging default under the Insurance Policies. As of the date of this Agreement, the Company has not received notice of cancellation, termination, non-renewal or reduction of coverage with respect to any Insurance Policy, and there is no threatened cancellation, termination, non-renewal or reduction of coverage of, or material premium increase with respect to, any of such policies.

r. Legal Proceedings; Orders

. As of the date of this Agreement, there is no pending Legal Proceeding, and no Person has threatened in writing, or to the Company's Knowledge, otherwise threatened, to commence any Legal Proceeding: (a) that involves the Company or any of the assets owned or used by the Company or any Person whose liability the Company has retained or assumed, either contractually or by operation of law; or (b) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger or any of the other transactions contemplated by this Agreement. There is no order, writ, injunction, judgment or decree to which the Company or any of the assets owned or used by the Company is subject. To the Company's Knowledge, no officer or other employee of the Company is subject to any order, writ, injunction, judgment or decree that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the Company's business. This Section 2.18 shall not apply with respect to Tax matters.

s. Authority; Binding Nature of Agreement

. The Company has all necessary corporate power and authority to enter into and to perform its obligations under this Agreement, and subject to receipt of the Required Company Stockholder Vote, to consummate the Merger and the transactions contemplated by this Agreement. As of the date of this Agreement, the Company Board (at a meeting duly called and held) has (a) determined that the Merger is advisable and fair and in the best interests of the Company and its stockholders, (b) authorized and approved the execution, delivery and performance of this Agreement by the Company and approved the Merger, and (c) recommended the adoption of this Agreement by the Company Stockholders and directed that this Agreement be submitted for consideration by the Company Stockholders by Written Consent. This Agreement has been duly executed and delivered by the Company, and assuming due execution and delivery by Parent and Merger Sub, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.

t. Vote Required

. The adoption of this Agreement and approval of the Merger requires the affirmative vote (the "***Required Company Stockholder Vote***") of (a) the holders of a majority of the shares of Company Common Stock and Company Preferred Stock outstanding on the applicable record date, voting together as a single class (with the Company Preferred Stock voting on an "as converted" basis) and (b) the holders of a majority of the Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock outstanding on the applicable record date, voting together as a single class, to agree that the Transactions shall not be deemed a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of paragraph 4 of the Company Charter. Upon execution and delivery of the Written Consents required within twenty-four hours after the date hereof in accordance with Section 5.1 (Stockholder Consent or Approval), the Required Company Stockholder Vote shall have been obtained.

u. Non-Contravention; Consents

. Except as set forth in Section 2.21 of the Disclosure Schedule and, with respect to clauses (b) and (c) only, except for violations and defaults that would not, individually or in the aggregate, reasonably be likely to prevent, materially delay or materially impair the consummation of the transactions contemplated by this Agreement, the execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement will not cause a: (a) violation of any of the provisions of the Company Charter or bylaws of the Company; (b) violation by the Company of any Law applicable to the Company; or (c) default (or an event that, with or without notice or lapse of time or both would constitute a default) on the part of the Company under, or give to others any rights of termination, acceleration or cancellation of, or result in the creation of a Lien on any of the properties or assets of the Company (other than a Permitted Encumbrance) pursuant to, any Material Contract. Except as set forth in Section 2.21 of the Disclosure Schedule and except as may be required by the DGCL, the HSR Act or any other Antitrust Law or governmental regulation, the Company is not required to obtain any Consent from any Governmental Body or party to a Material Contract at any time prior to the Closing in connection with the execution and delivery of this Agreement or the consummation by the Company of the Merger.

v. Financial Advisor

. Except as set forth in (i) the redacted version of the contract specified in paragraph (a) of Section 2.22 of the Disclosure Schedule that was made available to Parent and (ii) the contract made available to Parent specified in paragraph (b) of Section 2.22 of the Disclosure Schedule, no broker, finder or investment banker is entitled to any brokerage or finder's fee in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

w. Related Party Transactions

. Except as set forth in Section 2.23 of the Disclosure Schedule, there are no material obligations of the Company to officers, directors, stockholders or employees of the Company other than (a) for payment of salaries and bonuses for services rendered, (b) reimbursement of customary and reasonable expenses incurred on behalf of the Company, (c) benefits due under Company Plans and Company Service Provider Agreements and fringe benefits not required to be listed on Section 2.15(a) of the Disclosure Schedule, (d) agreements relating to outstanding Company Capital Stock, Company Options and (e) as provided in the Company Charter or the bylaws of the Company. No officer, director or, to the Company's Knowledge, Company Stockholder is directly or indirectly interested in any material asset of the Company or any Material Contract.

x. Inventory.

108. Since the Balance Sheet Date, through the date of this Agreement, the Company has not engaged in (i) any trade loading practices or any other promotional sales or discount activity or other practice with the effect of accelerating sales to the trade or otherwise

that would otherwise be expected (in the ordinary course of business consistent with past practice) to occur in later periods, (ii) any practice which would have the effect of accelerating collections of receivables that would otherwise be expected (in the ordinary course of business consistent with past practice) to be in later periods, (iii) any practice which would have the effect of postponing payments by the Company that would otherwise be expected (in the ordinary course of business consistent with past practice) to be made in earlier periods or (iv) any other promotional sales, discount activity, deferred revenue activity or Inventory overstocking or understocking activity, in each case in this paragraph (a), in a manner outside the ordinary course of business.

109. The Inventory (net of all reserves for obsolete, excess, slow-moving, damaged and defective inventory) shown on the Unaudited Balance Sheet (i) is owned by the Company free and clear of all Liens, other than Permitted Encumbrances, (ii) is usable and currently marketable condition in the ordinary course of business of the Company and consistent with the Accounting Principles, and (iii) is salable in the ordinary course of business of the Company and (iv) is stored at the Company's premises (other than for those items of Inventory which are stored in other locations as set forth Section 2.24(b) of the Disclosure Schedule).

y. Customers and Suppliers.

110. To the Knowledge of the Company, no Significant Customer intends to terminate its direct or indirect business relationship with the Company or to limit or alter its relationship with the Company in any material respect. Section 2.25(a) of the Disclosure Schedule lists each Significant Customer. "***Significant Customer***" means, together, (i) the top 20 hospitals, clinics, physician offices or other health care facility end user,(ii) the top 8 group purchasing organizations, (iii) top 10 distributors, taken as a whole, during the 24-month period ending October 31, 2020 and (iv) the customers, group purchasing organizations and distributors not described in clauses (i)-(iii) that generated the largest revenues for the Company and its Subsidiaries, taken as a whole, during the 12-month period ending October 31, 2020 such that the Persons described in clauses (i)-(iv) represent at least 75% of revenue earned by the Company and its Subsidiaries.

111. To Knowledge of the Company, no Significant Supplier intends to terminate its direct or indirect business relationship with the Company or to limit or alter its relationship with the business in any material respect. Section 2.25(b) of the Disclosure Schedule lists each Significant Supplier. "***Significant Supplier***" means (i) the top 20 suppliers, measured on the basis of cost of goods or services purchased by the Company, taken as a whole, during the 24-month period ending October 31, 2020 and (ii) any sole source supplier of any input used in the manufacture of the Company's products. The Company has not entered into agreement, commitment, arrangement or understanding with any vendor of products or services which provide for any minimum order quantities.

z. Takeover Statutes

. No “fair price,” “moratorium,” “control share acquisition” or other similar anti-takeover statute (each, a “***Takeover Statute***”) is applicable to the Company, the Company Capital Stock, the Merger or other transactions contemplated by this Agreement.

aa. Bank Accounts, Books and Records

. Section 2.27 of the Disclosure Schedule lists each of the Company’s bank accounts and the authorized signatories thereon. The minute books and stock record books of the Company for the five years prior to the date of this Agreement, all of which have been made available to Parent, are complete and correct in all material respects and have been maintained in accordance with sound business practices. The minute books of the Company contain accurate and complete in all material respects records of all meetings, and actions taken by written consent, of the Company Stockholders, Board of Directors and any committees thereof for the five years prior to the date of this Agreement. At the Closing, all of those books and records will be in the possession of the Company.

ab. Warranty Matters.

112. Other than as set forth in (i) the Company’s standard forms of purchase agreement, consignment agreement, and order form (a correct and complete copy of each of which have been made available to Parent), (ii) agreements with group purchasing agreements organizations set forth in Section 2.10(a)(ii) of the Disclosure Schedule, and (iii) the distribution agreements set forth in Section 2.10(a)(ii) of the Disclosure Schedule, the Company has not given to any Person any product or related service guaranty or warranty, right of return or other indemnity.

113. Except as set forth in Section 2.28(b) of the Disclosure Schedule, as of the date of this Agreement, there are no pending or, to the Company’s Knowledge, threatened, Legal Proceeding alleging that any products or related services are defective or fail to meet any applicable warranties, whether express or implied.

ac. Accounts Receivable

. All Accounts Receivable reflected on the Company Financial Statements, and all Accounts Receivable that have arisen since the Balance Sheet Date, (a) arose out of arm’s-length bona fide transactions made in the ordinary course of business consistent with past practice, (b) can reasonably be anticipated to be, in the aggregate, paid in full (subject to the adequate reserves for doubtful accounts, calculated in accordance with GAAP, reflected on the Company Financial Statements and net of such returns and payment discounts) in accordance with their terms, and (c) are not being contested or disputed by any third party in writing.

ad. Reliance

. The Company is not and has not relied on any representations or warranties whatsoever regarding the subject matter of this Agreement, express or implied, except for the representations and warranties expressly set forth in Section 3 (*Representations and Warranties of Parent and*

Merger Sub) of this Agreement. Such representations and warranties by Parent and Merger Sub constitute the sole and exclusive representations and warranties of Parent and Merger Sub in connection with the transactions contemplated hereunder and the Company understands, acknowledges and agrees that all other representations and warranties of any kind or nature whether express, implied or statutory are specifically disclaimed by Parent and Merger Sub. In making its determination to proceed with the transactions contemplated by this Agreement, the Company has relied solely upon the representations and warranties of Parent and Merger Sub expressly and specifically set forth in this Agreement and has not relied upon any other information provided by, for or on behalf of Parent, Merger Sub or their Affiliates or representatives.

Section 3. Representations and Warranties of Parent and Merger Sub

Parent and Merger Sub represent and warrant to the Company as follows:

a. Due Incorporation; Subsidiaries

. Parent is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware. Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

b. Authority; Binding Nature of Agreement

. Parent and Merger Sub have all necessary corporate power and authority to enter into and perform their obligations under this Agreement. The execution, delivery and performance by Parent and Merger Sub of this Agreement have been duly authorized by all necessary action on the part of Parent, Merger Sub and their respective boards of directors. This Agreement has been duly executed and delivered by Parent and Merger Sub, and assuming due execution and delivery by the Company, constitutes the legal, valid and binding obligation of Parent and Merger Sub, enforceable against them in accordance with its terms, subject to (a) laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) rules of law governing specific performance, injunctive relief and other equitable remedies.

c. Non-Contravention; Consents

. The execution and delivery of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement will not: (a) cause a violation of any of the provisions of the certificate of incorporation or bylaws of Parent or Merger Sub, (b) cause a violation by Parent or Merger Sub of any Law applicable to Parent or Merger Sub or (c) cause a default on the part of Parent or Merger Sub under any material contract of Parent or Merger Sub, except, with respect to clauses (b) and (c) only, for violations and defaults that would not reasonably be expected to materially and adversely impact Parent's or Merger Sub's ability to consummate the transactions contemplated by this Agreement. Except as may be required by the DGCL, the HSR Act or any other Antitrust Law or governmental regulation, neither Parent nor Merger Sub is required to obtain any

Consent from any Governmental Body or party to a material contract of Parent or Merger Sub at any time prior to the Closing in connection with the execution and delivery of this Agreement or the consummation of the Merger.

d. Litigation

. There is no Legal Proceeding pending (or, to the knowledge of Parent or Merger Sub, being threatened) against Parent or Merger Sub that would delay, restrain, prevent, enjoin or otherwise prohibit the consummation of the Merger.

e. Merger Sub

. Merger Sub (a) was formed solely for the purpose of engaging in the transactions contemplated by this Agreement, (b) has engaged in no other business activities and (c) has conducted its operations only incident to its formation and performance obligations under this Agreement.

f. Reliance.

114. Neither Parent nor Merger Sub is relying and neither Parent nor Merger Sub has relied on any representations or warranties whatsoever regarding the subject matter of this Agreement, express or implied, except for the representations and warranties expressly set forth in Section 2 (*Representations and Warranties of the Company*) of this Agreement. Such representations and warranties by the Company constitute the sole and exclusive representations and warranties of the Company in connection with the transactions contemplated hereunder and each of Parent and Merger Sub understands, acknowledges and agrees that all other representations and warranties of any kind or nature whether express, implied or statutory are specifically disclaimed by the Company. Parent hereby acknowledges that it has conducted to its satisfaction an independent investigation of the financial condition, operations, assets, liabilities and properties of the Company. In making its determination to proceed with the transactions contemplated by this Agreement, Parent has relied on (a) the results of its own independent investigation and (b) the representations and warranties of the Company expressly and specifically set forth in this Agreement, including the Disclosure Schedule.

115. In connection with the due diligence investigation of the Company by Parent and its Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, Parent and its Affiliates, stockholders, directors, officers, employees, agents, representatives and advisors have received and may continue to receive after the date hereof from the Company and its Affiliates, stockholders, directors, officers, employees, consultants, agents, representatives and advisors certain estimates, projections, forecasts and other forward-looking information, as well as certain business plan information, regarding the Company and its business and operations. Parent hereby acknowledges that there are uncertainties inherent in attempting to make such estimates, projections, forecasts and other forward-looking statements, as well as in such business plans, and that Parent will have no claim against the Company, or any of its Affiliates, stockholders, directors, officers, employees, consultants, agents, representatives or advisors, or any other Person, with respect thereto. Accordingly, Parent hereby acknowledges

and agrees that, except for the representations and warranties expressly set forth in Section 2 (*Representations and Warranties of the Company*) of this Agreement, neither the Company, nor any of its Affiliates, stockholders, directors, officers, employees, consultants, agents, representatives or advisors has made or is making any express or implied representation or warranty with respect to such estimates, projections, forecasts, forward-looking statements or business plans.

g. No Parent Vote Required

. No vote or other action of the stockholders of Parent is required by applicable Law, the certificate of incorporation or bylaws (or similar charter or organizational documents) of Parent or otherwise in order for Parent and Merger Sub to consummate the Merger and the transactions contemplated hereby.

h. Availability of Funds

. Parent has and will have, as of the Closing and to the extent required thereafter, sufficient funds on hand and available through existing liquidity facilities (without restrictions on drawdown that would delay the consummation of the transactions contemplated hereby) to (a) pay the Upfront Purchase Price, (b) pay any and all fees and expenses in connection with the transactions contemplated hereby and any debt or equity financing in connection therewith, (c) repay or refinance all Debt of the Company to the extent such repayment or refinancing is required in connection with the transactions contemplated hereby and (d) satisfy all of its other payment obligations payable hereunder and under any agreement ancillary hereto.

Section 4. Certain Covenants of the Company

a. Access

. Subject to applicable Laws relating to the exchange of information and except as required to comply with any COVID-19 Measures, during the period from the date of this Agreement through the earlier of the Effective Time or the termination of this Agreement pursuant to Section 9.1 (*Termination*) (the "***Pre-Closing Period***"), and upon reasonable advance notice to the Company, the Company shall (a) provide Parent and Parent's representatives with reasonable access during normal business hours to the Company's personnel, facilities and existing books and records and (b) furnish promptly to the Parent and Parent's representatives such additional available financial and operating data regarding the Company (or copies thereof), as the Parent may from time to time reasonably request; *provided*, *however*, that any such access shall be conducted at Parent's expense, under the supervision of appropriate personnel of the Company and in such a manner as to maintain the confidentiality of this Agreement and the transactions contemplated hereby in accordance with the terms hereof and not to interfere with the normal operation of the business of the Company or create a material risk of damage or destruction to any material assets or property of the Company. Any investigation shall be subject to the Company's reasonable security measures and insurance requirements and shall not include the right to perform invasive testing. Nothing herein shall require the Company to disclose any

information to Parent if such disclosure would, in the Company's reasonable judgment, (a) jeopardize any attorney-client or other legal privilege or (b) contravene any applicable Law, fiduciary duty or binding agreement entered into prior to the date of this Agreement (including any confidentiality agreement to which the Company is a party).

b. Conduct of the Business of the Company

. During the Pre-Closing Period, except (1) as set forth in Section 4.2 of the Disclosure Schedule, (2) to the extent expressly required or permitted by this Agreement or any other Transaction Document, (3) as necessary to ensure that the Company complies with applicable Laws (including COVID-19 Measures), or (4) with Parent's prior written consent (which shall not be unreasonably withheld, conditioned or delayed): (i) the Company shall use commercially reasonable efforts to (A) carry on its business in the ordinary course consistent with past practice, (B) preserve substantially intact its present business organization, and (C) preserve its relationships with material customers, suppliers, distributors, licensors, licensees, Governmental Bodies and others to whom the Company has legal or contractual obligations; and (ii) the Company shall not:

116. amend the Company Charter or the bylaws of the Company;

117. split, combine or reclassify any of its capital stock or (except in connection with the conversion of Company Preferred Stock to Company Common Stock or the exercise of Company Options) issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

118. issue, deliver, sell, disperse or pledge any shares of Company Capital Stock or securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments of any character obligating it to issue any such shares or other convertible securities; *provided*, *however*, that (i) the Company may issue shares of Company Common Stock in connection with the exercise of Company Options or other rights for Company Common Stock, in each case outstanding as of the date of this Agreement in accordance with their terms and, as applicable, the Equity Incentive Plans as in effect on the date of this Agreement and (ii) the Company may issue shares of Company Common Stock in connection with the conversion of Company Preferred Stock outstanding as of the date of this Agreement;

119. enter into or adopt any plan or agreement of complete or partial liquidation or dissolution, or file a voluntary petition in bankruptcy or commence a voluntary legal procedure for reorganization, arrangement, adjustment, release or composition of indebtedness in bankruptcy or other similar Laws now or hereafter in effect;

120. make any capital expenditures, capital additions or capital improvements, in excess of $200,000 in the aggregate (other than in the ordinary course of business consistent with past practice or in accordance with the budget for capital expenditures previously made available to Parent);

121. (i) reduce the amount of any insurance coverage provided by existing Insurance Policies or (ii) fail to maintain in full force and effect, or fail to renew, insurance coverage consistent with past practices;

122. acquire or agree to acquire by merging with, or by purchasing a portion of the stock or assets of, or by any other manner, any business or any Entity, other than as permitted in (e) above;

123. other than in the ordinary course of business, transfer, sell, lease, abandon, allow to lapse, license, or grant any other right to any properties or assets of the Company which are material to the Company;

124. make or change or revoke any material election in respect of Taxes, change any accounting method in respect of Taxes, settle any material claim or assessment in respect of Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;

125. increase in any manner the compensation (including bonuses) or wage rate, pension, welfare, fringe or other benefits, severance, or termination pay of any director or employee of the Company, except (i) for increases provided for in any Contracts or Company Plans in effect on the date hereof and set forth in Section 4.2 of the Disclosure Schedule, and (ii) that the Company may make annual cash bonus and commission payments for completed periods based on actual performance in the ordinary course of business consistent with past practices and in accordance with the bonus and commission plans and policies existing on the date of this Agreement and are in the ordinary course of business consistent with past practices, including such payments to its officers;

126. except as required pursuant to the terms of any Company Plan or Company Service Provider Agreement in effect as of the date hereof and set forth in Section 4.2 of the Disclosure Schedule, or as otherwise required by applicable Law (1) establish, adopt or materially amend any Company Plan or Company Service Provider Agreement or any arrangement that would have been a Company Plan or Company Service Provider Agreement had it been entered into prior to the date of this Agreement ; (2) grant any new awards, or amend or amend or modify the terms of any outstanding awards, under any Company Plan or Company Service Provider Agreement; (3) take any action to accelerate the vesting or lapsing of restrictions or payment, or fund or in any other way secure the payment, of compensation or benefits under any Company Plan or Company Service Provider Agreement; (4) materially change any actuarial or other assumptions used to calculate funding obligations with respect to any Company Plan that is required by applicable Law to be funded or change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP; (5) forgive any loans or issue any loans (other than routine travel advances issued in the ordinary course of business, which shall not exceed $10,000 individually) to any employee of the Company, (6) hire any employee, except to replace an employee whose annual base salary would be $150,000 or less, or (7) terminate the employment of any employee other than for cause;

127. utilize or leverage social insurance programs related to COVID-19; notwithstanding the foregoing, the Company shall be permitted to take any actions reasonably required in connection with its application for forgiveness of the PPP Loan to the extent such actions do not result in any liability or obligation for the Company or its Affiliates after the Closing that would not be *de minimis*;

128. announce, implement or effect any reduction-in-force, lay-off, furlough or other program resulting in the termination of employment of employees (other than terminations of individual employees in the ordinary course of business consistent with past practice);

129. become a party to, establish, adopt, amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization;

130. make any material changes in its methods of accounting or accounting practices (including with respect to reserves), other than as required by GAAP;

131. waive, release, assign, compromise, commence, settle or agree to settle any Legal Proceeding on terms requiring (1) the Company to take any material action or abstain from taking any material action or (2) the payment of monetary damages in excess of $100,000 that is not covered by insurance;

132. enter into any Contract that would have been a Material Contract had it been entered into prior to this Agreement;

133. amend, modify or terminate any Material Contract in a manner that would adversely affect the Company;

134. make any loans, advances, guarantees or capital contributions to or investments in any Person (other than business-related advances to its employees in the ordinary course of business consistent with past practice, which shall not exceed $10,000 individually);

135. incur Debt (including the issuance or sale of any debt securities or warrants or other rights to acquire any debt security of the Company), except for Debt for borrowed money incurred pursuant to existing credit facilities as of the date hereof in the ordinary course of business consistent with past practices not to exceed $250,000 in the aggregate;

136. declare, set aside, make or pay any non-cash dividend or other non-cash distribution with respect to any of its capital stock or enter into any agreement with respect to the voting of its capital stock;

137. permit any material asset of the Company to become subject to a Lien (other than a Permitted Encumbrance);

138. make any material change in or to the regular price, credit or distribution policies of the Inventory, or engage in any other activity or practice not consistent with past practice, that would reasonably be considered "channel stuffing," "trade loading" or that reasonably would be expected to result in an increase, temporary or otherwise in the demand for inventories but not the use of such Inventory;

139. sell, lease, license, assign, transfer, abandon, allow to lapse, or otherwise dispose of (whether by merger, stock or asset sale or otherwise) any of the Company's or any of its Subsidiaries' assets, rights, securities, properties, interests or businesses (other than Intellectual Property), except for (A) assets, rights, securities, properties, interests or businesses with a fair market value or replacement cost (whichever is higher) not in excess of $100,000 in the aggregate and not otherwise material to the Company's or any of its Subsidiaries' business and (B) sales of inventory and dispositions of obsolete assets in the ordinary course of business consistent with past practice;

140. sell, lease, license, sublicense, assign, transfer, abandon, allow to lapse expire, create or incur any Lien on, or otherwise dispose of, any Company Intellectual Property (other than (A) non-exclusive licenses of Intellectual Property granted by the Company or any of its Subsidiaries in the ordinary course of business consistent with past practice; (B) with respect to immaterial or obsolete Intellectual Property) or disclose any material Trade Secrets of the Company or any of its Subsidiaries or any of its or their respective customers to any other Person (other than in the ordinary course of business consistent with past practice to a Person bound by confidentiality obligations reasonable under the circumstances with respect to such material Trade Secrets); or (C) sales of Company Products in the ordinary course of business;

141. fail to substantially comply with any commitments or obligations in the Settlement Agreement; or

142. agree or commit to take any of the actions described in clauses (a) through (aa) of this Section 4.2 (*Conduct of the Business of the Company*).

