



Q1 2021 Earnings Call

April 28, 2021

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties and reflect the Company's judgment as of the date of this presentation. All statements, other than statements of historical fact, are statements that could be deemed forward looking statements. Some of these forward-looking statements may contain words like "will," "believe," "may," "could," "would," "might," "possible," "should," "expect," "intend," "plan," "anticipate," or "continue," the negative of these words, other terms of similar meaning or they may use future dates. Forward-looking statements contained in this presentation include, but are not limited to, statements concerning future financial performance, including projections for revenues, expected revenue growth (both reported and organic), GAAP and adjusted net income, GAAP and adjusted earnings per diluted share, non-GAAP adjustments such as divestiture, acquisition and integration-related charges, litigation charges, intangible asset amortization, structural optimization charges, EU Medical Device Regulation-related charges, convertible debt non-cash interest, and income tax expense (benefit) related to non-GAAP adjustments and other items. It is important to note that the Company's goals and expectations are not predictions of actual performance. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited, to the following: the impact of COVID-19 on the Company; the Company's ability to execute its operating plan effectively; the Company's ability to successfully integrate ACell, Inc., and other acquired businesses; the Company's ability to achieve sales growth in a timely fashion and execute on its channel reorganization in its Tissue Technologies segment; the Company's ability to manufacture and ship sufficient quantities of its products to meet its customers' demands; the ability of third-party suppliers to supply us with raw materials and finished products; global macroeconomic and political conditions; the Company's ability to manage its direct sales channels effectively; the sales performance of third-party distributors on whom the Company relies to generate revenue for certain products and geographic regions; the Company's ability to maintain relationships with customers of acquired entities and businesses; physicians' willingness to adopt and third-party payors' willingness to provide or maintain reimbursement for the Company's recently launched, planned and existing products; initiatives launched by the Company's competitors; downward pricing pressures from customers; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems violations; fluctuations in hospitals' spending for capital equipment; the Company's ability to comply with and obtain approvals for products of human origin and comply with regulations regarding products containing materials derived from animal sources; difficulties in controlling expenses, including costs to procure and manufacture our products; the impact of changes in management or staff levels; the impact of goodwill and intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions, the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control nonproduct costs; the Company's ability to achieve anticipated growth rates, margins and scale and execute its strategy generally; the amount and timing of divestiture, acquisition and integration-related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; fluctuations in foreign currency exchange rates; the amount of our bank borrowings outstanding and other factors influencing liquidity; and the economic, competitive, governmental, technological, and other risk factors and uncertainties identified under the heading "Risk Factors" included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2020 to be filed with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures

In addition to our GAAP results, we provide certain non-GAAP measures, including organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income, adjusted earnings per diluted share, free cash flow and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, revenues from current period acquisitions and product divestitures and discontinuances. Adjusted EBITDA consists of GAAP net income excluding: (i) depreciation and amortization; (ii) other income (expense); (iii) interest income and expense; (iv) income tax expense (benefit); and (v) those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income, excluding: (i) structural optimization charges; (ii) divestiture, acquisition and integration-related charges; (iii) discontinued product lines charges; (iv) EU Medical Device Regulation-related charges; (v) COVID-19 related charges; (vi) convertible debt non-cash interest; (vii) intangible asset amortization expense; and (viii) income tax impact from adjustments. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by operating activities less purchases of property and equipment.

Reconciliations of GAAP revenues to adjusted revenues and GAAP adjusted net income to adjusted EBITDA, and adjusted net income, and GAAP earnings per diluted share to adjusted earnings per diluted share all for the quarters ended March 31, 2021 and 2020, and the free cash flow and free cash flow conversion for the quarters ended March 31, 2021 and 2020, appear in the financial tables in this release.

The Company believes that the presentation of organic revenues and the other non-GAAP measures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. For further information regarding why Integra believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at www.sec.gov or on our website at www.integralife.com.

