



**INTEGRA**<sup>®</sup>

LIMIT UNCERTAINTY

# Q2 2021 EARNINGS PRESENTATION

**JULY 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 release. 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,” “forecast,” “guidance,” “plan,” “anticipate,” “target,” or “continue,” the negative of these words, other terms of similar meaning or they may use future dates. Forward-looking statements contained in this news release 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 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 access and 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 non-product 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 and information contained in subsequent filings 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 organic revenues, 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 June 30, 2021 and 2020, and the free cash flow and free cash flow conversion for the quarters ended June 30, 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 regarding this earnings press release filed today with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at [www.sec.gov](http://www.sec.gov) or on our website at [www.integralife.com](http://www.integralife.com).



**Peter Arduini**

President & CEO

---

## Q2 2021 Highlights

# Q2 2021 Highlights

Revenue	\$390M – reported growth of 50.8% vs prior year
Organic Revenue Growth	48.7% increase vs prior year & 3.7% vs 2019
Adj. EBITDA Margin	25.9% vs prior year 20.4%
Adj. EPS	\$0.79 vs prior year \$0.33
Operating Cash Flow	\$91M – increase of 176% vs prior year
Raising FY 2021 Guidance	<ul style="list-style-type: none"><li>• Revenue: Raising full year by \$15M to new range of \$1,540M - \$1,550M</li><li>• Adj. EPS: Raising full year by \$0.12 to new range of \$2.98 - \$3.05</li></ul>

**Strong 1H 2021 Performance / Raising FY 2021 Guidance**

# Board and Management Team Committed to Seamless CEO Transition



Board appointed special committee, launched formal search process, including internal and external candidates



Strong, experienced Executive Leadership Team with structure and processes in place to drive profitable growth



Integra well-positioned strategically & operationally following recent portfolio decisions



Financial strength and flexibility to carry out strategic plan



**Glenn Coleman**

EVP & COO

# Operations Update

# Second Quarter Operating Progress



## Near- to Mid-Term Growth Catalysts

- Post-COVID procedure growth recovery
- International opportunities led by Japan and China
- Global Cerelink Launch
- ACell contribution / commercial expansion
- Aurora – MIS YE 2021 clinical evaluation
- PriMatrix DFU data publication / reimbursement
- NeuroGen 3D – early 2022 launch

## Second Quarter Performance & Progress

- Global market recovery in neurosurgery, instruments, burn, trauma and surgical reconstruction. Improving trends in capital and indirect markets
- Continued ramp of 2019 and 2020 new products / double-digit growth in Japan and China
- Cerelink - controlled market release in Q3
- ACell integration complete; slower sales ramp due to impact of accelerated integration of sales force during pandemic
- Aurora Surgiscope – Q3 clinical evaluation
- PriMatrix® - completed multi-center study in DFUs to expand commercial reimbursement

Second Quarter Progress Towards Delivering Near- to Mid-Term Catalysts



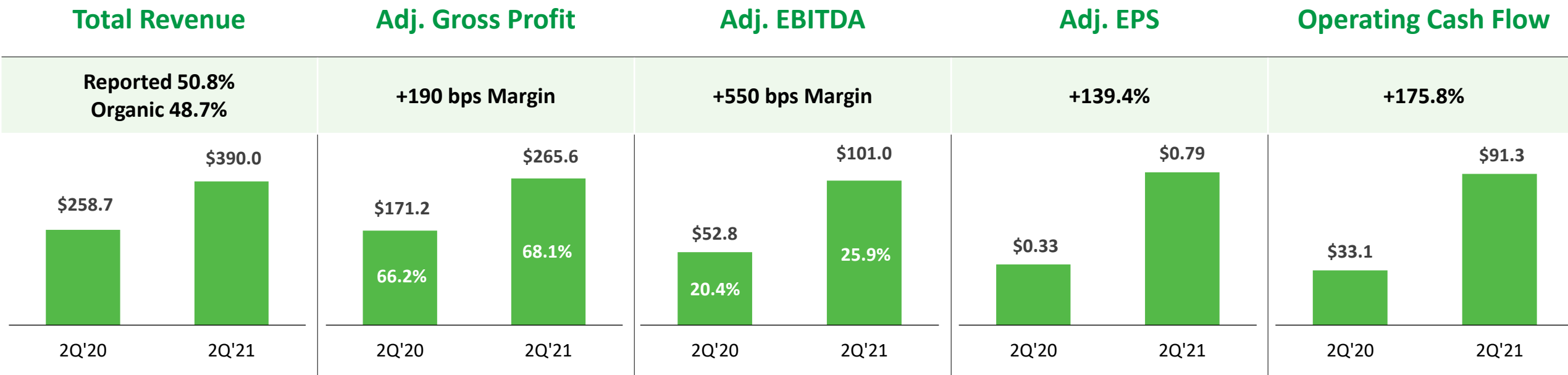


**Carrie Anderson**

EVP & CFO

# Q2 2021 Financial Performance

# Q2 2021 Financial Results (\$M except per share data)



- Revenue: \$390M and \$12M above the high end of guidance provided in April. Includes \$17.7M from ACell.
- Adj. Gross Profit: Improvement driven by higher revenue and favorable U.S. product mix.
- Adj. EBITDA and Adj. EPS: Improvement driven by leverage as operating expenses increase gradually following global pandemic and commercial synergies from the ACell integration.