Nothing herein shall require the Company to obtain consent from Parent to do any of the foregoing if obtaining such consent might reasonably be expected to violate applicable Law, including Antitrust Law.

c. No Solicitation.

143. During the Pre-Closing Period, the Company shall not, nor shall it authorize or instruct any of its officers, directors or employees or any investment banker, attorney or other advisor or representative retained by it to (i) solicit, initiate, facilitate, continue inquiries or knowingly encourage the submission of any Takeover Proposal by any Person or (ii) enter into or participate in any discussions or negotiations regarding, or furnish to any Person any non-public information with respect to, or take any other action intended or reasonably expected to facilitate the making of any inquiry or proposal to the Company that constitutes, or is reasonably expected to lead to, any Takeover Proposal by any Person. Without limiting the

foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by any officer, director or employee of the Company or any investment banker, attorney or other advisor or representative of the Company, acting on behalf of, and with the authorization of, the Company, shall be deemed to be a breach of this Section 4.3(a) (*No Solicitation*) by the Company.

144. During the Pre-Closing Period, neither the Company Board nor any committee thereof shall (i) approve or recommend any Takeover Proposal or (ii) cause the Company to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement with respect to any Takeover Proposal.

145. The Company shall, and the Company shall direct its representatives to, immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any offer or proposal that constitutes a Takeover Proposal.

146. During the Pre-Closing Period, in addition to the obligations of the Company set forth in paragraphs (a), (b) and (c) of this Section 4.3 (*No Solicitation*), the Company shall promptly (and in any event within two Business Days after receipt thereof by the Company) advise Parent orally and in writing of any Takeover Proposal submitted to the Company, or any inquiry which could reasonably be expected to result in an Takeover Proposal.

d. Additional Financial Statements

. The Company shall, within 10 Business Days of the end of the calendar month, deliver to Parent monthly financial statements for each month from the September 30, 2020 until the Closing (the "***Additional Financial Statements***"). The Company shall prepare each of the Additional Financial Statements on a basis consistent with past practice.

e. Financing Cooperation

. The Company shall use its reasonable best efforts to, and shall cause its officers, directors or employees or other advisors or representatives to use their respective reasonable best efforts to, provide all cooperation reasonably requested by Parent in connection with any indebtedness of Parent or its Affiliates, including providing all cooperation as may be requested in order to guarantee or grant a security interest in (and perfect) collateral for such Debt.

Section 5. Additional Covenants of the Parties

a. Stockholder Consent or Approval.

147. In accordance with the Company Charter and the Company's bylaws and the applicable requirements of the DGCL (including Sections 228 and 262 of the DGCL), the Company shall seek and shall use its reasonable best efforts to (i) promptly (and in any event within 24 hours) after the execution of this Agreement, obtain and deliver to Parent, a written consent of holders of Company Capital Stock approving the adoption of this Agreement and

approval of the Merger (the "***Written Consent***") evidencing receipt of the Required Company Stockholder Vote and (ii) as promptly as practicable following the date of this Agreement, but in any event prior to Closing, obtain Written Consents from Securityholders holding at least 75% of the Company Capital Stock issued and outstanding as of the date of this Agreement, in each case in lieu of a meeting pursuant to Section 228 of the DGCL for the purposes of (*x*) adopting this Agreement and approving the Merger, (*y*) acknowledging that the adoption and approvals are irrevocable and result in the waiver of any right of such stockholders to demand appraisal in connection with the Merger pursuant to the DGCL and (*z*) such other matters set forth therein.

148. If applicable and if requested by Parent, the Company shall (i) use reasonable best efforts to secure, at least five (5) Business Days prior to the Closing Date, from any Person who is a "disqualified individual," as defined in Section 280G of the Code, and who has a right to any payments or benefits or potential right to any payments or benefits in connection with the consummation of the Merger that would be deemed to constitute "parachute payments" pursuant to Section 280G of the Code, a waiver of such Person's rights to any such payments or benefits applicable to such Person to the extent that all remaining payments or benefits applicable to such Person shall not be deemed to be "parachute payments" pursuant to Section 280G of the Code (the "***Waived 280G Benefits***") and (ii) if such waiver is obtained, submit for approval by the Company Stockholders at least five (5) Business Days prior to the Closing Date the Waived 280G Benefits, to the extent and in the manner required under Sections 280G(b)(5)(A)(ii) and 280G(b)(5)(B) of the Code (the "***280G Stockholder Vote***"). The Company shall not pay any of the Waived 280G Benefits if such payment is not approved by the Company Stockholders as contemplated above. If applicable, the Company shall have delivered to Parent true and complete copies of all disclosure and documents that comprise the stockholder approval of each of the Waived 280G Benefits in sufficient time to allow Parent to comment thereon but no less than five (5) Business Days prior to the 280G Stockholder Vote, and shall reflect all reasonable comments of Parent thereon. If applicable, prior to the Closing Date, the Company shall deliver to Parent evidence satisfactory to Parent that a vote of the Company Stockholders was received in conformance with Section 280G of the Code and the regulations thereunder, or that such requisite stockholder approval has not been obtained with respect to the Waived 280G Benefits, and, as a consequence, the Waived 280G Benefits have not been and shall not be made or provided.

149. As promptly as possible, but in any event within ten (10) days following the date of this Agreement, the Company shall prepare and deliver to each holder of Company Capital Stock an information statement regarding the transactions contemplated by this Agreement, which shall be in a form reasonably acceptable to Parent (as it may be amended or supplemented from time to time, the "***Information Statement***"). The Information Statement shall be delivered to stockholders of the Company who were entitled to vote upon the adoption of this Agreement, and shall inform such stockholders of the approval of the Merger, the adoption of this Agreement in accordance with Section 228 of the DGCL, and the availability of appraisal rights under the DGCL and shall include (i) a statement to the effect that the Company's board of directors had unanimously recommended that the holders of Company Capital Stock vote in favor of the adoption of this Agreement and the approval of the Merger, (ii) a statement that adoption of this Agreement shall constitute, among other things, approval by the

holders of Company Capital Stock of the Securityholders' Representative Reserve by the Securityholders' Representative and the withholding of the Escrow. The Company shall prepare any other documentation required to be provided to holders of Company Capital Stock pursuant to the DGCL, subject to Parent's reasonable review and comment. None of the information supplied or to be supplied by Parent or the Company for inclusion in the Information Statement or any amendment or supplement thereto will contain, as of the date of the delivery of such document, any untrue statement of a material fact, or will omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

b. Regulatory Filings; Reasonable Best Efforts.

150. Subject to the terms and conditions set forth in this Agreement, including Section 5.2(b), each of the parties hereto shall use or have used their respective reasonable best efforts to take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Antitrust Law to consummate and make effective the Merger by no later than the End Date, including (i) the obtaining of all necessary actions or nonactions, waivers, Consents, clearances, decisions, declarations, approvals and, expirations or terminations of waiting periods from Governmental Bodies and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain any such consent, decision, declaration, approval, clearance or waiver, or expiration or termination of a waiting period by or from, or to avoid an action or proceeding by, any Governmental Body in connection with any Antitrust Law, (ii) the obtaining of all necessary consents, authorizations, approvals or waivers from third parties and (iii) the execution and delivery of any additional instruments necessary to consummate the Merger.

151. Nothing in this Agreement, including this Section 5.2 (*Regulatory Filings; Reasonable Best Efforts*), shall require Parent to agree or be required to (i) negotiate, commit to and effect, by consent decree, hold separate order or otherwise, the sale, lease, license, divestiture or disposition of any assets, rights, product lines, or businesses of the Company, the Parent or any of their respective Subsidiaries, (ii) terminate existing relationships, contractual rights or obligations of the Company, the Parent or any of their respective Subsidiaries, (iii) terminate any venture or other arrangement, (iv) create any relationship, contractual rights or obligations of the Company, the Parent or any of their respective Subsidiaries, (v) effectuate any other change or restructuring of the Company, the Parent or any of their respective Subsidiaries and (vi) otherwise take or commit to take any actions with respect to the businesses, product lines or assets of the Company, the Parent or any of their respective Subsidiaries.

152. Subject to the terms and conditions of this Agreement, each of the parties hereto shall (and shall cause their respective Affiliates, if applicable, to): (i) within 1 Business Day after the date hereof, make an appropriate filing of all Notification and Report forms as required by the HSR Act with respect to the transactions contemplated hereby; (ii) promptly, but in no event later than 1 day after the date hereof, make all other filings, notifications or other Consents as may be required to be made or obtained by such party under foreign Antitrust Law

in those jurisdictions identified in Section 5.2(c) of the Disclosure Schedule, which contains the list of the only jurisdictions where filing, notification, expiration of a waiting period or Consent or approval is a condition to Closing; and (iii) cooperate with each other in determining whether, and promptly preparing and making, any other filings or notifications or other Consents required to be made with, or obtained from, any other Governmental Bodies in connection with the transactions contemplated hereby. Parent and the Company shall use their respective reasonable best efforts to obtain early termination of the waiting period under the HSR Act with respect to the transactions contemplated by this Agreement and any other applicable waiting period, to the extent required, from the applicable Governmental Bodies.

153. Without limiting the generality of anything contained in this Section 5.2 (*Regulatory Filings; Reasonable Best Efforts*), during the Pre-Closing Period, each party hereto shall use its reasonable best efforts to (i) cooperate in all respects and consult with each other in connection with any filing or submission in connection with any investigation or other inquiry, including allowing the other party to have a reasonable opportunity to review in advance and comment on drafts of filings and submissions, (ii) give the other parties prompt notice of the making or commencement of any request, inquiry, investigation, action or Legal Proceeding brought by a Governmental Body or brought by a third party before any Governmental Body, in each case, with respect to the transactions contemplated hereby, (iii) keep the other parties informed as to the status of any such request, inquiry, investigation, action or Legal Proceeding, (iv) promptly inform the other parties of any communication to or from the U.S. Federal Trade Commission (the "***FTC***"), the Antitrust Division of the U.S. Department of Justice ("***DOJ***") or any other Governmental Body in connection with any such request, inquiry, investigation, action or Legal Proceeding, (v) upon request, promptly furnish to the other party, subject to an appropriate confidentiality agreement to limit disclosure to outside counsel and consultants retained by such counsel, with copies of documents provided to or received from any Governmental Body in connection with any such request, inquiry, investigation, action or Legal Proceeding (other than Item "4(c)" and "4(d)" "documents" as those terms are used in the rules and regulations under the HSR Act) (documents provided pursuant to this provision may be redacted (1) as necessary to comply with contractual arrangements and (2) as necessary to address reasonable privilege or confidentiality concerns), (vi) subject to an appropriate confidentiality agreement to limit disclosure to counsel and outside consultants retained by such counsel, and to the extent reasonably practicable, consult in advance and cooperate with the other parties and consider in good faith the views of the other parties in connection with any substantive communication, analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal to be made or submitted in connection with any such request, inquiry, investigation, action or Legal Proceeding and (vii) except as may be prohibited by any Governmental Body or by any Law, in connection with any such request, inquiry, investigation, action or Legal Proceeding in respect of the transactions contemplated hereby, each party hereto shall provide advance notice of and permit authorized representatives of the other party to be present at each meeting or conference relating to such request, inquiry, investigation, action or Legal Proceeding and to have access to and be consulted in advance in connection with any argument, opinion or proposal to be made or submitted to any Governmental Body in connection with such request, inquiry, investigation, action or Legal Proceeding; *provided* that, the

Company or Parent as applicable, may participate in any such meeting or discussion described in the foregoing clause in the absence of such other party if, and only to the extent that, (A) the Company or Parent, as applicable, have made every effort in good faith to involve the other party in such meeting or discussion, (B) such other party was provided with reasonable and adequate notice of such meeting or discussion and (C) despite such efforts and reasonable and adequate notice, the involvement of such other party in any such meeting or discussion has become impracticable in the good faith opinion of the party seeking to hold such meeting or discussion. Each party hereto shall supply as promptly as practicable such information, documentation, other material or testimony that may be reasonably requested by any Governmental Body, including by complying at the earliest reasonably practicable date with any reasonable request for additional information, documents or other materials received by any party or any of their respective Subsidiaries from any Governmental Body in connection with such applications or filings for the transactions contemplated by this Agreement. Parent shall pay all filing fees under the HSR Act and for any filings required under foreign Antitrust Law, but the Company shall bear its own costs for the preparation of any such filings.

154. Consistent with its obligations hereunder (including its obligation to enable the parties hereto to expeditiously consummate the Transactions), Parent shall lead all communications and strategy for dealing with the FTC and the DOJ in connection with any review pursuant to the HSR Act and any other antitrust authority with respect to any foreign Antitrust Laws; *provided*, *however*, that Parent shall act reasonably and consult in advance with the Company (and its outside antitrust counsel) regarding such matters and shall consider in good faith, and in Parent's reasonable discretion incorporate, the Company's reasonable views and feedback. It is further understood and agreed that Parent may withdraw and refile its filing under the HSR Act (and take any equivalent action in respect of the foreign Antitrust Laws) if, in its good faith judgment, it determines (after consultation with the Company and taking the Company's views into account), that the taking of such action would be consistent with, and would not undermine, the parties' efforts to expeditiously consummate the Transactions.

155. Parent shall not, before receiving approval under the HSR Act for the Transactions contemplated to this Agreement, acquire or enter into any agreement to acquire, or announce any acquisition of any company, business or assets, that competes with or may compete with the Company, without the prior written approval of the Company. Parent further agrees that it shall not, and shall not permit any of its Affiliates to, directly or indirectly, acquire or agree to acquire any assets, business or any Person, whether by merger, consolidation, purchasing a substantial portion of the assets of or equity in any Person or by any other manner or engage in any other transaction or take any other action, if the entering into of an agreement relating to or the consummation of such acquisition, merger, consolidation or purchase or other transaction or action would reasonably be expected to (i) impose any material delay in the expiration or termination of any applicable waiting period or impose any delay in the obtaining of, or increase the risk of not obtaining, any authorization, consent, clearance, approval or order of a Governmental Body necessary to consummate the Merger and the other transactions contemplated hereby, including any approvals and expiration of waiting periods pursuant to the HSR Act or any other applicable Law, (ii) materially increase the risk of any Governmental Body entering, or increase the risk of not being able to remove or successfully challenge, any

permanent, preliminary or temporary injunction or other order, decree, decision, determination or judgment that would delay, restrain, prevent, enjoin or otherwise prohibit consummation of the Merger and the other transactions contemplated hereby or (iii) otherwise materially delay or impede the consummation of the Merger and the other transactions contemplated hereby.

c. Employee Benefits.

156. Parent agrees that from and after the Effective Time, Parent and its Affiliates shall assume and honor all Company employment agreements, offer letters, severance, retention and change of control plans, arrangements, policies and agreements and other individual agreements with employees, consultants, advisors or directors of the Company or its Affiliates in accordance with their terms as in effect immediately before the Effective Time. For a period of not less than one year following the Effective Time, Parent shall provide or shall cause to be provided, to each employee of the Company who continues to remain employed with the Company or its Subsidiaries (each a "***Continuing Employee***") (a) base salary and a target annual cash bonus opportunity, no less favorable than the base salary and target annual cash bonus opportunity generally made available to similarly situated employees of Parent and its Affiliates; and (b) pension and welfare benefits (excluding equity and long-term compensation) that are substantially comparable in the aggregate to those generally made available to similarly situated employees of Parent and its Affiliates; *provided*, *however*, that the foregoing shall not diminish any obligation of the Surviving Corporation pursuant to any employment or other agreement between the Company and any Continuing Employee in existence as of the Closing Date.

157. For purposes of vesting, benefit accrual and eligibility to participate under the employee benefit plans of Parent and its Affiliates that provide benefits to any Continuing Employees after the Effective Time (the "***Parent Plans***"), Parent shall use commercially reasonable best efforts to cause each Continuing Employee to be credited with his or her years of service with the Company before the Effective Time as if such service had been performed with Parent, except for benefit accrual under any defined benefit pension plans, for purposes of qualifying for subsidized early retirement benefits or to the extent it would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing: Parent shall use commercially reasonable best efforts to cause (i) each Continuing Employee to be immediately eligible to participate, without any waiting time, in any and all Parent Plans; and (ii) for purposes of each Parent Plan providing medical, dental, pharmaceutical or vision benefits to any Continuing Employee, all pre-existing condition exclusions, waiting periods and actively-at-work requirements of such Parent Plan to be waived for such employee and his or her covered dependents, and (iii) any medical/Rx eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Company Plan in which such Continuing Employee participated immediately before the Effective Time ending on the date such employee's participation in the corresponding Parent Plan begins for which payment has been made to be taken into account under such Parent Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such Parent Plan.

158. Parent hereby acknowledges that the transactions contemplated by this Agreement shall constitute a "change of control" or "change in control" (as applicable) under the Company Plans and Company Service Provider Agreements set forth in Section 5.3(c) of the Disclosure Schedule.

159. If requested by Parent in writing, the Company shall cause the Company's 401(k) Plan (the "***Company 401(k) Plan***") to be terminated effective the day immediately prior to the Closing Date. In the event that Parent requests that the Company 401(k) Plan be terminated, the Company shall provide Parent with evidence that such Company 401(k) Plan has been terminated (the form and substance of which shall be subject to review and approval by Parent) not later than four (4) days immediately preceding the Closing Date.

160. Prior to the Effective Time and thereafter (as applicable), the Company and Parent shall take any and all actions as may be required, including amendments to the Company 401(k) Plan and/or the tax-qualified defined contribution retirement plan designated by Parent (the "***Parent 401(k) Plan***") to (1) permit each Continuing Employee to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code) in an amount equal to the full account balance distributed or distributable to such Continuing Employee from the Company 401(k) Plan to the Parent 401(k) Plan, and (2) obtain from the IRS a favorable determination letter on termination for the Company 401(k) Plan. Each Continuing Employee shall have the option to become a participant in the Parent 401(k) Plan on the Closing Date (giving effect to the service crediting provisions of Section 5.3 (*Employee Benefits*)); it being agreed that for each Continuing Employee who does become a participant in the Parent 401(k) Plan there shall be no gap in participation in a tax-qualified defined contribution plan.

161. Prior to making any written or oral communications to the directors, officers or employees of the Company or any of its Subsidiaries pertaining to compensation or benefit matters that are affected by the transactions contemplated by this Agreement, the Company shall provide Parent with a copy of the intended communication, Parent shall have a reasonable period of time to review and comment on the communication, and the Company shall consider any such comments in good faith.