First Quarter Highlights - Executing On Our Strategy

Financial Performance

Total revenue \$360.1 million – above the high end of guidance

- 2.9% organic growth compared to Q1 2020

Adjusted earnings per share \$0.69

- 44% increase compared to Q1 2020

FY 2021 Guidance

Revenue Raising low end to \$1,525M - \$1,535M

Adjusted EPS Guiding to higher end of \$2.86 - \$2.93

Operating Performance

ACell Integration

- All critical integration activities have been completed – ahead of schedule

New Product Introductions

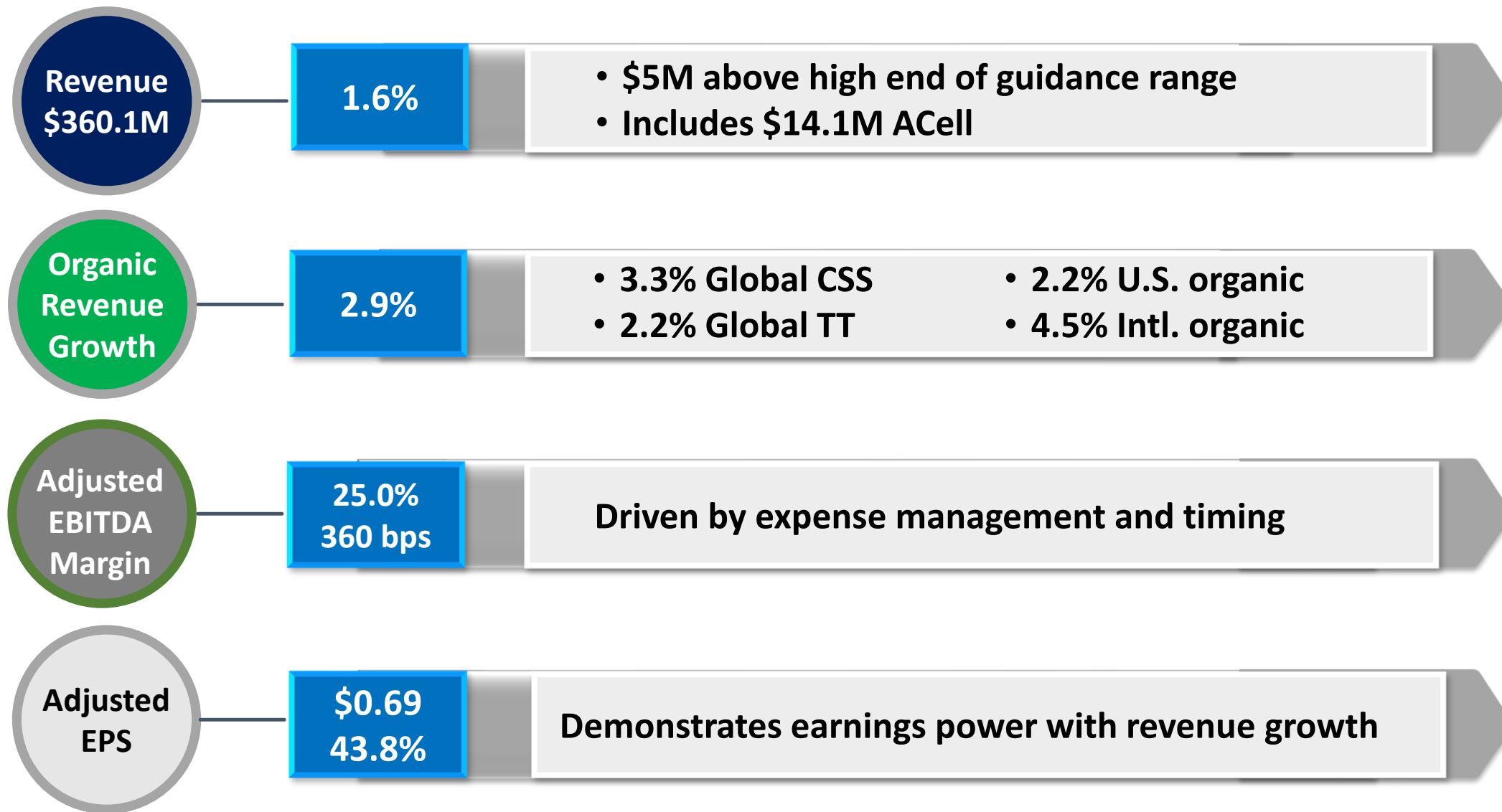
- 2021 new product introductions on track
 - Cerelink, Aurora Surgiscope