162. Nothing contained herein, express implied, is intended to (1) confer upon any individual (including employees, retirees or dependents or beneficiaries or employees or retirees) or create any right as a third party beneficiary of this Agreement with respect to the compensation, terms and conditions of employment and/or benefits that may be provided to any Continuing Employee by Parent, the Surviving Corporation or any of their Affiliates or under any benefit plan which Parent, the Surviving Corporation or any of their Affiliates may maintain, (2) be treated as an amendment of any particular Company Plan or Company Service Provider Agreement, (3) prevent Parent, the Surviving Corporation or any of their Affiliates from amending or terminating any of their benefit plans or, after the Effective Time, any Company Plan or Company Service Provider Agreement in accordance their terms or (4) prevent Parent, the Surviving Corporation or any of their Affiliates, after the Effective Time, from terminating the employment of any Continuing Employee.

d. Indemnification of Officers and Directors.

163. All rights to indemnification by the Company existing in favor of those Persons who are or were directors and officers of the Company as of the date of this Agreement (the "***D&O Indemnified Persons***") for their acts and omissions occurring prior to the Effective Time, as provided in the Company Charter and the Company's bylaws (as in effect as of the date of this Agreement) and as provided in the indemnification agreements between the Company and such D&O Indemnified Persons in the forms made available by the Company to Parent prior to the date of this Agreement, shall survive the Merger and shall not be amended, repealed or otherwise modified, and shall be observed by the Surviving Corporation to the fullest extent available under applicable Law, and any claim made requesting indemnification pursuant to such indemnification rights shall continue to be subject to this Section 5.4 (*Indemnification of Officers and Directors*) and the indemnification rights provided under this Section 5.4 (*Indemnification of Officers and Directors*) until disposition of such claim.

164. From the Effective Time until the sixth anniversary of the date on which the Effective Time occurs, Parent and the Surviving Corporation shall, to the fullest extent permitted under applicable Law, indemnify, defend and hold harmless each D&O Indemnified Person in his or her capacity as an officer or director of the Company against all losses, claims, damages, liabilities, fees, expenses, judgments or fines incurred by such D&O Indemnified Person as an officer, director or employee of the Company. Prior to the Effective Time, the Company shall purchase and fully pay the premium for a six-year "tail" policy for the existing policy of directors' and officers' liability insurance (including tails for the Company's existing claims-made employment practices liability policy and fiduciary liability policy, which shall be at Parent's expense up to $100,000) maintained by the Company as of the date of this Agreement in the form made available by the Company to Parent prior to the date of this Agreement on terms with respect to coverage, deductibles and amounts no less favorable than the existing policy in effect on the date hereof (such policy, the "***D&O Policy***"). Parent shall cause the Surviving Corporation to maintain the D&O Policy in full force and effect and continue to honor the obligations thereunder until the sixth anniversary of the Closing Date.

165. In the event that Parent, the Company or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or Entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, Parent shall ensure that the successors and assigns of Parent, the Company or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 5.4 (*Indemnification of Officers and Directors*).

166. The provisions of this Section 5.4 (*Indemnification of Officers and Directors*) shall survive the consummation of the Merger and are (i) intended to be for the benefit of, and will be enforceable by, each of the D&O Indemnified Persons and their successors, assigns and heirs and (ii) in addition to, and not in substitution for, any other rights to indemnification or contribution that any such D&O Indemnified Person may have by contract or otherwise. This Section 5.4 (*Indemnification of Officers and Directors*) may not be amended,

altered or repealed after the Effective Time without the prior written consent of the affected D&O Indemnified Person.

e. Disclosure

. The Company (and after Closing, the Securityholders' Representative), on the one hand, and Parent, on the other hand, (i) shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements regarding this Agreement or the Merger, and (ii) shall not issue any press release or make any public statement regarding this Agreement or the Merger, or regarding any of the other transactions contemplated by this Agreement, without the prior written consent of the other party; *provided*, *however*, that each party hereto may, without such consent, issue such press release or public announcement which it in good faith believes, based on advice of counsel, is required by applicable Law or the rules of a national securities exchange or market on which the disclosing party is listed; *it being understood* that each party shall promptly provide the other parties hereto with copies of any such announcement.

f. Transfer Taxes

. Parent, on the one hand, and the Participating Securityholders, on the other hand, each shall be responsible for 50% of all Transfer Taxes. Parent shall file all Tax Returns related to Transfer Taxes, and the Securityholders' Representative and the Participating Securityholders shall cooperate with Parent in connection with any such filings. Notwithstanding anything to the contrary in this Agreement, the Securityholders' Representative shall have no obligation to prepare or file any such Tax Returns for Transfer Taxes.

g. Notification of Certain Events

. During the Pre-Closing Period, each party hereto shall promptly notify the other party of, and furnish such other party with any information it may reasonably request with respect to, the occurrence of any event or condition or the existence of any fact that may reasonably be expected to cause, in the case Parent is such notified party, any of the conditions to the obligations of Parent to consummate the Merger set forth in Section 6 (*Conditions Precedent to the Obligations of Parent and Merger Sub*) or, in the case the Company is such notified party, any of the conditions to the obligations of the Company to consummate the Merger set forth in Section 7 (*Conditions Precedent to the Obligations of the Company*), not to be satisfied. A party's satisfaction of its obligations in the foregoing sentence shall not limit or otherwise affect the remedies available to the parties pursuant to this Agreement or relieve such party of any of its other obligations under this Agreement.

h. PPP Loan Forgiveness

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167. On the Closing Date, upon all conditions set forth in Section 6 (*Conditions Precedent to the Obligations of Parent and Merger Sub*) and Section 7 (*Conditions Precedent to*

the Obligations of the Company) being satisfied (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) immediately prior to the Effective Time, Parent shall deliver to the Company an aggregate amount in cash equal to the PPP Loan Amount for onward payment by the Company into an escrow account with Silicon Valley Bank (the "***PPP Loan Escrow Account***"), which account shall be created pursuant to an escrow agreement substantially in the form of Silicon Valley Bank's form escrow agreement for such matters. Such amount will be treated as a loan from Parent to the Company, which will be immediately due and payable at Parent's request if the Closing does not occur within 1 Business Day of the date that such funds are paid by Parent to the Company. As soon as reasonably practicable following receipt of the PPP Loan Amount by the Company, the Company shall deliver to Parent evidence that the PPP Loan amount has been deposited to the PPP Loan Escrow Account (the "***PPP Loan Escrow Funding***").

168. Parent agrees to, and to cause the Company to, use commercially reasonable efforts to cause the PPP Loan to be forgiven; *provided that* if the PPP Loan has not been forgiven at least one day before the date on which Parent would need to repay such loan for it not to be recorded as a liability of the Company on September 30, 2021, Parent may take any action necessary to cause the PPP Loan to be repaid from the PPP Loan Escrow Account on or before September 30, 2021. Without prejudice to the generality of the foregoing, Parent agrees to provide prompt notice to the Securityholders' Representative of any communication received by Parent or the Company from Silicon Valley Bank or the U.S. Small Business Administration in connection with the Company's PPP Loan forgiveness application and shall permit the Securityholders' Representative to direct Parent's or the Company's response to any such communication (provided that such directions are consistent with applicable Law) and participate in any discussions or negotiations of Parent or the Company with Silicon Valley Bank or the U.S. Small Business Administration.

i. Tail Policy

. The Company shall, and shall cause its officers, directors or employees or other advisors or representatives (including, for the avoidance of doubt, the Company's insurance broker), to use their respective reasonable best efforts to, provide all cooperation reasonably requested by Parent in connection with Parent's procurement of a "tail" policy for the existing product liability policy maintained by the Company.

j. Designated Contracts

. The Company shall use reasonable best efforts to cause the Contracts set forth on Section 5.10 of the Disclosure Schedules to be terminated and all outstanding amounts thereunder to be paid by the Company and any open disputes with respect thereto to resolved in a manner reasonably acceptable to Parent, acting in good faith.

Section 6. Conditions Precedent to Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to effect the Merger are subject to the satisfaction (or waiver by Parent), at or prior to the Closing, of each of the following conditions:

a. Accuracy of Representations and Warranties

. The Specified Representations shall be true and correct, other than any *de minimis* inaccuracies as of the Closing Date with the same effect as though made on and as of the Closing (except to the extent expressly made as of an earlier date, in which case such representations and warranties shall be so true and correct as of such earlier date). The representations and warranties of the Company set forth in Section 2.5 (*Absence of Certain Changes*) (first sentence only) shall be true and correct as of the date hereof. The other representations and warranties of the Company set forth in Section 2 (*Representations and Warranties of the Company*) shall be true and correct (disregarding all qualifications or limitations as to "materiality," "in all material respects" or "Material Adverse Effect" and words of similar import set forth therein, except (i) in the case of the standard for what constitutes a defined term hereunder and the use of such defined term herein, and (ii) in the case of exceptions or exclusions to representations and warranties listed in the Disclosure Schedule, and (iii) in the case of Disclosure Schedule requiring lists of "material" items as of the date hereof) as of the Closing Date with the same effect as though made on and as of the Closing (except to the extent expressly made as of an earlier date, in which case such representations and warranties shall be so true and correct as of such earlier date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have a Company Material Adverse Effect.

b. Performance of Covenants

. The Company shall have performed and complied with, in all material respects, all of its covenants contained in Section 4 (*Certain Covenants of the Company*) and Section 5 (*Additional Covenants of the Parties*) at or before the Closing (to the extent that such covenants require performance by the Company at or before the Closing). Notwithstanding the foregoing, the Company shall have performed and complied with its covenants contained in Section 4.2(c) at or before the Closing.

c. Stockholder Approval

. This Agreement shall have been duly adopted by the Required Company Stockholder Vote.

d. Antitrust Clearances

. The waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated.

e. No Restraints

. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger by Parent shall have been issued by any court of competent jurisdiction and remain in effect, and no Law shall have been enacted since the date of this Agreement that makes consummation of the Merger by Parent illegal.

f. No Governmental Litigation

. There shall not be pending before any court of competent jurisdiction any lawsuit or other Legal Proceeding challenging the Merger that (a) has been commenced by a Governmental Body and (b) is likely to result in a judgment in favor of such Governmental Body that will prevent the Closing.

g. Agreements and Documents

. Parent shall have received the following agreements and documents, each of which shall be in full force and effect:

169. written resignations of all directors of the Company, effective as of the Effective Time;

170. the Certificate of Merger, executed by the Company;

171. a (i) certification that meets the requirements of Treasury Regulations Sections 1.897-2(h)(1) and 1.1445-2(c)(3), dated within 30 days prior to the Closing Date and (ii) notice to the Internal Revenue Service, in accordance with the requirements of Treasury Regulations Section 1.897-2(h)(2), together with written authorization for Parent to deliver such notice and a copy of the certification to the Internal Revenue Service on behalf of the Company after the Closing, in each case properly completed and executed by the Company;

172. for each instrument of Terminated Indebtedness, a Payoff Letter, executed by each applicable creditor;

173. a termination letter substantially in the form attached as Schedule III hereto; and

174. a spreadsheet (the "***Closing Payment Schedule***"), duly certified by an officer of the Company setting forth: (i) the name, address and email address of each holder of Company Capital Stock and Company Options immediately prior to the Effective Time, (ii) a designation, with respect to each holder of Company Options, as to whether such Company Options are Employee Options and whether to be paid through the Company's payroll account, (iii) the number of shares of Company Capital Stock (and the Series thereof in the case of Company Preferred Stock) held by each holder thereof immediately prior to the Effective Time (including the number of shares of Company Capital Stock for which Company Options are exercisable), (iv) a calculation of the Closing Merger Consideration Amount and the Per Share Upfront Merger Consideration payable as of the Closing Date, (v) when provided at Closing, the Ownership Percentage for each Securityholder and when provided in respect of a post-Closing

distribution, the Ownership Percentage for each Participating Securityholder, (vi) for each Securityholder entitled to receive the Per Share Upfront Merger Consideration, the aggregate payment to such Securityholder rounded to the nearest two decimal places payable thereto for all shares of Company Capital Stock (including in respect of Company Capital Stock for which Company Options are exercisable), held by such Securityholder, (vii) when provided in respect of a post-Closing distribution, a true and accurate calculation of the amount of such distribution to be paid to each Participating Securityholder and (viii) the Settlement Debt as of the Closing Date.

h. Estimated Closing Statement

. Parent shall have received the Estimated Closing Statement from the Company.

i. Closing Certificate

. The Chief Executive Officer or Chief Financial Officer of the Company shall have delivered to Parent a certificate to the effect that each of the conditions specified above in Sections 6.1 (*Accuracy of Representations and Warranties*), 6.2 (*Performance of Covenants*) and 6.10 (*Company Material Adverse Effect*) is satisfied in all respects.

j. Company Material Adverse Effect

. Since the date of this Agreement, there shall not have been a Company Material Adverse Effect.

k. Written Consent and Support Agreements

. (a) The Company shall have delivered to Parent, Written Consents executed by holders of at least 75% of Company Common Stock and Company Preferred Stock outstanding on the applicable record date, voting together as a single class (with the Company Preferred Stock voting on an “as converted” basis) and (b) the Written Consents and Support Agreements from holders representing the Required Company Stockholder Vote delivered to Parent within twenty-four (24) hours of the execution and delivery of this Agreement shall continue to be in full force and effect.

l. Third Party Consent

. Each of the Consents set forth on Section 6.12 of the Disclosure Schedule shall have been obtained and shall be in full force and effect.

a. PPP Loan Escrow

. The Company shall have (a) received from Silicon Valley Bank documentation in form and substance reasonably acceptable to Parent setting forth a calculation of the principal amount of the PPP Loan and all accrued and unpaid interest on, and all other amounts incurred and payable in respect of, the PPP Loan as of the Closing Date, as well as all interest (if any) reasonably expected to be incurred between the Closing Date and September 30, 2021 (the "***PPP Loan Amount***") and (b) delivered to Parent evidence reasonably acceptable to Parent that the PPP Loan Escrow Funding has occurred.

Section 7. Conditions Precedent to Obligation of the Company

The obligation of the Company to effect the Merger is subject to the satisfaction (or waiver by the Company), at or prior to the Closing, of the following conditions:

a. Accuracy of Representations and Warranties

. The representations and warranties of Parent and Merger Sub set forth in Section 3 (*Representations and Warranties of Parent and Merger Sub*) shall be true and correct (disregarding all qualifications or limitations as to "materiality," "in all material respects" or "Material Adverse Effect" and words of similar import set forth therein) as of the Closing Date with the same effect as though made on and as of the Closing (except to the extent expressly made as of an earlier date, in which case such representations and warranties shall be so true and correct as of such earlier date), except where the failure of such representations and warranties to be so true and correct would not have a material adverse effect on the ability of Parent or Merger Sub to perform its respective obligations hereunder.

b. Performance of Covenants

. Parent and Merger Sub shall have performed and complied with, in all material respects, all of their covenants contained in Section 5 (*Additional Covenants of the Parties*) at or before the Closing (to the extent that such covenants require performance by Parent or Merger Sub at or before the Closing).

c. Stockholder Approval

. This Agreement shall have been duly adopted by the Required Company Stockholder Vote.

d. Antitrust Clearances

. The waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated.

e. No Restraints

. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger by the Company shall have been issued by any court of

competent jurisdiction and remain in effect, and no Law shall have been enacted since the date of this Agreement that makes consummation of the Merger by the Company illegal.

f. No Governmental Litigation

. There shall not be pending before any court of competent jurisdiction any lawsuit or other Legal Proceeding challenging the Merger that (a) has been commenced by a Governmental Body and (b) is likely to result in a judgment in favor of such Governmental Body that will prevent the Closing.

g. Closing Certificate

. An authorized officer of Parent and Merger Sub shall have delivered to Company a certificate to the effect that each of the conditions specified above in Sections 7.1 (*Accuracy of Representations and Warranties*) and 7.2 (*Performance of Covenants*) is satisfied in all respects.

h. Payments, Etc

. Parent shall have paid, or caused to be paid, the following:

175. The Upfront Payment Amount shall be deposited with the Payment Agent in accordance with wire transfer instructions provided by the Payment Agent.

176. The amount of the Securityholders' Representative Reserve and any upfront engagement fee of the Securityholders' Representative shall be deposited with the Securityholders' Representative in accordance with wire transfer instructions provided by the Securityholders' Representative.

177. The Estimated Closing Date Indebtedness shall be paid by wire transfer of immediately available funds to the applicable holder of such indebtedness.

178. The Estimated Closing Date Transaction Expenses shall be paid by wire transfer of immediately available funds to the applicable third party in accordance with the Estimated Closing Statement and instructions provided by such third party.

179. The Escrow Amount shall be deposited with the Escrow Agent in accordance with wire transfer instructions provided by the Escrow Agent.

Section 8. Indemnification

a. Indemnification of Parent

. Subject to the other provisions of this Section 8 (*Indemnification*) and the Escrow Agreement, from and after the Closing, Parent and the Surviving Corporation, their Affiliates, and each of their respective officers, directors, employees, agents and other representatives (each a "***Parent Indemnified Party***") shall be entitled to indemnification against any Damages arising out of or resulting from:

180. (i) any breach of any representation or warranty made by the Company in this Agreement (other than the Specified Representations) or any failure of any such representation or warranty to be true and correct and as though made on the Closing Date (other than those expressly given as of a specified date prior to the date of this Agreement, for which the breach shall be determined as of such specified date); and (ii) any breach of any Specified Representations or Section 2.14 (*Tax Matters*) or any failure of any such Specified Representations or Section 2.14 (*Tax Matters*) to be true and correct and as though made on the Closing Date (other than those expressly given as of a specified date prior to the date of this Agreement, for which the breach shall be determined as of such specified date);

181. any breach by the Company of any covenant or agreement made by the Company in this Agreement at or before the Closing (to the extent that such covenants require performance by the Company at or before the Closing);

182. (i) any Taxes of the Company allocable to any Pre-Closing Tax Period pursuant to Section 8.9 (*Certain Tax Matters*), and any Tax liabilities (including, for the avoidance of doubt, any Tax liabilities attributable to the amount of non-deductibility of expenses funded by the PPP Loan) arising from or relating to the PPP Loan or the forgiveness of the PPP Loan (including, for the avoidance of doubt, the forgiveness of a portion of the PPP Loan), in each case to the extent not deducted in the determination of the Closing Merger Consideration Amount (as finally determined in accordance with Section 1.11), and (ii) in the event that, as a result of the resolution of any audit or Tax proceeding, any amount that was taken into account in the Transaction Deductions or the PPP Loan Deductions (if any) and applied to reduce Taxes described in the preceding clause (i) is subsequently required to be capitalized or otherwise disallowed, any Tax liabilities attributable to the portion of the Transaction Deductions or PPP Loan Deductions (if any) so capitalized or disallowed;

183. any amounts paid to the holders of Dissenting Shares, including any interest required to be paid thereon, that are in excess of what such holders would have received hereunder had such holders not been holders of Dissenting Shares;

184. any claim, cause of action, right or remedy, or any Legal Proceeding, asserted at any time by actual or alleged securityholder of the Company relating to the allocation or entitlement to a portion of the consideration paid or to be paid in connection with the Transactions, including any assertion of contractual or employment rights to own or acquire any security;

185. any Debt of the Company and Closing Date Transaction Expenses outstanding as of the Effective Time to the extent not deducted in the determination of the Closing Merger Consideration Amount (as finally determined in accordance with Section 1.11);

186. any inaccuracy, error or omission in the Closing Statement, the Adjustment Amount or the components thereof, including the amounts and payees with respect thereto to the extent not otherwise accounted for in the determination of the Closing Merger Consideration Amount (as finally determined in accordance with Section 1.11);

187. any Damages arising out of, or resulting from, any of the items described on Section 8.1(h) of the Disclosure Schedule (the "***Special Indemnity Losses***").

b. Indemnification of Participating Securityholders

. Subject to the other provisions of this Section 8 (*Indemnification*), from and after the Closing, Parent shall indemnify the Participating Securityholders and the Securityholders' Representative, their Affiliates, and each of their respective officers, directors, employees, agents and other representatives (each a "***Securityholder Indemnified Party***") in respect of, and hold them harmless against, any Damages suffered by the Securityholder Indemnified Party in connection with, arising out of, resulting from or incident to:

188. any breach of the representations and warranties of Parent and Merger Sub set forth in Section 3 of this Agreement or any failure of any such representation or warranty to be true and correct as of and as though made on the Closing Date (other than those expressly given as of a specified date prior to the date of this Agreement, for which the breach shall be determined as of such specified date); and

189. any breach by Parent, Merger Sub or the Surviving Corporation of any covenant or agreement made by Parent, Merger Sub or the Surviving Corporation in this Agreement.

c. Direct Claim Indemnification Mechanics.

190. Other than with respect to a Third Person Claim, any Indemnified Party seeking indemnification hereunder shall deliver a written demand (an "***Indemnification Demand***") to the Securityholders' Representative (if the Indemnified Party is Parent or the Surviving Corporation) or Parent (if the Indemnified Party is a Securityholder Indemnified Party) which contains (i) a description and, to the extent known, a good-faith reasonable estimate of any Damages incurred or reasonably expected to be incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under Section 8.1 (*Indemnification of Parent*) or Section 8.2 (*Indemnification of Participating Securityholders*) for such Damages and a reasonable explanation of the basis therefor and (iii) a demand for payment in the amount of such Damages; *provided*, *however*, that the failure or delay of the Indemnified Party to deliver an Indemnification Demand promptly to the Securityholders' Representative or Parent, as applicable, shall not relieve the Securityholders' Representative or Parent, as applicable, of its obligations hereunder except to the extent the Securityholders' Representative or Parent, as applicable, shall have been materially prejudiced by such failure.

191. Upon reasonable request, the Indemnified Party shall furnish the Securityholders' Representative or Parent, as applicable, with any information to the extent that such information is reasonably necessary in order to evaluate the Indemnification Demand. If the Securityholders' Representative or Parent, as applicable, in good faith objects to any claim made by the Indemnified Party in the Indemnification Demand, then the Securityholders' Representative or Parent, as applicable, shall deliver a written notice (an "***Indemnification***

Dispute Notice") to the Indemnified Party within 30 days following receipt by the Securityholders' Representative or Parent, as applicable, of an Indemnification Demand from such Indemnified Party. The Indemnification Dispute Notice shall set forth in reasonable detail the principal basis for the dispute of any claim made by the Indemnified Party in the Indemnification Demand. If the Securityholders' Representative or Parent, as applicable, fails to deliver an Indemnification Dispute Notice prior to the expiration of such 30-day period, then the indemnity claim set forth in the Indemnification Demand shall be conclusively determined in the Indemnified Party's favor for purposes of this Section 8 (*Indemnification*), and the Indemnified Party shall be indemnified for the amount of the Damages stated in such Indemnification Demand (or, in the case of any notice in which the Damages (or any portion thereof) are estimated, the amount of such Damages (or such portion thereof) as finally determined) on demand or, in the case of any notice in which the Damages (or any portion thereof) are estimated, on such later date when the amount of such Damages (or such portion thereof) becomes finally determined, in either case, subject to the limitations of this Section 8 (*Indemnification*).

192. If the Securityholders' Representative or Parent, as applicable, delivers an Indemnification Dispute Notice, then the Indemnified Party and the Securityholders' Representative or Parent, as applicable, shall attempt in good faith to resolve any such objections raised by the Securityholders' Representative or Parent, as applicable, in such Indemnification Dispute Notice. If the Indemnified Party and the Securityholders' Representative or Parent, as applicable, agree to a resolution of such objection, then a memorandum setting forth the matters conclusively determined by the Indemnified Party and the Securityholders' Representative or Parent, as applicable, shall be prepared and signed by both parties, and shall be binding and conclusive upon the parties hereto.

193. If no such resolution can be reached during the 30-day period following the Indemnified Party's receipt of a given Indemnification Dispute Notice, then upon the expiration of such 30-day period (or such longer period as may be mutually agreed in writing), either Parent or the Securityholders' Representative may seek enforcement of its rights to indemnification under this Agreement, including Section 10.5 (*Applicable Law; Jurisdiction*), with respect to such Indemnification Dispute Notice.

d. Third Person Claim Indemnification Mechanics.

194. In order to seek indemnification provided for under this Agreement in respect of, arising out of or involving a claim or demand made by any third Person against the Indemnified Party (a "***Third Person Claim***"), the Indemnified Party shall deliver a written notice (a "***Third Person Claim Notice***") to the Securityholders' Representative (if the Indemnified Party is Parent or the Surviving Corporation) or Parent (if the Indemnified Party is a Securityholder Indemnified Party), in each case (the "***Indemnitor***") which contains (i) a description and, to the extent known, a good-faith reasonable estimate of any Damages incurred or reasonably expected to be incurred by the Indemnified Party and (ii) a statement that the Indemnified Party is entitled to indemnification under Section 8.1 (*Indemnification of Parent*) or Section 8.2 (*Indemnification of Participating Securityholders*) for such Damages and a

reasonable explanation of the basis therefor; *provided*, *however*, that the failure or delay of the Indemnified Party to give such notice to the Indemnitor shall not relieve the Indemnitor of its obligations hereunder except to the extent the Indemnitor shall have been materially and actually prejudiced by such failure.

195. Upon reasonable request, the Indemnified Party shall furnish the Securityholders' Representative or Parent, as applicable, with any information to the extent that such information is reasonably necessary in order to evaluate the Third Person Claim Notice. The Indemnitor shall have 30 Business Days (or such lesser number of days as set forth in the Third Person Claim Notice as may be required by court proceeding in the event of a litigated matter) after receipt of the Third Person Claim Notice (the "***Notice Period***") to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third Person Claim.

196. In the event that the Indemnitor notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Person Claim, the Indemnitor shall have the sole and absolute right after the receipt of notice, at its option and at its own expense, to be represented by counsel of its choice and to control, defend against, negotiate, settle or otherwise deal with such Third Person Claim; *provided*, *however*, that the Indemnified Party may participate in any such proceeding with counsel of its choice and at its expense; *provided further*, *however*, that the Indemnitor shall not be entitled to assume or continue control of the defense of any Third Person Claim if (i) the Third Person Claim relates to or arises in connection with any criminal or regulatory proceeding, (ii) based on the advice of outside legal counsel to the Indemnified Party, a conflict (including the availability of different or additional defenses) exists between the Indemnified Party and the Indemnitor in connection with such Third Person Claim or conduct of claim by the Indemnitor would compromise any legal privilege or similar doctrine with respect to the Indemnified Party or any of its Affiliates or (iii) the Third Person Claim primarily seeks (x) an injunction against the Indemnified Party or (y) where the Indemnified Party is a Parent Indemnified Party, equitable relief requiring the taking of action or the refraining from taking actions by Parent. The Indemnified Party agrees to cooperate fully and in good faith with the Indemnitor in connection with the defense, negotiation or settlement of any Third Person Claim. To the extent the Indemnitor elects not to defend such Third Person Claim by written notice to the Indemnified Party, the Indemnified Party may retain counsel at the expense of the Indemnitor, which counsel shall be reasonably acceptable to the Indemnitor, and control the defense of such proceeding; provided, however, that the Indemnitor shall be obligated pursuant to this Section 8.4 (*Third Person Claim Indemnification Mechanics*) to pay for only one firm of counsel for all Indemnified Parties in addition to any local counsel who may need to be retained. The Indemnitor shall not, without the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, conditioned, or delayed), settle, compromise or offer to settle or compromise any Third Person Claim on a basis that would not include an unconditional release of the Indemnified Party and would (i) exceed the balance of the Indemnitor's indemnity obligations hereunder if the Indemnified Party is a Participating Securityholder, or exceed the Escrow Amount, if the Indemnified Party is a Parent Indemnified Party, (ii) result in the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (iii) result in a finding

or admission of a violation of Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates, (iv) impose ongoing obligations on the Indemnified Party following the date of such settlement or compromise or (v) any Third Person Claim from any Governmental Body relating to Taxes.

197. If the Indemnitor (i) elects not to defend the Indemnified Party against a Third Person Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise or (ii) after assuming the defense of a Third Person Claim, fails to take reasonable steps necessary to defend diligently such Third Person Claim within ten days after receiving written notice from the Indemnified Party to the effect that the Indemnitor has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; *it being understood* that the Indemnified Party's right to indemnification for a Third Person Claim shall not be adversely affected by assuming the defense of such Third Person Claim. The Indemnified Party shall not settle a Third Person Claim seeking money damages without the consent of the Indemnitor, which consent shall not be unreasonably withheld.

198. Subject to Section 8.4(f), the Indemnified Party and the Indemnitor shall reasonably cooperate in order to ensure the proper and adequate defense of a Third Person Claim, including by providing access to each other's relevant business records and other documents and employees (subject to applicable Laws relating to the exchange of information and except as required to comply with any COVID-19 Measures); *it being understood* that the reasonable costs and expenses of the Indemnified Party relating thereto shall constitute Damages.

199. The Indemnified Party and the Indemnitor shall use reasonable best efforts to avoid production or other disclosure of confidential information (consistent with applicable Law), and to cause all communications among employees, counsel and others representing any party to a Third Person Claim to be made so as to preserve any applicable attorney-client or work-product privileges.

e. Survival

. All representations and warranties contained in this Agreement and all claims with respect thereto shall survive the Closing and terminate upon the expiration of eighteen months after the Closing Date, other than the Specified Representations and all claims with respect thereto, each of which shall continue and survive until the end of the Milestone Period. All covenants and agreements of the parties contained herein shall survive the Closing and remain in full force and effect for the period provided in such covenants and agreements, if any, or until the date that is eighteen months after the Closing Date. Notwithstanding anything to the contrary herein, in the event that notice of any claim for indemnification under this Section 8 (*Indemnification*) has been given pursuant to Section 8.3 (*Direct Claim Indemnification Mechanics*) and Section 8.4 (*Third Person Claim Indemnification Mechanics***)**, in good faith within the applicable survival period, the representations, warranties, covenants and agreements that are the subject of such indemnification claim (and the right to pursue such claim) shall survive with respect to such claim until such time as such claim is finally resolved. The right of a Person to any remedy pursuant to this Section 8 (*Indemnification*) shall not be affected by any investigation or

examination conducted, or any knowledge possessed or acquired (or capable of being possessed or acquired), by such Person at any time concerning any circumstance, action, omission or event relating to the accuracy or performance of any representation, warranty, covenant or obligation. For the avoidance of doubt and notwithstanding the foregoing, the survival periods set forth in this Section 8.5 *(Survival of Representations and Warranties)* shall not control with respect to the R&W Insurance, which shall contain survival periods that shall control for purposes thereunder.

f. Sole and Exclusive Remedy; Limitations.

200. From and after the Closing, the indemnification terms set forth in this Section 8 (*Indemnification*) shall constitute the sole and exclusive remedy of the Parent Indemnified Parties for Damages in connection with, arising out, resulting from or incident to the matters set forth in this Agreement. The parties hereto acknowledge and agree that, from and after the Closing, the remedies available in this Section 8 supersede any other remedies available at law or in equity including rights of rescission and claims arising under applicable Law. From and after the Closing, the parties hereto covenant not to sue, assert any arbitration claim or otherwise threaten any claim other than those described in this Section 8 as being available under the particular circumstances described in this Section 8.

201. The parties hereby agree that the sole and exclusive source of recovery for indemnification available to Parent Indemnified Parties,

xiii.pursuant to Section 8.1(a)(i) shall be:

a. first, from the Retention Escrow Fund; and

b. second (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (1) above), from the R&W Insurance to the extent covered thereby;

xiv.pursuant to Section 8.1(a)(ii) or Section 8.1(c) shall be:

c. first, from the Retention Escrow Fund;

d. second (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (1) above), from the R&W Insurance to the extent covered thereby; and

e. third, (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (2) above) by making deductions from any amounts payable to Participating Securityholders (or to the Payment Agent on their behalf) pursuant to Section 1.12, in each case, on a pro rata basis in accordance with such Participating Securityholder's Ownership Percentage;

xv.pursuant to Section 8.1(b), Section 8.1(d), Section 8.1(e), Section 8.1(f) and Section 8.1(g) shall be:

f. first, from the Purchase Price Escrow Fund;

g. second (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (1) above), from the Retention Escrow Fund;

h. third (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (2) above), from the Special Escrow Fund;

i. fourth (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (3) above), from the R&W Insurance to the extent covered thereby; and

j. fifth (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (1) through (4) above), by making deductions from any amounts payable to Participating Securityholders (or to the Payment Agent on their behalf) pursuant to Section 1.12, in each case, on a pro rata basis in accordance with such Participating Securityholder's Ownership Percentage;

xvi. pursuant to Section 8.1(h) shall be:

k. first, from the Special Escrow Fund; and

l. second (for the avoidance of doubt, only after having exhausted the amount available pursuant to clause (1) above) by making deductions from any amounts payable to Participating Securityholders (or to the Payment Agent on their behalf) pursuant to Section 1.12, in each case, on a pro rata basis in accordance with such Participating Securityholder's Ownership Percentage.

202. Notwithstanding anything to the contrary contained in this Agreement, except for the proviso to this Section 8.6(c), this Section 8 shall not limit the Parent Indemnified Parties' ability to recover Damages against a Participating Securityholder who committed common law fraud or Willful Breach of an agreement to which such Participating Securityholder is a party; *provided, however,* that in no event shall any Participating Securityholder's liability, including for common law fraud or Willful Breach, exceed the portion of the Upfront Purchase Price, plus the portion of any Earnout Payment, in each case actually received by or entitled to be received by such Participating Securityholder.

203. Notwithstanding anything to the contrary in this Agreement, except with respect to claims based on common law fraud or Willful Breach by Parent or Merger Sub no Securityholder Indemnified Party may recover for any claim for indemnification pursuant to Section 8.2(a) (*Indemnification of Participating Security Holders*) unless and until the aggregate amount of indemnifiable Damages that may be recovered by the Securityholder Indemnified Parties pursuant to Section 8.2(a) (*Indemnification of Participating Security Holders*) equals or exceeds the Parent Deductible, in which event the Securityholder Indemnified Parties shall only be entitled to indemnification for all indemnifiable Damages in excess of the Parent Deductible.

204. Any Damages for indemnification under this Agreement shall be determined without duplication of recovery due to the facts giving rise to such Damages constituting a breach of more than one representation, warranty, covenant or agreement. Indemnification by any Participating Securityholder in accordance with this Section 8 shall be on a several and not joint basis, in each case in accordance with such Participating Securityholder's Ownership Percentage.

205. Except as expressly provided in this Agreement, the Support Agreements, the Letter of Transmittal or the Written Consent, no current or former stockholder, director, officer, employee, Affiliate or advisor of the Company or any Affiliate of the Company shall have any liability of any nature to any Parent Indemnified Party with respect to the breach by the Company of any representation, warranty, covenant or agreement contained in this Agreement or any other matter relating to the Merger or the other transactions contemplated by this Agreement. The parties acknowledge that (i) except as set forth in the Support Agreements, Letter of Transmittal and the Written Consent, no current or former stockholder, director, officer, employee, Affiliate or advisor of the Company has made or is making any representations or warranties whatsoever regarding the Company or the subject matter of this Agreement, express or implied, (ii) except as expressly provided in Section 2 (*Representations and Warranties of the Company*), the Company has not made and is not making, and Parent is not relying upon, any representations or warranties whatsoever regarding the Company or the subject matter of this Agreement, express or implied and (iii) there shall not be any multiple recovery for any Damages.

g. R&W Insurance.

206. Parent shall secure a representation and warranties insurance policy to be effective as of the Closing Date and shall bear all premiums, fees, costs and expenses associated with procuring such representations and warranties insurance policy (the "***R&W Insurance***").

207. With respect to any claim for Damages under Section 8.1 that may be covered by the R&W Insurance, Parent shall use commercially reasonable efforts to pursue recovery pursuant to the R&W Insurance, including by exhausting any applicable retention amounts to the extent such claim is covered thereby.

h. Determination of Indemnification Amounts.

208. Without limiting the effect of any other limitation contained in this Section 8 (*Indemnification*) Damages recoverable under this Section 8 (*Indemnification*) shall be reduced by an amount equal to the amount of any insurance proceeds (other than proceeds received pursuant to the R&W Insurance), indemnification payments, contribution payments or reimbursements actually received (net of costs of enforcement, deductibles and retro-premium adjustments) by the Indemnified Party or any of its Affiliates in connection with such Damages or any of the circumstances giving rise thereto. In any case where an Indemnified Party recovers from third Persons any amount in respect of a matter with respect to which an Indemnitor has indemnified it pursuant to this Section 8 (*Indemnification*), such Indemnified Party shall

promptly pay over to the Indemnitor the amount so recovered (after deducting therefrom the full amount of the reasonable expenses incurred by it in procuring such recovery), but not in excess of the sum of (i) any amount previously so paid by the Indemnitor to or on behalf of the Indemnified Party in respect of such matter and (ii) any amount expended by the Indemnitor in pursuing or defending any claim arising out of such matter; *provided* that no Indemnified Party shall be required to seek or collect such recoveries prior to being entitled to indemnification hereunder.

209. Notwithstanding anything to the contrary in this Agreement, except with respect to claims based on common law fraud or Willful Breach by a Participating Securityholder who committed common law fraud or Willful Breach of an agreement to which such Participating Securityholder is a party; no Indemnified Party may recover for any claim for indemnification pursuant to Section 8.1(a)(i) unless and until the aggregate amount of indemnifiable Damages that may be recovered by the Indemnified Parties pursuant to Section 8.1(a)(i) equals or exceeds the Deductible, in which event the Securityholder Indemnified Parties shall only be entitled to indemnification for all indemnifiable Damages in excess of the Deductible.

210. The parties agree that any payments made pursuant to this Section 8 (*Indemnification*) shall constitute an adjustment to the Closing Merger Consideration Amount for Tax purposes and shall be treated as such by the parties hereto for Tax purposes to the greatest extent permitted by Law.

211. For purposes of determining the amount of losses arising from a breach for which the Parent Indemnified Parties or Securityholder Indemnified Parties are entitled to indemnification under this Section 8, all qualifications contained in the representations and warranties of the Company contained in this Agreement that are based on materiality (including all usages of "material," "Material Adverse Effect" or similar qualifiers but excluding dollar thresholds, which will not be disregarded) or the knowledge of a Person (including all usages of "Knowledge of the Company" or similar qualifiers) will be disregarded.

212. No Indemnified Party's right to indemnification pursuant to this Section 8 shall be adversely affected by its waiver of a condition to the Closing set forth in Section 6.

213. Each Indemnified Party hereto shall use commercially reasonable efforts to mitigate any Damages which may be subject to indemnification claims under this Section 8 (*Indemnification*).

i. Certain Tax Matters

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214. **Preparation and Filing of Tax Returns**. From and after the Closing Date, Parent shall, or shall cause its Affiliates to, (i) prepare and timely file all Tax Returns of the Company for any Pre-Closing Tax Period in accordance with the most recent past practice of the

Company (except as otherwise required by applicable Law), (ii) if such Tax Return is an income or other material Tax Return, deliver a draft of such Tax Return to the Securityholders' Representative for the Securityholders' Representative's review at least forty-five (45) days before the due date (after giving effect to any applicable extensions of time for filing), , providing the Securityholders' Representative until thirty (30) days prior to the due date (after giving effect to any applicable extensions of time for filing) of such Tax Return to review and comment on such draft, (iii) negotiate in good faith with the Securityholders' Representative with respect to such Tax Return, and (iv) if the Securityholders' Representative consents to the filing of such Tax Returns (which consent shall not be unreasonably withheld, conditioned or delayed), Parent shall, or shall cause its Affiliates to, execute and file such Tax Returns as prepared by Parent. In the event of any disagreement between Parent and the Securityholders' Representative regarding any Tax Return relating to any Pre-Closing Tax Period that cannot be resolved by the tenth day prior to the due date for such Tax Return, such disagreement shall be resolved by the Dispute Auditor *mutatis mutandis* in accordance with the dispute resolution procedures (including the allocation of fees and expenses) set forth in Sections 1.11(d), (e), and (f). If the Dispute Auditor does not resolve any differences between Parent and the Securityholders' Representative with respect to such Tax Return at least five days prior to the due date therefor, such Tax Return shall be prepared and filed consistent with the past practices of the Company (except as otherwise required by applicable Law) and in accordance with Parent's instructions and such Tax Return shall be amended as necessary to reflect the Dispute Auditor's resolutions.

215. **Tax Conventions**. For purposes of determining the amount of Taxes allocable to any Pre-Closing Tax Period (including, for the avoidance of doubt, for purposes of Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*) and Section 8 (*Indemnification*)), the determination shall be made (1) in the case of Taxes of the Company based upon income, sales, proceeds, profits, receipts, wages, compensation or similar items that are not imposed on a periodic basis, by assuming that the Straddle Period consisted of two taxable years or periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date, and items of income, gain, deduction, loss or credit of the Company for the Straddle Period shall be allocated between such two taxable years or periods on a "closing of the books basis" by assuming that the books of the Company were closed at the close of the Closing Date; *provided, however*, that exemptions, allowances or deductions that are calculated on an annual basis, such as depreciation deductions, shall be apportioned between such two taxable years or periods on a daily basis; *provided further* that no amount of depreciation deductions calculated on an annual basis with respect to property placed in service after the Closing shall be allocated to the Pre-Closing Tax Period, (2) if the PPP Loan (or a portion of the PPP Loan) is ever forgiven, by treating the PPP Loan as if the PPP Loan (or such forgiven portion of the PPP Loan) were forgiven prior to the Closing Date, whether or not the PPP Loan (or such portion) was in fact forgiven prior to the Closing Date, (3) if all or any portion of the PPP Loan is never forgiven, or if applicable Law is changed to permit the deduction of expenses funded with proceeds of the PPP Loan regardless of whether or not it is forgiven, by treating all deductible amounts permitted by applicable Law that were funded with proceeds of the portion of the PPP Loan that is not forgiven, or with respect to which

deductions are permitted by applicable Law regardless of forgiveness, as deductions arising in the Pre-Closing Tax Period (such deductions, the "***PPP Loan Deductions***"), (4) in the case of Taxes of the Company not described in clause (1) (including property Taxes), by allocating to the portion of any Straddle Period ending on and including the Closing Date the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period, (5) by treating all Transaction Deductions as arising in and deducted on income Tax Returns for Pre-Closing Tax Periods (for the avoidance of doubt, whether or not such Transaction Deductions (or net operating losses attributable to the Transaction Deductions) are actually permitted to be taken under applicable Law in such Pre-Closing Tax Period), (6) by treating all PPP Loan Deductions (if any arise in accordance with clause (3) of this Section 8.9(b)) as arising in and deducted on income Tax Returns for Pre-Closing Tax Periods (for the avoidance of doubt, whether or not such PPP Loan Deductions (if any) (or net operating losses attributable to the PPP Loan Deductions (if any) are actually permitted to be taken under applicable Law in such Pre-Closing Tax Period), (7) by assuming that the Company makes a timely election under Revenue Procedure 2011-29, 2011-18 I.R.B. 746, to apply the seventy percent (70%) safe-harbor to any third party expenses that are "success based fees" as defined in Treasury Regulation Section 1.263(a)-5(f) to the extent permitted by applicable Law, and (8) by applying any net operating losses and other Tax benefits of the Company arising in taxable periods ending (or deemed to end) on or prior to the Closing Date against income arising in Pre-Closing Tax Periods to the extent permitted by applicable Law (other than any net operating losses and other Tax benefits that are or are attributable to the Transaction Deductions or the PPP Loan Deductions (if any), which shall be treated as set forth in clauses (5) and (6) of this Section 8.9(b)). For the avoidance of doubt, for purposes of this Agreement, Transaction Deductions and PPP Loan Deductions (if any) in each case arising after 2020, shall be treated as if they can be applied to reduce income Taxes in prior years to the extent that they would have been permitted to be so applied under applicable Law if they had arisen in 2020, or without duplication, 2021. Notwithstanding anything to the contrary, (x) Taxes resulting from any election under Section 338 or Section 336 of the Code (or any comparable provision of applicable Law), (y) Taxes incurred outside the ordinary course of business on the Closing Date after the Closing, and (z) the Parent Employer Taxes with respect to any amounts payable in connection with the transactions contemplated by this Agreement, including payment of the Closing Merger Consideration Amount, any Earnout Payment or other payments or distributions to be made to the Employee Option Holders, shall not be treated as attributable to the Pre-Closing Tax Period.