COVID

- Managing through ongoing headwinds
 - Capital recovery has begun
 - Indirect markets and regional surges persist

On Track to Achieving 2021 Targets

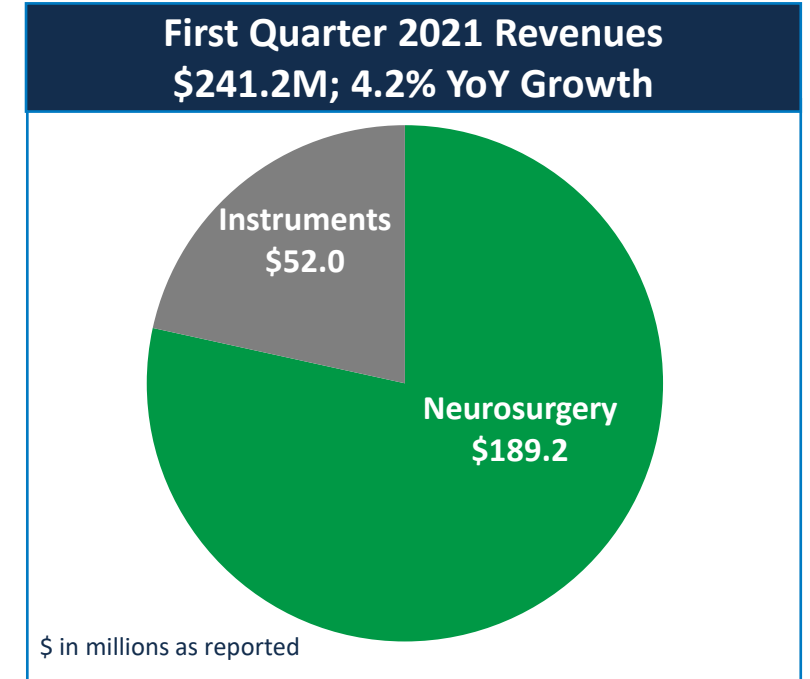
First Quarter Financial Highlights



Codman Specialty Surgical

Revenues	Q1 2021	Q1 2020	Growth
Reported	\$241.2M	\$231.4M	4.2%
Organic ⁽¹⁾	\$231.7M	\$224.4M	3.3%

Q1 2021 Growth ⁽²⁾		Performance Drivers
Neurosurgery	0.2%	<ul style="list-style-type: none"> • Adv. Energy increased mid-single digits, driven by international capital • Neuromonitoring, CSF Mgmt. and Dural Access were flat to down low single-digits • Instruments increased double digits led by a recovery in physician office visits • Asia increased double digits while Indirect markets lagged
Instruments	15.6%	
International	Increased Mid-Single Digits	