216. **Post-Closing Actions**. Parent will not (and will not permit any of its Affiliates to), (i) amend any Tax Returns of the Company with respect to any Pre-Closing Tax Period, (ii) make or change any Tax election or change any method of accounting that has retroactive effect to any Pre-Closing Tax Period of the Company, (iii) agree to extend or waive the statute of limitations with respect to Taxes of the Company for a Pre-Closing Tax Period, other than automatic extensions of time within which to file Tax Returns, or (iv) initiate discussions or examinations with any Governmental Body (including any voluntary disclosures) regarding Taxes with respect to any Pre-Closing Tax Period, in each such case, except (A) with

the prior written consent of the Securityholders' Representative (which will not be unreasonably withheld, conditioned, or delayed), or (B) if such action will not form the basis for a claim of indemnification pursuant to Section 8 (*Indemnification*.

217. **Refunds.** The Participating Securityholders shall be entitled to the amount of any refund or credit of Taxes of the Company with respect to a Pre-Closing Tax Period, which refund or credit is actually recognized by the Parent or its Affiliates (including the Company) after the Closing, net of any Taxes or other costs to the Parent and its Affiliates attributable to obtaining and receiving such refund or credit, provided that the Participating Securityholders shall not be entitled to the amount of any such refund or credit to the extent (i) such refund or credit arises as the result of a carryback of a loss or other Tax benefit arising in a Tax period (or portion thereof) beginning after the Closing Date (taking into account the conventions set forth in Section 8.9(b)), (ii) such refund or credit was included as a Closing Asset in the calculation of the Closing Date Net Working Capital, as finally determined pursuant to Section 1.11 (*Post Closing Adjustment to Closing Merger Consideration Amount*), (iii) the Participating Securityholders did not actually previously pay or economically bear the Taxes associated with such refund either pursuant to this Agreement or prior to the Closing (including by a payment of such Taxes by the Company prior to the Closing) or otherwise, or (iv) such refund or credit is actually recognized by the Parent or its Affiliates after the final Earnout Payment has been paid (plus any additional period of time during which any Indemnified Party is permitted to make a claim for damages pursuant to any provision of this Section 8. Parent shall use commercially reasonable efforts to obtain, at the expense of the Participating Securityholders, such refunds and credits (including by making carryback claims to a Pre-Closing Tax Period of the Company to the extent permitted by applicable Law, for the avoidance of doubt, without derogation of the limitations in the proviso of the first sentence of this Section 8.9(d)), and to pay, or cause to be paid, to the Payment Agent (for further distribution to the Participating Securityholders) any amount to which the Participating Securityholders are entitled pursuant to the prior sentence within fifteen (15) Business Days following the end of the calendar year of the receipt or recognition of the applicable refund or credit by Parent or its Affiliates. To the extent such refund or credit is subsequently disallowed or required to be returned to the applicable Governmental Body, the Participating Securityholders agree promptly to repay the amount of such refund or credit, together with applicable interest, if any, to Parent. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, except as provided in Section 8.9(b), the Participating Securityholders shall not be entitled to any payments in respect of the utilization of Tax assets or Tax attributes of the Company in a Post-Closing Tax Period. For the avoidance of doubt, the Participating Securityholders shall not be entitled to recover more than once for the same amount, and therefore the Participating Securityholders shall not be entitled to a payment under this Section 8.9(d) to the extent that the amount of a refund or credit has been applied previously to actually reduce the Participating Securityholders' indemnification obligation pursuant to Section 8.1(c); *provided, further*, that the Participating Securityholders shall not be entitled to a payment under this Section 8.9(d) until the later of (x) the initial due date for filing (including ordinary course extenstions) of the last income Tax Return of the Company for any Pre-Closing Tax Period and (y) if an indemnification claim has been made pursuant to Section 8.1(c) that has not yet been resolved in accordance with Section 8, the refund or credit is first

applied to reduce the Participating Securityholders' indemnification obligation with respect to such claim determined in accordance with Section 8 and such obligation is reduced to zero.

218. **Tax Cooperation.** The Securityholders' Representative agrees to furnish or cause to be furnished to Parent and its Subsidiaries (including the Company), and Parent agrees to furnish or cause to be furnished, and to cause its Subsidiaries (including the Company) to furnish to Securityholders' Representative at any time after the Closing Date, upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to the Company, as is reasonably requested for the filing of any Tax Returns, for the preparation of any audit and for the prosecution or defense of any pending or threatened audit or assessment, suit, proposed adjustment, deficiency, dispute, administrative or judicial proceeding or other similar claim (each, a "***Tax Contest***"). Tax Contests shall be treated as Third Person Claims under Section 8.4 (*Third Person Claim Indemnification Mechanics*). Each of Parent, the Company, their Subsidiaries and the Securityholders' Representative shall retain all books and records in their possession with respect to Taxes of the Company for any Pre-Closing Tax Period for a period of at least seven (7) years following the Closing Date. Notwithstanding anything to the contrary in this Agreement, the Securityholders' Representative shall have no obligation to prepare or file any Tax Returns.

219. **Survival**. The rights and obligations of the Participating Securityholders and Parent pursuant to this Section 8.9 (*Tax Matters*) shall survive until the end of the Milestone Period plus any additional period of time during which any Indemnified Party is permitted to make a claim for damages pursuant to any provision of this Section 8.

Section 9. Termination

a. Termination

. This Agreement may be terminated prior to the Effective Time (whether before or after the adoption of this Agreement by the Required Company Stockholder Vote):

220. by mutual written consent of Parent and the Company;

221. by either Parent or the Company if the Merger shall not have been consummated by the End Date; *provided*, *however*, that a party shall not be permitted to terminate this Agreement pursuant to this Section 9.1(b) (*Termination*) if the failure to consummate the Merger by the End Date is attributable to a failure on the part of such party to perform any covenant in this Agreement required to be performed by such party at or prior to the Effective Time;

222. by either Parent or the Company if a court of competent jurisdiction shall have issued a final and non-appealable order having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger; *provided*, *however*, that a party shall not be permitted to terminate this Agreement pursuant to this Section 9.1(c) (*Termination*) whose failure to fulfill any obligation under this Agreement shall have been a material cause of, or resulted in, the occurrence of such order;

223. by Parent, if the Company shall have materially breached or materially failed to perform any of its representations, warranties, covenants or agreements contained in this Agreement, which material breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 6.1 (*Accuracy of Representations and Warranties*) or Section 6.2 (*Performance of Covenants*) and (ii) cannot be or has not been cured within 30 days following receipt by the Company of written notice of such material breach or failure to perform; *provided*, *however*, that Parent shall not have the right to terminate this Agreement pursuant to this Section 9.1(d) (*Termination*) if Parent or Merger Sub is then in material breach of this Agreement;

224. by the Company, if Parent or Merger Sub shall have materially breached or materially failed to perform any of their respective representations, warranties, covenants or agreements contained in this Agreement, which material breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 7.1 (*Accuracy of Representations and Warranties*) or Section 7.2 (*Performance of Covenants*) and (ii) cannot be or has not been cured within 30 days following receipt by Parent of written notice of such material breach or failure to perform; *provided*, *however*, that the Company shall not have the right to terminate this Agreement pursuant to this Section 9.1(e) (*Termination*) if the Company is then in material breach of this Agreement; or

225. by Parent, if the Company fails to deliver the Required Company Stockholder Vote within 24 hours of the date of this Agreement in accordance with Section 5.1 (*Stockholder Consent or Approval*).

b. Effect of Termination

. In the event of the termination of this Agreement as provided in Section 9.1 (*Termination*), this Agreement shall be of no further force or effect; *provided*, *however*, that (i) this Section 9.2 (*Effect of Termination*) and Section 10 (*Miscellaneous Provisions*) shall survive the termination of this Agreement and shall remain in full force and effect and (ii) nothing herein shall relieve any party from any liability for common law fraud or Willful Breach. No termination of this Agreement shall affect the obligations of the parties contained in the Confidentiality Agreement, all of which obligations shall survive the termination of this Agreement in accordance with their terms.

Section 10. Miscellaneous Provisions

a. Amendment

. This Agreement may be amended with the written approval of the board of directors of the Company (or the Securityholders' Representative following the Closing) and Parent at any time (whether before or after the adoption of this Agreement by the Required Company Stockholder Vote); *provided*, *however*, that after any such adoption of this Agreement by the Required Company Stockholder Vote, no amendment shall be made which by Law requires further approval of the Company Stockholders without the further approval of such Company

Stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of the Company and Parent (prior to the Closing) or Parent and the Securityholders' Representative (after the Closing).

b. Expenses

. Except as set forth in Section 1.11(k) (*Post-Closing Adjustment to Closing Merger Consideration Amount*), all fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expenses, whether or not the Merger is consummated.

c. Waiver.

1. No failure on the part of any party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

2. No party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

d. Entire Agreement; Counterparts

. This Agreement, the Disclosure Schedules, the Confidentiality Agreement, and the other Transaction Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter hereof and thereof. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. This Agreement may be executed by electronic transmission, which shall be deemed an original.

e. Applicable Law; Jurisdiction

. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. **Except as set forth in Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*) and Section 1.12 (*Earnout consideration*), Each party agrees that it shall bring any action in respect of any claim based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement exclusively in the chosen courts; and solely in CONNECTION with claims arising out of or**

relating to this Agreement or any of the transactions contemplated by this Agreement: (a) each of the parties irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Chosen courts; (b) each of the parties irrevocably waives the right to trial by jury; AND (c) EACH OF THE PARTIES ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT and THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.5 (*Applicable Law; Jurisdiction*).

f. Assignability

. This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the parties hereto and their respective successors and assigns; *provided*, *however*, that, subject to Section 1.12, neither this Agreement nor any of the rights hereunder may be assigned (whether by merger, consolidation, sale or otherwise) by the Company (prior to the Effective Time) or Parent without the prior written consent of the other party, and any attempted assignment of this Agreement or any of such rights without such consent shall be void and of no effect (except that Parent may assign this Agreement or any such rights to an Affiliate without the prior written consent of the Company (prior to the Effective Time) or the Securityholders' Representative (at or after the Effective Time)); *provided*, *further*, *however*, that subject to Section 1.12, Parent and the Surviving Corporation may assign this Agreement as a whole without such consent in connection with the acquisition (whether by merger, consolidation, sale or otherwise) of Parent or the Surviving Corporation or of that part of Parent's or the Surviving Corporation's business to which this Agreement relates, as long as (a) Parent provides written notice to the Company (prior to the Effective Time) or the Securityholders' Representative (at or after the Effective Time) of such assignment, (b) the assignee thereof agrees in writing to assume and be bound as Parent and the Surviving Corporation hereunder.

g. Confidentiality

. Parent acknowledges that the information provided to it in connection with this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby is subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference and shall continue in full force and effect until the Closing, at which time the confidentiality obligations under the Confidentiality Agreement shall terminate; *provided*, *however*, that, from and after the Closing, the Confidentiality Agreement shall continue to apply in accordance with its terms but only with respect to breaches of the Confidentiality Agreement prior to the Closing. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall nonetheless continue in full force and effect in accordance with its terms.

h. Third Party Beneficiaries

. Except as provided in Sections 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), 5.4 (*Indemnification of Officers and Directors*), 5.5 (*Disclosure*), 8.2

(*Indemnification of Participating Securityholders*) and 10.12 (*Conflict of Interest*) and, following the Closing with respect to all Persons that held Company Capital Stock, Company Options immediately prior to the Closing, Section 1 (*Description of Transaction*), nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than the parties hereto) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

i. Notices

. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received (a) upon receipt when delivered by hand, (b) upon receipt of a letter delivered by certified mail return receipt requested, (c) upon confirmation of receipt if sent by electronic transmission (with autoreply not being deemed confirmation of receipt), or (d) one Business Day after being sent by courier or express delivery service; *provided* that in each case the notice or other communication is sent to the address set forth beneath the name of such party below (or to such other address as such party shall have specified in a written notice given to the other parties hereto); *provided* that with respect to notices delivered to the Securityholders' Representative, such notices must be delivered solely via electronic transmission:

if to Parent or Merger Sub:

Integra LifeSciences Holdings Corporation
1100 Campus Road
Princeton, NJ 08540
Attention: Eric Schwartz, Executive Vice President, Chief Legal Officer and Secretary
E-mail: eric.schwartz@integralife.com

With a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Attention: Melissa Sawyer
Email: sawyerm@sullcrom.com

Integra LifeSciences Holdings Corporation

1100 Campus Road
Princeton, NJ 08540
Attention: Corporate Development
E-mail: andrea.caruso@integralife.com

if to the Company (prior to the Closing):

ACell, Inc.
6640 Eli Whitney Drive
Columbia, Maryland 21046
Attention: Christopher F. Branch, Chief Operating Officer and General Counsel
E-mail: chrisbranch@acell.com

or the Securityholders' Representative (after the Closing):

Fortis Advisors LLC

Attention: Notices Department (Project Ocean)
E-mail: notices@fortisrep.com

in the case of notices to the Company (prior to Closing) or to the Securityholders' Representative (after the Closing), with a copy to (which shall not constitute notice):

Cooley LLP

4401 Eastgate Mall
San Diego, CA 92121
Attention: Barbara Borden
E-mail: bordenbl@cooley.com

j. Severability

. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

k. Knowledge

. "***Knowledge***" of the Company shall mean (a) with respect to all matters other than those involving Intellectual Property, the actual knowledge of a fact or other matter, after reasonable inquiry, of the Knowledge Individuals, it being understood and agreed that a review of one's files shall constitute reasonable inquiry; and (b) with respect to matters involving Intellectual Property, the actual knowledge of a fact or other matter, after reasonable inquiry, of the Vice

President of R&D and Clinical Operations of the Company, it being understood and agreed that a review of such Person's files and consultation with such Person's direct reports taking into account the subject matter in question shall constitute reasonable inquiry. With respect to matters involving Intellectual Property, Knowledge does not require that the Knowledge Individuals have conducted, obtain or have obtained any freedom-to-operate opinions or similar opinions of counsel or any Intellectual Property clearance searches, and no knowledge of any third-party Intellectual Property that would have been revealed by such inquiries, opinions or searches will be imputed to the Knowledge Individuals or the direct reports of any of the foregoing; *provided* that any such opinions or searches that have been conducted or obtained prior to the Closing by the Company will not be excluded from the term "Knowledge" as a result of this sentence.

l. Conflict of Interest

. If the Securityholders' Representative so desires, acting on behalf of the Participating Securityholders and without the need for any Consent or waiver by the Company or Parent, Cooley LLP ("***Cooley***") shall be permitted to represent the Participating Securityholders after the Closing in connection with any matter, including, without limitation, anything related to the transactions contemplated by this Agreement, any other agreements referenced herein or any disagreement or dispute relating thereto. Without limiting the generality of the foregoing, after the Closing, Cooley shall be permitted to represent the Participating Securityholders, any of their agents and Affiliates, or any one or more of them, in connection with any negotiation, transaction or dispute (including any litigation, arbitration or other adversary proceeding) with Parent, the Company or any of their agents or Affiliates under or relating to this Agreement, any transaction contemplated by this Agreement, and any related matter, such as claims or disputes arising under other agreements entered into in connection with this Agreement, including with respect to any indemnification claims. Upon and after the Closing, the Company shall cease to have any attorney-client relationship with Cooley, unless and to the extent Cooley is specifically engaged in writing by the Company to represent the Company after the Closing and either such engagement involves no conflict of interest with respect to the Participating Securityholders or the Securityholders' Representative consents in writing at the time to such engagement. Any such representation of the Company by Cooley after the Closing shall not affect the foregoing provisions hereof.

m. Attorney-Client Privilege

. Parent and the Company agree that any attorney-client privilege, attorney work-product protection, and the expectation of client confidence attaching as a result of counsel's (whether external or internal) representation of the Company prior to the Closing and in connection with the transactions contemplated by this Agreement, including the Merger, and all pre-closing information and documents covered by such privilege or protection (the "***Covered Materials***"), shall belong to and be controlled by the Securityholders' Representative, and not by the Surviving Corporation, following the Closing, and may be waived only by the Securityholders' Representative, and not the Surviving Corporation, and shall not pass to or be claimed or used by Parent or the Surviving Corporation. Absent the consent of the Securityholders' Representative,

neither Parent nor the Surviving Corporation shall have a right to access the Covered Materials following the Closing and, in the event Parent or the Surviving Corporation accesses Covered Materials in violation of this sentence, such access will not waive or otherwise affect the rights of the Securityholders' Representative with respect to the related privilege or protection. Notwithstanding the foregoing, if a dispute arises between Parent or the Surviving Corporation, on the one hand, and a third party other than (and unaffiliated with) the Participating Securityholders and the Securityholders' Representative, on the other hand, after the Closing, then the Surviving Corporation may assert such attorney-client privilege to prevent disclosure to such Covered Materials; and *provided, further*, that Parent and the Surviving Corporation may not waive such privilege without the prior written consent of the Securityholders' Representative.

n. No Implied Representations

. The parties acknowledge that, except as expressly provided in Section 2 (*Representations and Warranties of the Company*) and Section 3 (*Representations and Warranties of Parent and Merger Sub*), none of the parties hereto has made or is making any representations or warranties whatsoever, implied or otherwise. The Company, the Participating Securityholders and their respective Affiliates and representatives each have not made any representation or warranty, express or implied, as to the accuracy or completeness of any information concerning the Company or the Participating Securityholders contained herein or made available in connection with Parent's investigation of the Company, except as expressly set forth in Section 2 (*Representations and Warranties of the Company*), and there shall be no liability that may be based on such information or errors therein or omissions therefrom. Except as expressly set forth herein, the Company makes no warranty of merchantability, suitability, fitness for a particular purpose or quality with respect to any of the tangible assets of the Company or as to the condition or workmanship thereof or the absence of any defects therein, whether latent or patent.

o. Specific Performance

. Each of the parties hereto agrees that this Agreement is intended to be legally binding and specifically enforceable pursuant to its terms and that Parent and the Company would be irreparably harmed if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide adequate remedy in such event. Accordingly, in addition to any other remedy to which a non-breaching party may be entitled at law, a non-breaching party shall be entitled to seek injunctive relief to prevent breaches of this Agreement and to specifically enforce the terms and provisions hereof, in each case without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at law or in equity.

p. Construction.

3. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders.

4. The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

5. As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

6. Except as otherwise indicated, all references in this Agreement to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits or Schedules to this Agreement.

7. The bold-faced headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

8. Any document uploaded to the online data room utilized for the transactions contemplated by this Agreement prior to 4:00 p.m., New York time, on the date of this Agreement shall be considered “made available,” “furnished,” “delivered” or “provided” for purposes of this Agreement.

9. Unless the context requires otherwise, the word “or” shall be inclusive such that for example, “A or B” shall be deemed to mean “A or B or both A and B.”

q. Disclosure Schedule

. The Disclosure Schedule has been arranged, for purposes of convenience only, as separate Parts corresponding to the subsections of Section 2 (*Representations and Warranties of the Company*) of this Agreement. The representations and warranties contained in Section 2 (*Representations and Warranties of the Company*) of this Agreement are subject to (a) the exceptions and disclosures set forth in the part of the Disclosure Schedule corresponding to the particular subsection of Section 2 (*Representations and Warranties of the Company*) in which such representation and warranty appears; (b) any exceptions or disclosures explicitly cross-referenced in such part of the Disclosure Schedule by reference to another part of the Disclosure Schedule; and (c) any exception or disclosure set forth in any other part of the Disclosure Schedule to the extent it is reasonably apparent that such exception or disclosure on its face is intended to qualify such representation and warranty. No reference to or disclosure of any item or other matter in the Disclosure Schedule shall be construed as an admission or indication that such item or other matter is material (nor shall it establish a standard of materiality for any purpose whatsoever) or that such item or other matter is required to be referred to or disclosed in the Disclosure Schedule. The information set forth in the Disclosure Schedule is disclosed solely for the purposes of this Agreement, and no information set forth therein shall be deemed to be an admission by any party hereto to any third party of any matter whatsoever, including of any violation of Law or breach of any agreement. The Disclosure Schedule and the information and disclosures contained therein are intended only to qualify and limit the representations,

warranties and covenants of the Company contained in this Agreement. Nothing in the Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in this Agreement or create any covenant. Matters reflected in the Disclosure Schedule are not necessarily limited to matters required by the Agreement to be reflected in the Disclosure Schedule. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature.

[Signature Page Follows]

In Witness Whereof, the parties have caused this Agreement to be executed as of the date first above written.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: /s/ Peter Arduini
Name: Peter Arduini
Title: President and Chief Executive Officer

ILS OCEAN 12-20 CORP.

By: /s/ Peter Arduini
Name: Peter Arduini
Title: President and Chief Executive Officer

In Witness Whereof, the parties have caused this Agreement to be executed as of the date first above written.

[Signature Page to Agreement and Plan of Merger]

ACELL, INC.

By: /s/ Patrick A. McBrayer
Name: Patrick A. McBrayer
Title: President and Chief Executive Officer

In Witness Whereof, the parties have caused this Agreement to be executed as of the date first above written.

[Signature Page to Agreement and Plan of Merger]

FORTIS ADVISORS LLC

By: /s/ Ryan Simkin
Name: Ryan Simkin
Title: Managing Director

[Signature Page to Agreement and Plan of Merger]

Exhibit A.

Certain Definitions

For purposes of the Agreement (including this Exhibit A):

1. "***280G Stockholder Vote***" shall have the meaning set forth in Section 5.1(b) (*Stockholder Consent or Approval*).

2. "***ACA***" shall have the meaning set forth in Section 2.15(f) (*Employee Benefit Plans and Employee Matters*).

3. "***ACell***" shall have the meaning set forth in the preamble to this Agreement.

4. "***ACell Business***" means the business of the ACell Products, including development, manufacture, commercialization, distribution or sale of the ACell Products.

5. "***ACell Products***" shall mean (i) all products commercialized or distributed by ACell for any indication as of the date of this Agreement, including products under the MicroMatrix®, Cytal®, Gentrix®, or ABRA brands or offered under a private label agreement as of the date of this Agreement and all configurations of such products that are currently under development or are based on currently planned improvements of such products and (ii) all configurations of the Cardion™ products currently under development and currently planned improvements of such products.

6. "***Accounting Principles***" shall mean GAAP as in effect at the date of the financial statement to which it refers, or if there is no such financial statement, then as of the Closing Date, using and applying the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Company in the preparation of the Audited Company Financial Statements; *provided* that if such accounting principles, practices, procedures, policies and methods and GAAP are inconsistent, GAAP shall control; *provided*, *further*, that Accounting Principles (i) shall not include any purchase accounting or other adjustment arising out of the consummation of the transactions contemplated by this Agreement, (ii) shall be based on facts and circumstances as they exist prior to the Closing and shall exclude the effect of any act, decision or event occurring on or after the Closing, (iii) shall follow the defined terms contained in this Agreement and (iv) shall calculate any reserves, accruals or other non-cash expense items on a pro rata (as opposed to monthly accrual) basis to account for a Closing that occurs on any date other than the last day of a calendar month.

7. "***Accounts Receivable***" shall mean (i) all trade accounts receivable and other rights to payment owed to the Company, and (ii) all other accounts receivable or notes receivable of the Company, in each case, as calculated in accordance with the Accounting Principles.

8. "***Additional Financial Statements***" shall have the meaning set forth in Section 4.4 (*Additional Financial Statements*).

9. "***Adjustment Amount***" shall have the meaning set forth in Section 1.11(g) (*Post-Closing Adjustment to Closing Merger Consideration Amount*).

10. "***Advisory Group***" shall have the meaning set forth in Section 1.16(e) (*Securityholders' Representative*).

11. "***Affiliate***" shall mean, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person (but excluding, with respect to the Company, any portfolio companies of venture capital or investment funds that are, or otherwise affiliated with, Company Stockholders, which portfolio companies may otherwise be deemed to be "under common control with" the Company).

12. "***Aggregate Exercise Amount***" shall mean the aggregate exercise price of all Company Options outstanding as of immediately prior to the Effective Time as set forth on the Estimated Closing Statement.

13. "***Agreement***" shall have the meaning set forth in the preamble of this Agreement.

14. "***Anti-Corruption Laws***" shall mean the (i) Foreign Corrupt Practices Act of 1977, as amended, and the related regulations and published interpretations thereunder, (ii) the UK Anti-Bribery Act and (iii) other applicable anti-corruption law in other jurisdictions in which the Company conducts business.

15. "***Antitrust Law***" shall mean the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, as amended, and all other federal, state and foreign statutes, rules, regulations, orders, decrees, and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or competition.

16. "***Applicable Escrow Release Date***" shall have the meaning set forth in Section 1.17(d) (*Escrow Agreement).*

17. "***Approved Relatives***" shall have the meaning set forth in Section 1.12(l) (*Earnout Consideration*).

18. "***Arbitration Fees***" shall have the meaning set forth in Section 1.12(n) (*Earnout Consideration*).

19. "***Arbitration Rules***" shall have the meaning set forth in Section 1.12(n) (*Earnout Consideration*).

20. "***Auditor***" shall have the meaning set forth in Section 1.12(h) (*Earnout Consideration*).

21. "***Audited Company Financial Statements***" shall have the meaning set forth in Section 2.4(a) (*Financial Statements*).

22. "***Balance Sheet Date***" shall have the meaning set forth in Section 2.4(a) (*Financial Statements*).

23. "***Book-Entry***" shall have the meaning set forth in Section 1.9 (*Closing of the Company Transfer Books*).

24. "***Business Day***" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in Maryland or New York City, New York.

25. ***"CARES Act"*** shall mean the Coronavirus Aid, Relief, and Economic Security Act.

26. "***Cash and Cash Equivalents***" shall mean, with respect to the Company, as of the Reference Time (but before taking into account the consummation of the transactions contemplated hereby), the aggregate amount of cash, cash equivalents and marketable securities held by the Company, as determined in accordance with the Accounting Principles, *less* (a) the aggregate amount of outstanding checks or drafts of the Company that have not posted, *plus* (b) checks received by the Company that have not been posted (after reducing Accounts Receivable or any other related current asset by the amount of such unposted check).

27. "***Certificate of Merger***" shall have the meaning set forth in Section 1.3 (*Closing; Effective Time*).

28. "***Chosen Courts***" means the Court of Chancery of the State of Delaware and any state appellate court therefrom within the State of Delaware (or, if the Court of Chancery of the state of Delaware declines to accept jurisdiction over a particular matter, any federal court within the state of Delaware or, in the event each federal court within the state of Delaware declines to accept jurisdiction over a particular matter, any state court within the state of Delaware).

29. "***Closing***" shall have the meaning set forth in Section 1.3 (*Closing; Effective Time*).

30. "***Closing Assets***" shall mean the current assets of the Company in accordance with the Accounting Principles, including Accounts Receivable, prepaid expenses, deferred bank fees, prepaid software licenses, prepaid insurances, long-term deposits (not included in Cash and Cash Equivalents), credit card prepayments and Inventory, but excluding (i) Cash and Cash Equivalents, and (ii) (for the avoidance of doubt) Tax assets and Tax attributes.

31. "***Closing Company Share Number***" shall mean the *sum* of (a) the aggregate number of outstanding shares of Company Common Stock held by the Participating Securityholders immediately prior to the Effective Time, (b) the aggregate number of shares of Company Common Stock issuable upon the conversion of shares of Company Preferred Stock held by the Participating Securityholders as of immediately prior to the Effective Time, and (c) the aggregate number of shares of Company Common Stock issuable upon the exercise of

Company Options (but excluding any Company Performance Options) outstanding as of immediately prior to cancellation immediately prior to the Effective Time.

32. "***Closing Date***" shall have the meaning set forth in Section 1.3 (*Closing; Effective Time*).

33. "***Closing Date Balance Sheet***" shall mean a balance sheet of the Company as of the Reference Time prepared (i) from and in accordance with the books and records of the Company and (ii) in accordance with the Accounting Principles.

34. "***Closing Date Cash Amount***" shall mean the Cash and Cash Equivalents of the Company as of the Reference Time determined in accordance with the Accounting Principles.

35. "***Closing Date Indebtedness***" shall mean the Debt of the Company as of the Reference Time determined in accordance with the Accounting Principles.

36. "***Closing Date Net Working Capital***" shall mean an amount (which may be positive or negative) equal to (a) the Closing Assets *minus* (b) the Closing Liabilities, in each case, as of the Reference Time, determined and calculated in accordance with the Accounting Principles

. Exhibit E sets forth, for illustrative purposes only, a calculation of the Closing Date Net Working Capital as of November 30, 2020 prepared in accordance with the Accounting Principles.

"***Closing Date Transaction Expenses***" shall mean, without duplication, (i) the aggregate expenses, fees and disbursements of all attorneys, accountants, investment bankers and Securityholders' Representative of the Company in connection with the negotiation, execution, delivery and performance of this Agreement and any similar expenses, fees and disbursements arising out of or resulting from the negotiation, execution, delivery and performance of this Agreement, (ii) the upfront engagement fee of the Securityholders' Representative of the Company, (iii) 50% of any Transfer Taxes, (iv) the cost of obtaining the D&O Policy (to the extent unpaid by the Company prior to the Closing) (other than amounts payable in respect of tails for the Company's existing claims-made employment practices liability policy and fiduciary liability policy), (v) the Severance Amount and any other bonus or transaction fee, single-trigger change in control, retention, compensatory or similar payment (excluding the payment of the Closing Merger Consideration Amount, any Earnout Payment or other payments or distributions to be made to the Employee Option Holders) that becomes payable to an employee or director of the Company as a result of transactions contemplated hereby (excluding any right to receive severance or right to receive any payments under this Agreement in respect of equity interests other than the Severance Amount) (whether payable prior to, on or following the Closing), in each case (a) determined in accordance with the Accounting Principles and (b) to the extent that such fees, expenses and disbursements have not been paid by the Company prior to the determination of the Company's Estimated Closing Date Net Working Capital set forth on the Estimated Closing Statement; *provided* that to the extent any Closing Date Transaction Expenses become due and payable, Parent shall promptly pay such amounts to the applicable third party on

behalf of the Surviving Corporation and provide to the Securityholders' Representative evidence of such payment; *provided, further*, that Closing Date Transaction Expenses shall not include Taxes except (x) 50% percent of any Transfer Taxes and (y) the Sellers Employer Taxes

. For the avoidance of doubt, (i) Parent and its Affiliates (and not the Participating Securityholders) shall be responsible for and shall pay Parent Employer Taxes with respect to any amounts payable in connection with the transactions contemplated by this Agreement, including payment of the Closing Merger Consideration Amount, any Earnout Payment or other payments or distributions to be made to the Employee Option Holders and (ii) the Transaction Bonus Pool, the Accrued 2020 Bonus Pool (including the 2020 ACell Executive Bonus Plan), Additional 2020 Bonus Pool, Crossover Financing Pool, Bonus Retention Pool and the Regional Sales Manager Bonus, to the extent not paid in full prior to the Closing Date, each constitute Closing Date Transaction Expenses. Any amounts paid by the Company prior to Closing in respect of tails for the Company's existing claims-made employment practices liability policy and fiduciary liability policy pursuant to Section 5.4(b) shall be at Parent's expense up to $100,000 and shall reduce the aggregate amount of Closing Date Transaction Expenses to that extent.

37. "***Closing Liabilities***" shall mean the current liabilities of the Company in accordance with the Accounting Principles, including accounts payable, accrued vacation, accrued expenses, unearned revenue, accrued expense reports, accrued payable for data, current Tax liabilities (as determined by the Company in good faith in accordance with the Company's ordinary course methods for calculating its Taxes, except that current liabilities for income Taxes shall be reduced, but not below zero (0), by taking into account the Transaction Deductions as set forth in Section 8.9(b) ("***Current Tax Liabilities***") (and excluding, for the avoidance of doubt, contingent liabilities for Taxes)) and any Tax liabilities as of the Closing Date deferred pursuant to the CARES Act or the Payroll Tax Executive Order or similar relief (whether such Tax liabilities are current or otherwise), and benefits payable (other than, for the avoidance of doubt, any double trigger payments payable pursuant to a second trigger occurring following the Closing), but excluding (a) any liability included in the Closing Date Indebtedness and Closing Date Transaction Expenses to the extent actually deducted from the calculation of the Closing Merger Consideration Amount (b) any current liabilities that are non-cash charges or expenses, and (c) the Parent Employer Taxes with respect to any amounts payable in connection with the transactions contemplated by this Agreement, including payment of the Closing Merger Consideration Amount, any Earnout Payment or other payments or distributions to be made to the Employee Option Holders; it being understood that the foregoing amounts (including, for the avoidance of doubt, the current Tax liabilities) shall be calculated as if the PPP Loan had been forgiven prior to the Closing Date.

38. "***Closing Merger Consideration Amount***" shall mean cash in an amount equal to:

(a) the Upfront Purchase Price;

(b) *minus* the Securityholders' Representatives Reserve;

(c) *minus* the Escrow Amount;

(d) *plus* the Estimated Closing Date Cash Amount, subject to adjustment as provided in Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount)*;

(e) *minus* the Estimated Closing Date Indebtedness, subject to adjustment as provided in Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount)*;

(f) *plus* Estimated Net Working Capital Adjustment, subject to adjustment as provided in Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*);

(g) *minus* the Estimated Closing Date Transaction Expenses, subject to adjustment as provided in Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount)*;

(h) *plus* the Aggregate Exercise Amount.

39. "***Closing Options Payout Amount***" shall have the meaning set forth in Section 1.6(a) (*Treatment of Company Options*).

"***Closing Payment Schedule***" shall have the meaning set forth in Section 6.7(e) (*Agreements and Documents*)."***Closing Statement***" shall have the meaning set forth in Section 1.11(b) (*Post-Closing Adjustment to Closing Merger Consideration Amount*).

40. "***COBRA***" shall have the meaning set forth in Section 2.15(o) (*Employee Benefit Plans and Employee Matters*).

41. "***Code***" shall mean the Internal Revenue Code of 1986, as amended.

"***Commercially Reasonable Efforts***" shall have the meaning set forth in Section 1.12(d) (*Earnout Consideration*).

42. "***Company***" shall have the meaning set forth in the preamble to this Agreement.

43. "***Company 401(k) Plan***" shall have the meaning set forth in Section 5.3(d) (*Employee Benefits*).

44. "***Company Board***" shall mean the board of directors of the Company.

45. "***Company Capital Stock***" shall mean, collectively, the Company Common Stock and the Company Preferred Stock.

46. "***Company Charter***" shall mean the Company's Fourth Amended and Restated Certificate of Incorporation, as filed with the Secretary of the State of Delaware on April 11, 2011, as amended or restated, and in effect immediately prior to the Effective Time.

47. "***Company Common Stock***" shall mean the common stock, $0.001 par value per share, of the Company.

48. "***Company Financial Statements***" shall have the meaning set forth in Section 2.4(a) (*Financial Statements*).

49. "***Company Healthcare Laws***" shall have the meaning set forth in Section 2.9(b) (*Regulatory Matters*).

50. "***Company Intellectual Property***" shall mean all Intellectual Property owned or purported to be owned by the Company.

51. "***Company Material Adverse Effect***" shall mean any change, effect, event, occurrence, state of facts or development or cause thereof that, individually or in the aggregate is, or would reasonably be expected to, (i) prevent, materially delay or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement or the other Transaction Documents to which it is a party or to otherwise consummate the transactions contemplated by this Agreement or (ii) be materially adverse to the assets, liabilities, financial condition or existing business of the Company (taken as a whole), ; *provided*, *however*, that with respect to clause (ii), none of the following (individually or in combination) shall be deemed to constitute, or shall be taken into account in determining whether there has been, a Company Material Adverse Effect: (a) any adverse effect resulting from general business or economic conditions, except to the extent such general business or economic conditions have a disproportionate effect on the Company as compared to any of the other companies in the Company's industry; (b) any adverse effect resulting from conditions generally affecting any industry or industry sector in which the Company operates or competes, except to the extent such conditions generally affecting any industry have a disproportionate effect on the Company as compared to any of the other companies in such industry or industry sector; (c) any adverse effect resulting from hurricanes, earthquakes, floods, tsunamis, tornadoes, mudslides, fires or other disasters, epidemics, pandemics (including COVID-19) and other force majeure events, except to the extent such event has a disproportionate effect on the Company as compared to any of the other companies in the Company's industry; (d) any adverse effect resulting from the announcement, execution or delivery of this Agreement or the pendency of the Merger (but not for the avoidance of doubt, the consummation of the Merger); (e) any adverse effect resulting from any change in GAAP or any change in applicable Laws or the authoritative interpretation thereof; (f) the failure of the Company to meet internal expectations, projections or operating results (but taking into account underlying causes that are not otherwise excluded in (a)-(g) of this definition); (g) any adverse effect resulting from any action taken by the Company at the Parent's direction or with Parent's express written consent; or (h) any adverse effect resulting from any breach by Parent or Merger Sub of any provision of this Agreement or the taking of any other action by Parent or Merger Sub.

52. "***Company Options***" shall mean options to purchase shares of Company Common Stock.

"***Company Performance Options***" shall mean the options listed on Section 1.6(b) of the Disclosure Schedule.

53. "***Company Plan***" shall have the meaning set forth in Section 2.15(a) (*Employee Benefit Plans and Employee Matters*).

54. "***Company Preferred Stock***" shall mean collectively the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock.

55. "***Company Products***" shall have the meaning set forth in Section 2.9(a) (*Regulatory Matters*).

56. "***Company Regulatory Agency***" shall have the meaning set forth in Section 2.9(a) (*Regulatory Matters*).

57. "***Company Regulatory Permits***" shall have the meaning set forth in Section 2.9(a) (*Regulatory Matters*).

58. "***Company Returns***" shall mean any Tax Return required to be filed by the Company.

59. "***Company Service Provider Agreement***" shall have the meaning set forth in Section 2.15(a) (*Employee Benefit Plans and Employee Matters*).

60. "***Company Stock Certificate***" shall have the meaning set forth in Section 1.9 (*Closing of the Company's Transfer Books*).

61. "***Company Stockholders***" shall mean the holders of Company Capital Stock.

62. "***Comparable Products***" shall mean such comparable products of the Parent or any of its Affiliates that are intended for wound reconstruction or care or for the reinforcement of soft tissue where weakness exists, which may include a variety of hernia repairs, in each case, with similar addressable markets to the ACell Products.

63. "***Confidentiality Agreement***" shall mean that certain Confidentiality Agreement, dated as of September 19, 2020, by and between Parent and the Company.

64. "***Consent(s)***" shall mean any consent, approval or waiver.

65. "***Continuing Employee***" shall have the meaning set forth in Section 5.3(a) (*Employee Benefits*).

66. "***Contract***" shall mean any contract, plan, undertaking, arrangement, concession, understanding, agreement, agreement in principle, franchise, permit, instrument, license, lease, sublease, note, bond, indenture, deed of trust, mortgage, loan agreement or other binding commitment, whether written or oral.

67. "***Cooley***" shall have the meaning set forth in Section 10.12 (*Conflict of Interest*).

68. "***Covered Materials***" shall have the meaning set forth in Section 10.13 (*Attorney-Client Privilege*).

69. "***COVID-19***" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof or related or associated epidemics, pandemic or disease outbreaks.

70. "***COVID-19 Measures***" shall mean any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester, safety or similar Law, directive, guidelines or recommendations promulgated by any Governmental Body, including the Centers for Disease Control and Prevention, in each case, (a) in connection with or in response to COVID-19, including the CARES Act and Families First Act or (b) to ensure the health and safety of any of the Company's employees in light of COVID-19.

"***Current Tax Liabilities***" shall have the meaning set forth in the definition of "***Closing Liabilities.***"

71. "***D&O Indemnified Persons***" shall have the meaning set forth in Section 5.4(a) (*Indemnification of Officers and Directors*).

72. "***D&O Policy***" shall have the meaning set forth in Section 5.4(b).

73. "***Damages***" shall mean losses, costs, damages and expenses, including reasonable and documented out-of-pocket attorneys' fees and expenses and reasonable fees and expenses of other professionals and experts, that have been incurred or properly paid by an Indemnified Party; *provided*, *however*, that "Damages" shall not include any (i) special, exemplary or punitive damages or (ii) damages (including lost profits) that are not reasonably foreseeable or any diminution in value or losses calculated by any "multiplier" calculation methodology, except in each case to the extent (A) paid or payable by an Indemnified Party to a third Person in connection with a Third Person Claim or (B) covered by the R&W Insurance.