International, Instruments and Capital Drove Overperformance

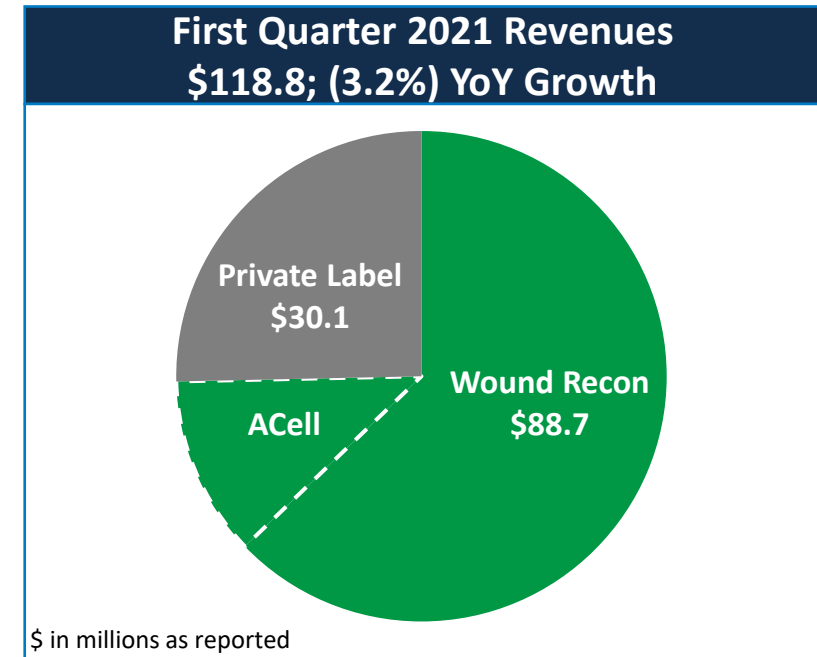
(1) Q1 2021 excludes \$4.6M related to discontinued and divested products and \$5M in foreign exchange. Q1 2020 excludes \$7.1M related to discontinued and divested products.

(2) All commentary represents organic performance

Tissue Technologies

Revenues	Q1 2021	Q1 2020	Growth
Reported	\$118.8M	\$122.8M	(3.2%)
Organic ⁽¹⁾	\$103.9M	\$101.6M	2.2%

Q1 2021 Growth ⁽²⁾		Performance Drivers
Wound Reconstruction	3.7%	<ul style="list-style-type: none"> Integra skin, PriMatrix® led the growth Private Label in line with expectations International growth led by Europe
Private Label	(0.5)%	
International	Increased Mid-Single Digits	



Organic Growth Led by Wound Reconstruction

(1) Q1 2021 excludes \$14.1M of acquired ACell revenues and \$0.9M in foreign exchange. Q1 2020 excludes \$21.2M mainly related to the divestiture of orthopedics.

(2) All commentary represents organic performance, excluding ACell from 2021 and Orthopedics from 2020

First Quarter Financial Results

% of Revenues	Q1 2021	Q1 2020	Change
Total Revenues	\$360.1	\$354.3	1.6%
Gross Margin	59.5%	62.3%	-280BPS
Adj. Gross Margin ⁽¹⁾	67.3%	68.3%	-100BPS
Net Income	\$45.4	\$9.2	393.5%
Adj. Net Income ⁽¹⁾	\$59.0	\$41.3	42.9%
Adj. EBITDA Margin ⁽¹⁾	25.0%	21.4%	+360BPS
Diluted Shares Out (M)	85.3	85.9	(0.7%)
Earnings per Share	\$ 0.53	\$ 0.11	381.8%
Adj. Earnings per Share ⁽¹⁾	\$ 0.69	\$ 0.48	43.8%

(In millions)	Q1 2021	Q1 2020	Change
Operating Cash Flow	\$69.1	\$20.8	232.2%
CapEx	\$6.7	\$16.5	(59.4%)
Free Cash Flow ⁽¹⁾	\$62.4	\$4.3	1351.2%
FCF Conversion ⁽¹⁾	105.7%	10.4%	+95.3Pts
Depreciation	\$9.4	\$10.5	(10.5%)
Amortization	\$22.5	\$18.7	20.3%