74. "***Debt***" shall mean the outstanding principal amount of, and all interest and other amounts accrued in respect of and all amounts payable at retirement of, (a) any indebtedness for borrowed money of the Company, (b) any obligation of the Company evidenced by bonds, debentures, notes or other similar instruments, (c) any reimbursement obligation of the Company with respect to letters of credit (including standby letters of credit to the extent drawn upon), bankers' acceptances or similar facilities issued for the account of the Company and any termination or other fees payable in relation thereto, (d) any capital leases, (e) off-balance sheet financing, (f) the Settlement Debt, (g) the PPP Loan (h) any obligation of the type referred to in clauses (a) through (g) of another Person the payment of which the Company has guaranteed or for which the Company is responsible or liable, directly or indirectly, jointly or severally, as obligor or guarantor, (h) accrued interest, premium, penalty or other obligation relating to clauses (a) through (g) and (i) any dividends declared but unpaid owed to a holder of shares of Company Preferred Stock

. Notwithstanding the foregoing, "***Debt***" shall not include (i) any letters of credit to the extent not drawn upon, (ii) any bank guarantees, (iii) non-cancellable purchase commitments, (iv)

surety bonds and performance bonds, (v) trade payables or other current liabilities in the ordinary course of business or (vi) any deferred rent. For purposes of Section 1 (*Description of Transaction*), Debt shall mean Debt, as defined above, outstanding as of the Reference Time (but before taking into account the consummation of the transactions contemplated by this Agreement). For the avoidance of doubt, Debt shall not include any Taxes.

75. "***Deductible***" shall mean $250,000.

76. "***DGCL***" shall have the meaning set forth in the recitals of this Agreement.

77. "***Disclosure Schedule***" shall mean the disclosure schedule that has been prepared by the Company and delivered or made available to Parent and Merger Sub on the date of the Agreement

. The contents of each of the contracts and other documents referred to in the Disclosure Schedule shall be deemed to be incorporated and referred to in the Disclosure Schedule as though set forth in full therein.

78. "***Dispute Auditor***" shall have the meaning set forth in Section 1.11(d) (*Post-Closing Adjustment to Closing Merger Consideration Amount*).

79. "***Dispute Notice***" shall have the meaning set forth in Section 1.11(c) (*Post-Closing Adjustment to Closing Merger Consideration Amount*).

80. "***Dissenting Shares***" shall have the meaning set forth in Section 1.15 (*Appraisal and Dissenters' Rights*).

81. "***Dissenting Stockholder***" shall have the meaning set forth in Section 1.15 (*Appraisal and Dissenters' Rights*).

82. "***DOJ***" shall have the meaning set forth in Section 5.2(d) (*Regulatory Filings; Reasonable Best Efforts*).

83. "***Earnout Arbitration***" shall have the meaning set forth in Section 1.12(n) (*Earnout Consideration*).

84. "***Earnout Dispute Notice***" shall have the meaning set forth in Section 1.12(f) (*Earnout Consideration*).

85. "***Earnout Dispute Auditor"*** shall have the meaning set forth in Section 1.12(g) (*Earnout Consideration*).

86. "***Earnout Payment***" shall have the meaning set forth in Section 1.12(a) (*Earnout Consideration*).

87. "***Earnout Report***" shall have the meaning set forth in Section 1.12(b) (*Earnout Consideration*).

88. "***Effective Time***" shall have the meaning set forth in Section 0 (*Closing; Effective Time*).

89. "***Employee Option***" shall mean a Company Option granted to an Person in their capacity as an employee of the Company for applicable employment Tax purposes.

90. "***Employee Option Holder***" shall mean each holder of a Company Option that is an employee of the Company or was an employee of the Company when the Company Option was granted.

91. "***End Date***" shall mean the date that is 270 days from the date of this Agreement *provided, however*, that each of the Company and Parent shall have the right to extend the End Date by up to 60 days if any of the conditions set forth in Section 6 (*Conditions Precedent to the Obligations of Parent and Merger Sub*) or Section 7 (*Conditions Precedent to the Obligation of the Company*) of the Agreement shall not have been satisfied or waived on or prior to such date upon prior written notice to the other party.

92. "***Entity***" shall mean any corporation (including any nonprofit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

93. "***Environmental Law***" shall mean any Law or governmental regulation relating to (a) the protection, preservation or restoration of the environment (including, air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource); (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of, any Hazardous Substances; or (c) safety issues (including human and occupational safety and health), in each case as amended and as in effect on the date hereof.

94. "***Environmental Permit***" shall mean any material permit, license, review, certification, approval, registration, Consent or other authorization issued pursuant to any Environmental Laws.

95. "***Equity Incentive Plans***" shall mean the Company's 2002 Stock Option and Incentive Plan and 2011 Stock Option and Grant Plan, in each case, as amended or restated.

96. "***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended.

97. "***ERISA Affiliate***" shall have the meaning set forth in Section 2.15(i) (*Employee Benefit Plans and Employee Matters*).

98. "***Escrow Account***" shall have the meaning set forth in Section 1.17(a) (*Escrow Agreement*).

99. "***Escrow Agent***" shall mean such escrow agent as shall be mutually and reasonably agreed upon by Parent and the Securityholders' Representative.

100. "***Escrow Agreement***" shall have the meaning set forth in Section 1.17(a).

101. "***Escrow Amount***" shall mean an amount equal to the aggregate of the Special Escrow Amount, the Purchase Price Escrow Amount and the Retention Escrow Amount.

102. "***Escrow Fund***" shall mean, at any given time after the Closing, the funds remaining in the Escrow Account, including any amount of interest actually earned.

103. "***Estimated Closing Date Cash Amount***" shall have the meaning set forth in the definition of "***Estimated Closing Statement***" in this Exhibit A.

104. "***Estimated Closing Date Indebtedness***" shall have the meaning set forth in the definition of "***Estimated Closing Statement***" in this Exhibit A.

105. "***Estimated Closing Date Net Working Capital***" shall have the meaning set forth in the definition of "***Estimated Closing Statement***" in this Exhibit A.

106. "***Estimated Closing Date Transaction Expenses***" shall have the meaning set forth in the definition of "***Estimated Closing Statement***" in this Exhibit A.

107. "***Estimated Closing Statement***" shall mean a written statement setting forth (a) an estimated Closing Date Balance Sheet and (b) in reasonable detail (i) the Aggregate Exercise Amount; and (ii) the Company's good faith estimate of (1) the Closing Date Net Working Capital (the "***Estimated Closing Date Net Working Capital***"), and the Estimated Net Working Capital Adjustment, (2) the Closing Date Cash Amount (the "***Estimated Closing Date Cash Amount***"), (3) the Closing Date Indebtedness (the "***Estimated Closing Date Indebtedness***"), (4) the Closing Date Transaction Expenses (the "***Estimated Closing Date Transaction Expenses***") and (5) the Settlement Debt (the "***Estimated Settlement Debt***").

108. "***Estimated Net Working Capital Adjustment***" shall mean, as applicable: (a) the amount by which the Target Net Working Capital exceeds the Estimated Closing Date Net Working Capital by more than $100,000 (expressed as a negative amount), (b) the amount by which the Estimated Closing Date Net Working Capital exceeds the Target Net Working Capital by more than $100,000 (expressed as a positive amount), or (c) if the absolute value of the difference between the Estimated Closing Date Net Working Capital and the Target Net Working Capital is $100,000 or less, $0.

109. "***Estimated Settlement Debt***" shall have the meaning set forth in the definition of "***Estimated Closing Statement***" in this Exhibit A.

"***Excluded Products***" shall mean any (i) Cardion™ products, (ii) ABRA products and (iii) other pipeline products of the Company of which no commercial sales have been made as of the date of this Agreement, in each case, including any such products under development, any currently planned improvements thereto or any configurations thereof.

110. "***FDA***" shall mean the U.S. Food and Drug Administration, or any successor agency or authority thereto

.

111. "***FDCA***" shall mean the Federal Food, Drug, and Cosmetic Act, as amended, and all related rules, regulations and guidance (including, without limitation, the regulations promulgated in title 21 of the Code of Federal Regulations).

112. "***Final Award***" shall have the meaning set forth in Section 1.12(n) (*Earnout Consideration*).

"***Final Net Working Capital Adjustment***" shall mean, as applicable: (a) the amount by which the Target Net Working Capital exceeds Closing Date Net Working Capital by more than $100,000 (expressed as a negative amount); (b) the amount by which the Closing Date Net Working Capital exceeds the Target Net Working Capital by more than $100,000 (expressed as a positive amount); or (c) if the absolute value of the difference between the Target Net Working Capital and the Closing Date Net Working Capital is $100,000 or less, $0;

"***FTC***" shall have the meaning set forth in Section 5.2(d) (*Regulatory Filings; Reasonable Best Efforts*).

113. "***GAAP***" shall mean United States generally accepted accounting principles

. With respect to the computations pursuant to Section 1.11 (*Post-Closing Adjustment to Closing Merger Consideration Amount*), GAAP shall mean such principles as in effect as of the Reference Time.

114. "***GDPR***" means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

115. "***Government Official***" shall mean (a) any officer or employee of any Governmental Body, (b) any Person acting in an official capacity on behalf of a Governmental Body, (c) any officer or employee of a Person that is majority or wholly owned by a Governmental Body, (d) any officer or employee of a public international organization, such as the World Bank or the United Nations, (e) any officer or employee of a political party or any Person acting in an official capacity on behalf of a political party or (f) any candidate for political office.

116. "***Governmental Authorization***" shall mean any (a) permit, license, certificate, franchise, permission, variance, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement or (b) right under any Contract with any Governmental Body.

117. "***Governmental Body***" shall mean any national, federal, regional, state, provincial, local, or foreign or other governmental authority or instrumentality, legislative body, court, administrative agency, regulatory body, commission.

118.

119. "***Hazardous Substance***" shall mean any substance listed, defined, designated or classified as hazardous, toxic, radioactive, dangerous, or a "pollutant" or "contaminant" or otherwise regulated, under any Environmental Law

. "Hazardous Substance" shall include any substance for which exposure is regulated by any Governmental Body or any Environmental Law, including any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, regulated medical waste, petroleum or any derivative or by-product thereof, radon, radioactive material, asbestos, or asbestos containing material, urea formaldehyde foam insulation, lead, mold, mold spores and mycotoxins or polychlorinated biphenyls or other similar substances.

120. "***HCP Attestation***" shall have the meaning set forth in Section 1.12(l).

121. "***HCP Exclusion***" shall have the meaning set forth in the definition of "***Net Revenue***" in this Exhibit A.

122. "***Health Care Professional***" means any Person (*e.g.*, hospital or hospital purchase manager, physician, nurse, medical practice group or medical practice group manager, group purchasing organization or third-party payor) that purchases, leases, recommends, uses, prescribes or arranges for the purchase or lease of Company Products or related services or similar products or services.

123. "***HSR Act***" shall mean the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended.

124. "***ICC***" shall have the meaning set forth in Section 1.12(n) (*Earnout Consideration*).

125. "***Indemnification Demand***" shall have the meaning set forth in Section 8.3(a) (*Indemnification Mechanics*).

126. "***Indemnification Dispute Notice***" shall have the meaning set forth in Section 8.3(b) (*Indemnification Mechanics*).

127. "***Indemnified Party***" shall mean the Person entitled to indemnification under Section 8 (*Indemnification*).

128. "***Indemnitor***" shall have the meaning set forth in Section 8.4(a) (*Third Person Claim Indemnification Mechanics*).

129. "***Information Statement***" shall have the meaning set forth in Section 5.1(c).

130. "***Initial Company Stockholder Vote***" shall mean the affirmative vote by written consent of (a) the holders of a majority of the shares of Company Common Stock and Company Preferred Stock outstanding on the applicable record date, voting together as a single class (with the Company Preferred Stock voting on an "as converted" basis), (b) the holders of a majority of each series of the Preferred Stock, voting as separate classes on an "as-converted" basis and on a total shares outstanding basis, to the conversion of Preferred Stock solely into the right to receive an amount in cash as set forth in this Agreement and (c) the holders of a majority of the Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock outstanding on the applicable record date, voting together as a single class on an "as-converted" basis and on a total shares outstanding basis

131. "***Insurance Policies***" shall have the meaning set forth in Section 2.17 (*Insurance*).

132. "***Intellectual Property***" shall mean the following, anywhere in the world, including registrations and applications therefor, goodwill, common law rights, and moral rights thereto:

(a) patents and utility models of any kind, patent applications, including provisional applications, statutory invention registrations, inventions, discoveries and invention disclosures (whether or not patented), and all related continuations, continuation-in-part, divisions, reissues, re-examinations, substitutions, and extensions thereof (collectively, "***Patents***");

(b) trademarks, service marks, trade names, symbols, logos, trade dress, and all other similar identifiers of origin, whether or not registered, and all pending applications for registration of the same, other than regulatory filings;

(c) copyrights, works of authorship whether or not published or registered, and all pending applications for registration of the same;

(d) Internet domain names and URLs;

(e) trade secrets and other rights in know-how and confidential or proprietary information (collectively, "***Trade Secrets***");

(f) computer programs, software and databases, whether in object or source code form; and

(g) all other intellectual property rights.

133. "***Intellectual Property Contract***" shall have the meaning set forth in Section 2.8(l).

134. "***Inventory***" shall mean (a) all Company Products that have received all intended increments of value through manufacturing or other processing and that are being held for resale, and (b) all raw materials, parts, components, work-in-progress, field inventory loaners, sales force inventory, consignment, packaging materials and similar items with respect to the

Company Products, in each case wherever located and including such items previously ordered or purchased and in transit to the Company.

135. "***IRS***" shall mean the Internal Revenue Service.

136. "***IT Assets***" means computers, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology equipment, and all associated documentation.

137. "***Joint Written Instructions***" shall have the meaning set forth in Section 1.17(d) (Escrow Agreement).

138. "***Knowledge***" shall have the meaning set forth in Section 10.11 (*Knowledge*).

139. "***Knowledge Individuals***" shall mean the following Persons: Patrick McBrayer, Christopher Branch, Matthew Kunst and Bill Hrubes.

140. "***Law***" shall mean any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body.

141. "***Leased Real Property***" shall have the meaning set forth in Section 2.7(a) (*Real Property; Leasehold*).

142. "***Legal Proceeding***" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

143. "***Legal Requirement***" shall mean any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of NASDAQ).

144. "***Letter of Transmittal***" shall have the meaning set forth in Section 1.10(a) (*Exchange/Payment*).

145. "***Lien***" or "***Liens***" shall mean all mortgages, licenses, encumbrances, security interests, claims, charges or pledges.

146. "***Material Contract***" shall have the meaning set forth in Section 2.10(a) (*Material Contracts*).

147. "***MDR***" shall have the meaning set forth in Section 2.9(h) (*Regulatory Matters*).

148. "***Merger***" shall have the meaning set forth in the recitals of this Agreement.

149. "***Merger Sub***" shall have the meaning set forth in the preamble of this Agreement.

150. "***Milestone Period***" shall have the meaning set forth in Section 1.12(c) (*Earnout Consideration*).

151. "***Milestone Year***" shall have the meaning set forth in Section 1.12(a) (*Earnout Consideration*).

152. "***Net Revenue***" shall mean the amounts, determined in accordance with GAAP and Parent's revenue recognition policies, that Parent and its Affiliates record for commercial sales of ACell Products to third parties during the relevant period anywhere in the world, reduced only by the following amounts to the extent allocable to such sales of ACell Products and to the extent consistent with Parent's practices for products of like character: (a) any refunds, credits or allowances actually given or credited to any third party due to rejections, defects, recalls, price adjustments or returns of ACell Products, (b) any discounts, rebates or samples actually given or credited, (c) sales, use, occupation, value-added, consumption, import, export or excise or other Taxes levied on, absorbed, determined or imposed with respect to such sales (excluding income or net profit taxes or franchise taxes of any kind), to the extent paid by Parent or any of its Subsidiaries, (d) freight, duty, insurance or other transportation related costs included therein, (e) amounts written-off by Parent or its Affiliates during such period as uncollectible, (f) warranty expense estimated at the time of shipment, regardless of whether it is in-line with GAAP to include warranty as a deduction from revenue, (g) any deferrals of revenue in accordance with GAAP and Parent's revenue recognition policies, , and (h) rebates (or their equivalent) granted by Parent or its Affiliate (including to Governmental Bodies, purchasers, reimbursors, customers, distributors, wholesalers, and group purchasing and managed care organizations and entities (and other equivalent entities and institutions)) which effectively reduce the selling price or gross sales

. When calculating the Net Revenue for any period, the amount of such sales in foreign currencies shall be converted into United States dollars pursuant to the foreign exchange rate used by Parent in its financial reporting in accordance with GAAP for such period. If the ACell Product is sold as part of a bundle, combination or kit not all of which would be an ACell Product, then Parent shall calculate in good faith the invoiced price of the ACell Product allocable to Net Revenue in proportion to the ACell Product's average selling price as a stand-alone product versus the average selling price of the other components of the bundle, combination or kit as a stand-alone product in commercial quantities pursuant to an arm's-length transaction to similar third parties. If the ACell Product is sold as part of a bundle, combination or kit not all of which would be an ACell Product and the ACell Product or other components of the bundle, combination or kit, is not sold as a stand-alone product, then the Parent or its Affiliates shall calculate in good faith the invoice price of the ACell Product allocable to Net Revenues, based on the ACell Product's relative value in relation to the relative value of the bundle, combination or kit. Net Revenue shall exclude all revenue derived from any Participating Securityholder or other Person entitled to receive any amounts hereunder, in their capacity as a Health Care Professional (including Persons listed on Section 1 of the Disclosure Schedule so

long as such Person is entitled to receive any amounts hereunder), (A) making use of any ACell Products in any medical procedure or (B) marketing, promoting or otherwise encouraging any other person to use ACell Products (the "***HCP Exclusion***"); *provided that* a determination as to whether a Participating Securityholder is a Health Care Professional shall be made based on such Participating Securityholder's representations under the Letter of Transmittal and any HCP Attestation delivered pursuant to this Agreement.

153. "***Non-Dissenting Stockholder***" shall mean each Company Stockholder that does not perfect or otherwise loses such stockholder's appraisal or dissenters' rights under the DGCL and is otherwise entitled to receive consideration pursuant to Section 1.5 (*Conversion of Shares*).

154. "***Non-Employee Option***" shall mean a Company Option granted to a Person other than in a capacity as an employee of the Company for applicable employment Tax purposes.

155. "***Non-Employee Option Holder***" shall mean each holder of a Company Option who is not an Employee Option Holder.

156. "***Notice Period***" shall have the meaning set forth in Section 8.4(b) (*Third Person Claim Indemnification Mechanics*).

157. "***OFAC***" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control

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158. "***Ownership Percentage***" shall, with respect to a Participating Securityholder, be equal to the quotient obtained by *dividing* (a) the aggregate number of shares of Company Common Stock held by such Participating Securityholder as of immediately prior to the Effective Time (including, for purposes of this definition, (i) the aggregate number of shares of Company Common Stock issuable upon the conversion of shares of Company Preferred Stock outstanding as of immediately prior to the Effective Time, and (ii) the aggregate number of shares of Company Common Stock underlying Company Options outstanding as of immediately prior to cancellation immediately prior to the Effective Time) by (b) the Closing Company Share Number.

159. "***Parent***" shall have the meaning set forth in the preamble of this Agreement.

160. "***Parent 401(k) Plan***" shall have the meaning set forth in Section 5.3(e) (*Employee Benefits*).

161. "***Parent Deductible***" shall mean $2,250,000.

"***Parent Employer Taxes***" shall mean in respect of any payment all employer taxes due in respect of such payment that are not Sellers Employer Taxes.

162. "***Parent Executive***" shall mean the CEO and CFO of Parent from time to time.

163. "***Parent Indemnified Party***" shall have the meaning set forth in Section 8.1 (*Indemnification of Parent*).

164. "***Parent Plans***" shall have the meaning set forth in Section 5.3(b) (*Employee Benefits*).

165. "***Participating Securityholders***" shall mean each Non-Dissenting Stockholder and each holder of Company Options, each as of immediately prior to the Effective Time.

166. "***Patents***" shall have the meaning set forth in the definition of "***Intellectual Property***" in this Exhibit A.

167. "***Payment Agent***" shall have the meaning set forth in Section 1.10(a) (*Exchange/Payment*).

168. "***Payoff Letter***" shall have the meaning set forth in Section 1.7 (*Payoff Letters*).

169. ***"Payroll Tax Executive Order"*** means the Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, as issued on August 8, 2020 and including any administrative or other guidance published with respect thereto by any Governmental Body (including IRS Notice 2020-65).

170. "***Per Share Earnout Payment***" shall mean for each Earnout Payment that becomes payable the *quotient* of (a) the Earnout Payment amount, *divided by* (b) the Closing Company Share Number.

171. "***Per Share Upfront Merger Consideration***" shall mean (a) the Closing Merger Consideration Amount, *divided by* (b) the Closing Company Share Number.

172. "***Permitted Encumbrances***" shall mean: (a) statutory liens for current Taxes or other governmental charges (i) not yet delinquent or (ii) the amount or validity of which is being contested in good faith by appropriate proceedings by the Company and for which appropriate reserves have been established in accordance with GAAP; (b) mechanics', carriers', workers', repairers' and similar statutory liens arising or incurred in the ordinary course of business for amounts that are not delinquent and that are not, individually or in the aggregate, material in amount or effect on the Company, unless being contested in good faith by appropriate proceedings and for which adequate accruals or reserves have been established; (c) zoning, entitlement, building and other land use regulations or ordinances imposed by Governmental Bodies having jurisdiction over the Leased Real Property that are not violated by the current use and operation of the Leased Real Property; (d) covenants, conditions, restrictions, easements and other similar matters of record affecting title to the Leased Real Property that do not materially impair the occupancy or use of the Leased Real Property for the purposes for which it is currently used or proposed to be used in connection with the Company's business; (e) public roads and highways; (f) matters that would be disclosed by an inspection, a current title commitment, or accurate survey of each parcel of real property; (g) liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation; (h)

title to any portion of the premises lying within the right of way or boundary of any public road or private road which, individually or in the aggregate, do not materially adversely affect the value or the continued use of the Leased Real Property; and (i) leases or subleases and licenses or sublicenses granted pursuant to Material Contracts entered in the ordinary course of business prior to the date of this Agreement and which have been made available to Parent.

173. "***Person***" shall mean any individual, Entity or Governmental Body.

174. "***Personally Identifiable Information***" means (a) any information that alone or in combination with other information can be used to specifically identify an individual person, device or browser, (b) any individually identifiable health information, and (c) any other information whose collection, use, transfer, disclosure or other exploitation is protected by applicable Laws.

"***Post-Closing Tax Period***" shall mean any taxable period (or portion thereof) beginning after the Closing Date, including the portion of the Straddle Period beginning after the Closing Date.

175.

176. "***PPP Loan***" shall mean the U.S. Small Business Administration Paycheck Protection Program Note, dated April 21, 2020, by and between the Company and Silicon Valley Bank

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177. "***PPP Loan Amount***" shall have the meaning set forth in Section 6.13.

"***PPP Loan Deductions***" shall have the meaning set forth in Section 8.9(b)(3).

178. "***PPP Loan Escrow Account***" shall have the meaning set forth in Section 6.13.

179. "***PPP Loan Escrow Funding***" shall have the meaning set forth in Section 5.8(a).

180. "***Pre-Closing Period***" shall have the meaning set forth in Section 4.1 (*Access*).

181. "***Pre-Closing Tax Period***" shall mean any taxable period (or portion thereof) ending on or before the Closing Date, including the Closing Date, including the portion of the Straddle Period ending on and including the Closing Date.

182. "***Purchase Price Escrow Amount***" shall mean $750,000.

183. "***Purchase Price Escrow Fund***" shall mean, that portion of the Escrow Fund equal to the Purchase Price Escrow Amount, as such fund may be decreased from time to time pursuant to this Agreement and the Escrow Agreement.

184. "***Qualified Transferee***" shall mean, as of the date of determination, a company that (i) has a market capitalization or shareholders' equity of not less than $5,000,000,000 and (ii) in the good faith judgment of Parent, is capable of assuming and performing the obligations of Parent under this Agreement.

185. "***Real Property Leases***" shall have the meaning set forth in Section 2.7(a) (*Real Property; Leasehold*).

186. "***Recall***" shall have the meaning set forth in Section 2.9(i) (*Regulatory Matters*).

"***Records***" shall have the meaning set forth in Section 1.12(c)(iii) (*Earnout Consideration*).

187. "***Reference Time***" shall mean (a) if Closing occurs on December 31, 2020, 11.59 p.m. New York time, on the Closing Date and (b) in all other cases, 12:01 a.m., New York time, on the Closing Date; *provided* that the Reference Time for purposes of calculating Tax liabilities included in Closing Date Net Working Capital shall be 11:59 p.m., New York time, on the Closing Date

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188. "***Registered IP***" shall mean all Intellectual Property that is registered, filed, or issued under the authority of any Governmental Body or Internet domain name registrar, including all patents, registered copyrights, registered mask works, registered trademarks, Internet domain names, and all applications for any of the foregoing.

189. "***Required Company Stockholder Vote***" shall have the meaning set forth in Section 2.20 (*Vote Required*).

190. "***Retention Escrow Amount***" shall mean an amount equal to fifty percent (50%) of the R&W Insurance Retention Amount.

191. "***Retention Escrow Fund***" shall mean, that portion of the Escrow Fund equal to the Retention Escrow Amount, as such fund may be decreased from time to time pursuant to this Agreement and the Escrow Agreement.

192. "***R&W Insurance***" shall have the meaning set forth in Section 8.7 (*R&W Insurance*).

193. "***R&W Insurance Retention Amount***" shall mean $4,500,000.

194. "***Sanctions***" shall have the meaning set for in Section 2.12(d) (*Compliance with Laws; Export Controls*).

195. "***Securityholder Indemnified Party***" shall have the meaning set forth in Section 8.2 (*Indemnification of Participating Securityholders*).

196. "***Securityholders***" shall mean each holder of Company Capital Stock, and each holder of Company Options, each as of immediately prior to the Effective Time.

197. "***Securityholders' Representative***" shall have the meaning set forth in Section 1.16(a) (*Securityholders' Representative*).

198. "***Securityholders' Representative Engagement Agreement***" shall have the meaning set forth in Section 1.16(e) (*Securityholders' Representative*).

199. "***Securityholders' Representative Expenses***" shall have the meaning set forth in Section 1.16(d) (*Securityholders' Representative*).

200. "***Securityholders' Representative Group***" shall have the meaning set forth in Section 1.16(e) (*Securityholders' Representative*).

201. "***Securityholders' Representative Reserve***" shall have the meaning set forth in Section 1.16(d) (*Securityholders' Representative*).

202. "***Sellers Employer Taxes***" shall mean in respect of any payment pursuant to this Agreement (a) to be made to any Person who is at the time of such payment no longer employed by the Surviving Corporation or any of its Affiliates, the entire employer portion of Taxes payable in relation to such Person and (b) in respect of any other Person, the employer portion of Taxes that would have been payable in relation to such Person if such payment had been made on December 31 of the year in which such amounts are paid (calculated assuming the Person remains employed as of such December 31 date and the Tax laws in effect as of the time of the payment will be in effect as of such December 31 date).

203. "***Series A Convertible Preferred Stock***" shall mean the Series A Convertible Preferred Stock, $0.001 par value per share, of the Company.

204. "***Series B Convertible Preferred Stock***" shall mean the Series B Convertible Preferred Stock, $0.001 par value per share, of the Company.

205. "***Series C Convertible Preferred Stock***" shall mean the Series C Convertible Preferred Stock, $0.001 par value per share, of the Company.

206. "***Series D Convertible Preferred Stock***" shall mean the Series D Convertible Preferred Stock, $0.001 par value per share, of the Company.

207. "***Settlement Agreement***" shall mean (i) the set of agreements including, without limitation, the executed plea agreement, originally dated April 16, 2019, between the United States of America acting through the United States Attorney's Office for the District of Maryland and the United States Department of Justice Consumer Protection Branch and the Company, and the attachments thereto including, without limitation, "Attachment A Statement of Facts – ACell, Inc.;" Attachment B, which is entitled "Settlement Agreement" between the United States Department of Justice on behalf of the Office of Inspector General of the Department of Human Services on behalf of the TRICARE Program and the United States Department of Veteran

Affairs, the Company, John Murtaugh and Ali Mahdavi dated May 19, 2019, including the Corporate Integrity Agreement between the Office of Inspector General of the United States Department of Health and Human Services, as referenced in Paragraph 8 therein; and "Attachment C Compliance Program and Certifications" and (ii) the settlement agreements between the Company and the State of Florida, executed on May 13, 2019; the Company and the State of Maryland, executed on May 13, 2019; the Company and the State of Wisconsin, executed on May 13, 2019.

208. "***Settlement Debt***" shall mean the total amount payable at any time in respect of the Settlement Agreements. For the avoidance of doubt, the actual costs of ongoing compliance by the Company with the Settlement Agreements shall not be deemed to be Settlement Debt.

209. "***Severance Amount***" shall mean the amounts set forth on Schedule II.

210. "***Shortfall***" shall have the meaning set forth in Section 1.11(g) (*Post-Closing Adjustment to Closing Merger Consideration Amount*).

211. "***Significant Customer***" shall have the meaning set forth in Section 2.25(a) (*Customer and Supplier*).

212. "***Significant Supplier***" shall have the meaning set forth in Section 2.25(b) (*Customer and Supplier*).

213. "***Special Indemnity Losses***" shall have the meaning set forth in Section 8.1(h).

214. "***Special Escrow Amount***" shall mean $2,000,000.

215. "***Special Escrow Fund***" shall mean, that portion of the Escrow Fund equal to the Special Escrow Amount, as such fund may be decreased from time to time pursuant to this Agreement and the Escrow Agreement.

216. "***Specified Persons***" shall mean the following Persons: Scott Carter and Angie Nauman.

217. "***Specified Representations***" shall mean the representations and warranties set forth in Section 2.1 (*Due Incorporation; Subsidiaries; Etc.*), Sections 2.3(a), (b), (d), (e) (first sentence only) and (f) (*Capitalization, Etc.*), Section 2.19 (*Authority; Binding Nature of Agreement*) and Section 2.22 (*Financial Advisor*).

"***Step-Down Release Amount***" shall mean $1,500,000 *minus* any amounts of the Retention Escrow Fund that have been paid to Parent pursuant to Section 8.

"***Stockholder***" shall mean holders of Company Common Stock and Company Preferred Stock.

218. "***Straddle Period***" shall mean any taxable period beginning on or before and ending after the Closing Date.

219. "***Subsidiary***" shall mean, with respect to any Person, any partnership, limited liability company, corporation or other business entity of which (a) if a corporation, a majority of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a partnership, limited liability company or other business entity, a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof.

220. "***Support Agreements***" shall have the meaning set forth in the recitals to this Agreement.

221. "***Surviving Corporation***" shall have the meaning set forth in Section 1.1 (*Merger of Merger Sub into the Company*).

222. "***Takeover Proposal***" shall mean any proposal or offer from any Person (other than Parent or its Affiliates or their respective representatives) for any acquisition by such Person of a material amount of the assets of the Company (other than an acquisition of assets of the Company in the ordinary course of business consistent with past practice or as expressly permitted under the terms of this Agreement) or an acquisition, directly or indirectly of more than 50% of the total voting securities of the Company.

223. "***Takeover Statute***" shall have the meaning set forth in Section 2.26 (*Takeover Statutes*).

224. "***Target Net Working Capital***" shall mean an amount equal to $14,460,000.

225. "***Tax***" or "***Taxes***" shall mean all federal, state or local and all foreign taxes of any kind whatsoever, including income, gross receipts, goods and services, windfall profits, value added, severance, property, production, sales, use, duty, license, excise, franchise, employment, withholding or similar taxes, together with any interest, additions or penalties with respect thereto and any interest with respect to such additions or penalties.

226. "***Tax Returns***" shall mean any return, statement, report, tax filing or form (including estimated Tax returns and reports, withholding Tax returns and reports, any schedule or attachment, and information returns and reports), including any amendments, filed or required to be filed with a Governmental Body.

227. "***Terminated Indebtedness***" shall have the meaning set forth in Section 1.7 (*Payoff Letters*).

228. "***Third Person Claim***" shall have the meaning set forth in Section 8.4(a) (*Third Person Claim Indemnification Mechanics*).

229. "***Third Person Claim Notice***" shall have the meaning set forth in Section 8.4(a) (*Third Person Claim Indemnification Mechanics*).

230. "***Trade Secrets***" shall have the meaning set forth in the definition of "Intellectual Property" in this Exhibit A.

231. "***Transaction Deductions***" means all items of loss or deduction to the extent permitted by applicable Law to be deducted against income Taxes in 2020 or 2021 resulting from or attributable to: (a) the exercise or cash out of Company Options, (b) the payment of severance, bonuses or other compensatory payments made in connection with the transactions contemplated by this Agreement; (c) Closing Date Transaction Expenses; (d) any fees, expenses, premiums and penalties with respect to the prepayment of debt and the write-off of the amortization of deferred financing, in each case with respect to Terminated Indebtedness or Settlement Debt; or (e) any liabilities included in Closing Date Net Working Capital or Closing Date Indebtedness.

232. "***Transaction Documents***" means this Agreement, the Escrow Agreement and the other documents, agreements, certificates and other instruments to be executed, delivered and performed by the parties hereto in connection with the transactions contemplated by this Agreement.

233. "***Transactions***" shall have the meaning set forth in the recitals to this Agreement.

234. "***Transfer Taxes***" shall mean any sales, use, value added, transfer, stamp, registration, documentary, excise, real property transfer or gain, or similar non-income Taxes incurred as a result of the transactions contemplated in this Agreement.

235. "***Unaudited Balance Sheet***" shall have the meaning set forth in Section 2.4(a) (*Financial Statements*).

"***Update Report***" shall have the meaning set forth in Section 1.12(e) (*Earnout Consideration*).

236. "***Upfront Payment Amount***" shall mean:

(a) the Closing Merger Consideration Amount;

(b) *minus* the aggregate Closing Options Payout Amount payable to Employee Option Holders in respect of Employee Options.

237. "***Upfront Purchase Price***" shall mean $300,000,000.

238. "***USPTO***" shall have the meaning set forth in Section 2.8(d) (*Intellectual Property*).

239. "***Waived 280G Benefits***" shall have the meaning set forth in Section 5.1(b) (*Stockholder Consent or Approval*).

240. "***Willful Breach***" shall mean an act or omission that constitutes a breach of a covenant contained in this Agreement (or in the case of a Participating Securityholder, any agreement to which such Participating Securityholder is a party) and that was taken or omitted to be taken for the purpose of breaching such covenant and was not merely a volitional action or omission but does not require malicious or tortious intent.

241. "***Withholding Agent***" shall have the meaning set forth in Section 1.10(e) (*Exchange/Payment*).

242. "***Written Consent***" shall have the meaning set forth in Section 5.1(a) (*Stockholder Consent or Approval*)

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Exhibit 4.13

Description of the Company's Common Stock Registered Under Section 12 of the Exchange Act

The following is a description of the common stock of Integra LifeSciences Holdings Corporation (the "Company"). The description does not purport to be complete and is subject to and qualified in its entirety by reference to the Company's amended and restated certificate of incorporation and its amended and restated by-laws, each of which are filed as exhibits to this Annual Report on Form 10-K, and to the provisions of the Delaware General Corporation Law ("DGCL").

General Matters

Authorized Shares

The Company's authorized capital stock consists of 255,000,000 shares of stock, of which 240,000,000 shares are designated as common stock, par value $0.01 per share, and 15,000,000 shares are designated as preferred stock, no par value. As of December 31, 2020, we had 89,250,981 shares of common stock outstanding, 4,913,416 shares were designated as treasury stock, and no shares of preferred stock outstanding.

Dividends

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the board of directors may from time to time determine. However, our senior credit facility limits the amount of dividends that we may pay. Any future determinations to pay cash dividends on our common stock will be at the discretion of our board of directors and will depend upon our financial condition, results of operations, cash flows and other factors that our board of directors deems relevant.

Voting Rights

Each stockholder is entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder. Stockholders do not have cumulative voting rights. The Company's board of directors is not classified and each director is elected annually. The voting standard for the election of directors is a majority of votes cast in uncontested elections. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard is a plurality of the votes cast. Holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election.

Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Distributions

Upon the occurrence of a liquidation, dissolution or winding-up, the holders of shares of common stock would be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all its liabilities and the payment of the liquidation preference of any outstanding preferred stock.

Stock Exchange

Our common stock is traded on the Nasdaq Global Select Market under the symbol "IART".

Preferred Stock

The Company's Board of Directors has the authority to issue up to 15,000,000 shares of Preferred Stock from time to time in one or more series and with such rights and preferences as determined by the Board with respect to each series. The issuance of preferred stock could have the effect of decreasing the market price of our common stock and could adversely affect the voting and other rights of holders of common stock.

Anti-Takeover Effects of Delaware Law

We are subject to the provisions of Section 203 of the DGCL. Under Section 203, we would generally be prohibited from engaging in any business combination with any interested stockholder for a period of three years following the time that this stockholder became an interested stockholder unless:

- prior to this time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers, and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2⁄3% of the outstanding voting stock that is not owned by the interested stockholder.

Under Section 203, a "business combination" includes:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder, subject to limited exceptions;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation

In general, Section 203 defines an interested stockholder as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

EXHIBIT 21

Subsidiaries of Integra LifeSciences Holdings Corporation

Name of Subsidiary		State or Country of Incorporation or Organization
Arkis Biosciences Inc.		Delaware
Ascension Orthopedics Limited		United Kingdom
Ascension Orthopedics, Inc.		Delaware
BIMECO, Inc.		Florida
BioD, LLC		Delaware
BioDlogics, LLC		Delaware
BioRecovery, LLC		Delaware
CardioDyne, Inc.		Massachusetts
Cathtec, Incorporated		Massachusetts
Caveangle Limited		United Kingdom
Confluent Surgical, Inc.		Delaware
Derma First Aid Products, Inc.		Pennsylvania
Derma Sciences Canada, Inc.		Canada
Derma Sciences Europe, Ltd.		United Kingdom
Derma Sciences, Inc.		Delaware
EndoSolutions, Inc.		Delaware
Fiber Imaging Technologies, Inc.		Massachusetts
GMS, Gesellschaft für medizinische Sondentechnik mbH		Germany
ILS Financing (Ireland) Limited		Ireland
ILS Financing Corporation		Delaware
ILS Services Switzerland Ltd.		Switzerland
INS Sweden AB		Sweden
Integra Burlington MA, Inc. (formerly known as Integra Radionics, Inc.)		Delaware
Integra Canada ULC (formerly known as Canada Microsurgical ULC)		Canada
Integra CI, Inc.		Cayman Islands
Integra Euro Holdings, Inc.		Delaware
Integra France Holdings SAS		France
Integra German Holdings GmbH		Germany
Integra GmbH		Germany
Integra Japan K.K.		Japan
Integra LifeSciences (Canada) Holdings, Inc.		Delaware
Integra LifeSciences (Ireland) Limited		Ireland
Integra LifeSciences (Shanghai) Co., Ltd.		China
Integra LifeSciences Austria GmbH		Austria
Integra LifeSciences Brazil Ltda.		Brazil
Integra LifeSciences Corporation		Delaware
Integra LifeSciences Italy S.r.l.		Italy
Integra LifeSciences Middle East FZ-LLC		Dubai
Integra LifeSciences NR Ireland Limited		Ireland
Integra LifeSciences Production Corporation		Delaware
Integra LifeSciences Sales LLC (f/k/a Integra Healthcare Products LLC)		Delaware
Integra LifeSciences Services (France) SAS		France
Integra LifeSciences Shared Services (Ireland) Limited		Ireland
Integra LifeSciences Singapore Pte. Ltd.		Singapore
Integra LifeSciences Spain, S.L.		Spain
Integra LifeSciences Switzerland Sárl		Switzerland
Integra LS (Benelux) NV		Belgium
Integra LS Mexico, S. DE R. L. DE C.V.		Mexico
Integra Luxtec, Inc.		Massachusetts
Integra ME GmbH		Germany

Integra MicroFrance SAS		France
Integra NeuroSciences (International), Inc.		Delaware
Integra NeuroSciences Holdings (UK) Limited		United Kingdom
Integra NeuroSciences Holdings B.V.		Netherlands
Integra NeuroSciences Implants (France) SAS		France
Integra NeuroSciences Limited		United Kingdom
Integra Neurosciences Pty Ltd. (AUS)		Australia
Integra Neurosciences Pty Ltd. (NZ)		New Zealand
Integra Receivables LLC		Delaware
Integra Sales, Inc.		Delaware
Integra Selector Corporation		Delaware
Integra York PA, Inc. (formerly known as Miltex, Inc.)		Delaware
Integrated Shoulder Collaboration, Inc.		Delaware
IsoTis NV		Netherlands
IsoTis T.E. Facility B.V.		Netherlands
J. Jamner Surgical Instruments, Inc.		Delaware
Jarit GmbH		Germany
LXU Healthcare, Inc. - Medical Specialty Products		Delaware
MedEfficiency, Inc.		Delaware
Minnesota Scientific, Inc.		Minnesota
Nantong Derma Medical Products Co., Ltd.		China
Newdeal SAS		France
Newdeal, Inc.		Texas
Precise Dental Holding Corp.		New Jersey
Precise Dental Internacional, S.A. de C.V.		Mexico
Precise Dental Products, Ltd.		California
Precision Dental International, Inc.		California
Rebound Therapeutics Corporation		Delaware
Spembly Cryosurgery Limited		United Kingdom
Spembly Medical Limited		United Kingdom
Tarsus Medical Inc.		Delaware
TEI Biosciences (UK) Limited		United Kingdom
TEI Biosciences Inc.		Delaware
TEI Medical Inc.		Delaware
TGX Medical Systems, LLC		Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-231709, 333-221210, 333-216212, 333-170210, 333-155263, 333-127488, 333-109042, 333-73512, 333-46024, 333-82233 333-58235, and 333-06577) of Integra LifeSciences Holdings Corporation of our report dated February 23, 2021 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey
February 23, 2021

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter J. Arduini, certify that:

1. I have reviewed this annual report on Form 10-K of Integra LifeSciences Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13 a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2021

/s/ Peter J. Arduini
Peter J. Arduini
President and Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Carrie L. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K of Integra LifeSciences Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13 a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2021

/s/ Carrie L. Anderson
Carrie L. Anderson
Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Peter J. Arduini, President and Chief Executive Officer of Integra LifeSciences Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2021

/s/ Peter J. Arduini
Peter J. Arduini
President and Chief Executive Officer

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Carrie L. Anderson, Executive Vice President, Chief Financial Officer and Treasurer of Integra LifeSciences Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2021

/s/ Carrie L. Anderson
Carrie L. Anderson
Executive Vice President, Chief Financial Officer and Treasurer