Strong Profitability and Cash Flow Benefited from Managed Spend

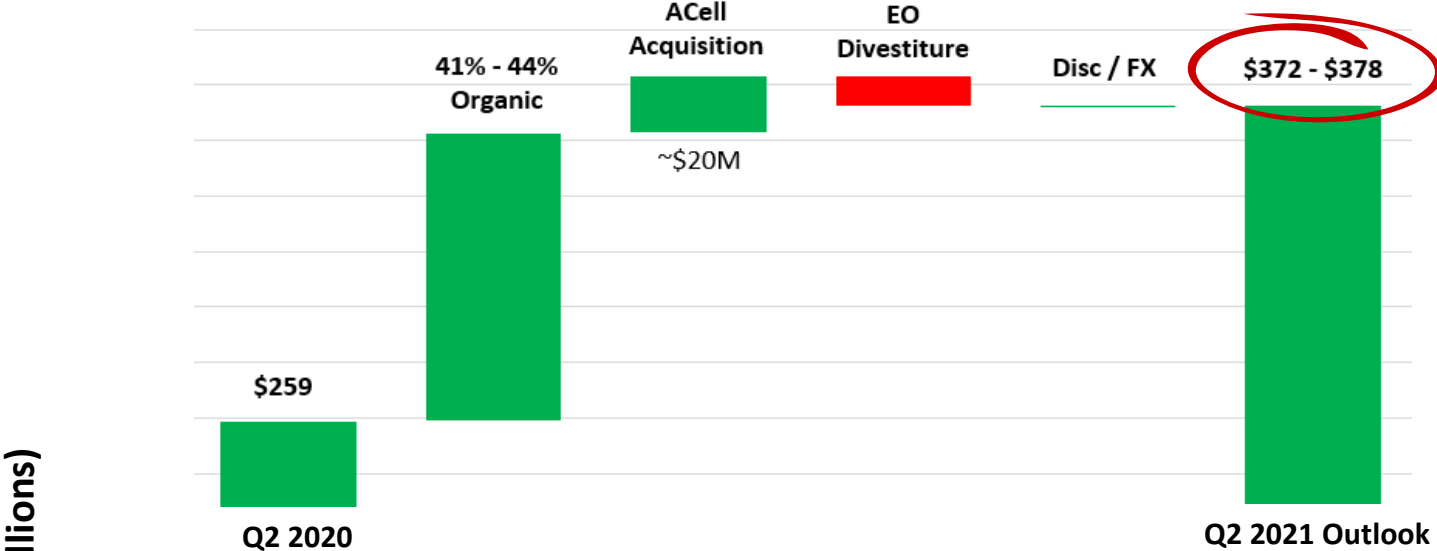
(1) These are non-GAAP financial measures. Please see the Appendix of this presentation for a reconciliation to the nearest GAAP measure.

Capital Structure as of March 31, 2021

Capitalization		
(In \$ millions)	December 31, 2020	March 31, 2021
Cash and Equivalents	\$470	\$409
Bank Debt	\$1,088	\$1,086
Convertible Bond	\$575	\$575
Total Debt	\$1,663	\$1,661
Net Debt	\$1,193	\$1,252
Consolidated Total Leverage Ratio	3.0x	2.8x

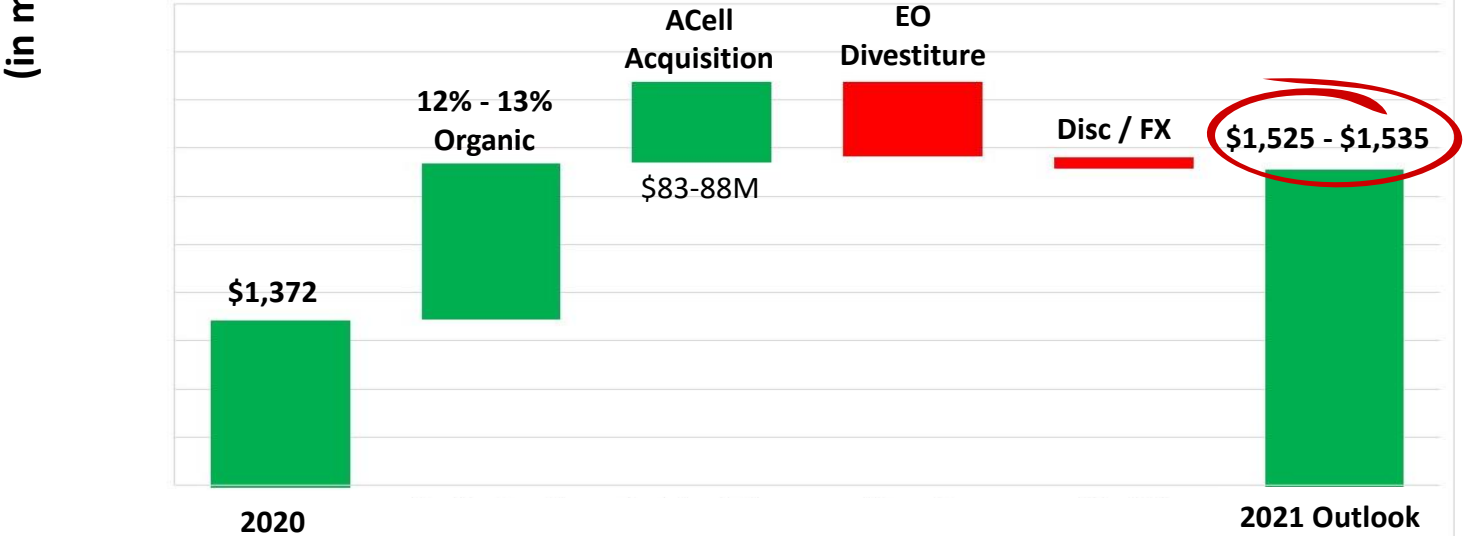
Completed Ortho Divestiture & ACell Acquisition and Reduced Leverage Ratio

Q2 / FY 2021 Revenue Outlook



Q2 2021

- Reported Growth +44% to +46%
- Organic Growth +42% to +44%
- Adj EPS \$0.63 - \$0.67



FY 2021

- Reported Growth +11% to 12%
- Organic Growth +12% to 13%
- Adj EPS \$2.86 - \$2.93

Increased Low End of Revenue Guidance / Adj. EPS Now Expected at Higher End of Range

2021 and Long-Term Growth Drivers

2021 Growth Drivers

Strong first quarter performance

New product introductions and ongoing benefit from recent launches

Completed investments in tissue product supply

ACell contribution / commercial expansion

International opportunities led by Japan and China

5% - 7% Organic Growth Long-Term Drivers

- Strong end market growth and expanding addressable markets
 - CSS: Market expansion and faster international growth
 - TT: Differentiated product portfolio in markets growing MSD to Low DD with opportunities for expansion
- New product introductions / ongoing benefit from recently launched products
- Recent strategic investments enhance portfolio, are accretive to growth and expand addressable markets
- Acquisitions to build scale and differentiation

Integra Positioned for Growth in 2021 and Beyond



Appendix

Non-GAAP Reconciliations



First Quarter 2021 Organic Growth Reconciliation

(In millions)	Q1 2021	Q1 2020
Neurosurgery	\$189.3	\$184.8
Instruments	\$52.0	\$46.5
Total Codman Specialty Surgical	\$241.2	\$231.4
Wound Reconstruction and Care	\$88.7	\$72.3
Extremity Orthopedics	\$0.0	\$21.4
Private Label	\$30.1	\$29.1
Total Tissue Technologies	\$118.8	\$122.9
Total Reported Revenues	\$360.1	\$354.3
Revenues from divested products ⁽¹⁾	-	(21.2)
Revenues from discontinued products ⁽¹⁾	(4.6)	(7.1)
Revenues ex divested/ discontinued products	\$355.5	\$326.0
Impact of changes in currency exchange	(5.9)	-
Revenues from acquisitions ⁽²⁾	(14.1)	-
Total Organic Revenues	\$335.6	\$326.0
<i>Organic Revenue Growth</i>	<i>2.9%</i>	

(1) Organic Revenue has been adjusted for 2021 and 2020 to account for divestitures and discontinued products

(2) Revenue from acquisitions includes ACell.

First Quarter 2021 & 2020 Adjusted EBITDA Margin Reconciliation

(In millions)	Q1 2021	Q1 2020
GAAP Net Income	\$45.4	\$9.2
Depreciation and intangible asset amortization expense	32.0	29.1
Other (income), net	(3.3)	0.5
Interest expense, net	11.2	9.9
Income tax expense (benefit)	21.9	2.3
COVID-19 related charges	-	4.7
Convertible debt non-cash interest ⁽¹⁾	-	2.5
Expenses related to debt refinancing	-	2.7
Acquisition, divestiture and integration-related charges ⁽²⁾	(27.0)	6.2
Structural optimization charges	3.9	3.2
Discontinued product lines charges	-	3.2
EU Medical Device Regulation	5.7	2.2
Total of non-GAAP adjustments:	44.4	66.6
Adjusted EBITDA	89.8	75.7
Total Revenues	360.1	354.3
Adjusted EBITDA Margin	24.9%	21.4%

(1) Upon adoption of ASU No. 2020-06, the Company will no longer incur non-cash interest expense for the amortization of debt discount.

(2) Acquisition, divestiture and integration-related charges are associated with the Codman Neurosurgery, Arkis Biosciences, and Rebound Therapeutics and ACell acquisitions and the divestiture of Extremity Orthopedics and includes banking, legal, consulting, systems, and other income and expenses. The Company completed the sales of its Extremity Orthopedics business and recognized a gain of \$42.9 million for the three months ended March 31, 2021 which was partially offset by other acquisition, divestiture and integration-related charges.

Note: Numbers may not add due to rounding

First Quarter 2021 and 2020 Adjusted EPS Reconciliation

(In millions)	Q1 2021	Q1 2020
GAAP Net Income	\$45.4	\$9.2
COVID-19 related charges	-	4.7
Convertible debt non-cash interest ⁽¹⁾	-	2.5
Expenses related to debt refinancing	-	2.7
Acquisition, divestiture and integration-related charges ⁽²⁾	(27.0)	6.2
Structural optimization charges	3.9	3.2
Discontinued product line charges	-	3.2
EU Medical Device Regulation	5.7	2.2
Intangible asset amortization expense	22.5	18.7
Estimated income tax impact from adjustments and other items	8.4	(11.3)
Total of non-GAAP adjustments:	13.6	32.2
Adjusted Net Income	\$59.0	\$41.3
Adjusted Diluted Net Income per Share	\$0.69	\$0.48
Weighted average common shares outstanding for diluted net income from continuing operations per share	85.3	85.9

(1) Upon adoption of ASU No. 2020-06, the Company will no longer incur non-cash interest expense for the amortization of debt discount.

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Note: Numbers may not add due to rounding

First Quarter 2021 and 2020 (TTM) Free Cash Flow Reconciliation

(In millions)	Q1 2021	Q1 2020	TTM 2021	TTM 2020
Net Cash from Operating Activities	\$69.1	\$20.8	\$252.1	\$222.8
Purchases of Property and Equipment	(\$6.7)	(\$16.5)	(\$29.0)	(\$70.0)
Free Cash Flow	\$62.4	\$4.3	\$223.1	\$152.8
Adjusted Net Income	\$59.0	\$41.3	\$226.3	\$222.3
Adjusted Free Cash Flow Conversion	105.7%	10.4%	98.6%	68.7%

Note: Numbers may not add due to rounding

First Quarter 2021 Gross Margin Reconciliation

(In millions)	Q1 2021	Q1 2020
Reported Gross Profit	\$214.2	\$220.8
COVID-19 related charges	-	3.0
Structural optimization charges	1.8	0.5
Acquisition, divestiture and integration-related charges	8.0	2.6
Discontinued product line charges	-	3.2
EU Medical Device Regulation	0.3	-
Intangible asset amortization expense	18.0	11.7
Adjusted Gross Profit	\$242.4	\$241.8
Total Revenues	\$360.1	\$354.3
Adjusted Gross Margin	67.3%	68.3%

Note: Numbers may not add due to rounding

First Quarter 2021 Adjusted SG&A Reconciliation

(In millions)	Q1 2021	Q1 2020
Reported SG&A	\$156.6	\$166.0
COVID-19 related charges	-	1.7
Structural optimization charges	1.6	2.7
Acquisition, divestiture and integration-related charges	7.8	4.6
EU Medical Device Regulation	2.1	2.1
Adjusted SG&A	\$145.1	\$154.7
Total Revenues	\$360.1	\$354.3
Adjusted SG&A (% of Revenues)	40.3%	43.7%

Note: Numbers may not add due to rounding