**Strong Revenue, Profitability and Cash Flow Performance**

# Codman Specialty Surgical

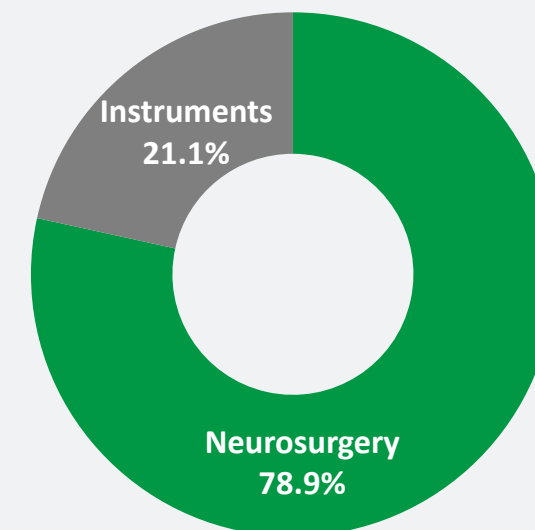
Revenues	Q2'21	Q2'20	Growth
Reported	\$256.8M	\$169.8M	51.2%
Organic <sup>1</sup>	\$248.7M	\$166.4M	49.5%

## Q2 2021 Growth and Performance Drivers<sup>2</sup>

Neurosurgery	Instruments	International
41.2%	90.1%	+ Double Digits

- Neurosurgery – all franchises increased double digits vs Q2 2020; compared to 2019 - Advanced Energy, CSF Mgmt. & Dural Access increased while Neuromonitoring declined slightly
- Instruments increased 90.1% led by a recovery in physician office visits vs Q2 2020; compared to Q2 2019 - instruments increased nearly 4%
- International – all regions increased double digits vs Q2 2020; compared to Q2 2019 - Asia Pac increased double digits, Europe declined low single digits

## Q2 2021 Revenue Composition



**Second Quarter Global Organic CSS Sales Increased 49.5% vs 2020 and 4.5% vs 2019**

<sup>1</sup>Q2 2021 excludes \$3.3M related to discontinued and divested products and \$4.8M in foreign exchange; Q2 2020 excludes \$3.4M related to discontinued and divested products;

<sup>2</sup>Percentages based on organic revenue, Commentary represents organic performance

# Tissue Technologies

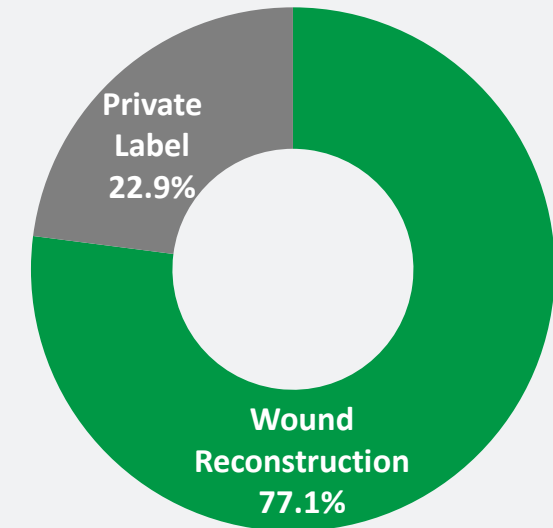
Revenues	Q2'21	Q2'20	Growth
Reported	\$133.2M	\$88.9M	49.8%
Organic <sup>1</sup>	\$114.3M	\$77.7M	47.1%

## Q2 2021 Growth and Performance Drivers<sup>2</sup>

Wound Reconstruction	Private Label	International
51.9%	35.2%	+ Double Digits

- Wound Reconstruction – all major product families increased double digits vs Q2 2020; compared to Q2 2019 – Wound Reconstruction increased mid-single digits, led by Integra skin and SurgiMend
- Private Label increased double digits based on demand recovery vs Q2 2020; compared to Q2 2019 – sales were down low single digits due to order timing
- International growth led by Europe

## Q2 2021 Revenue Composition



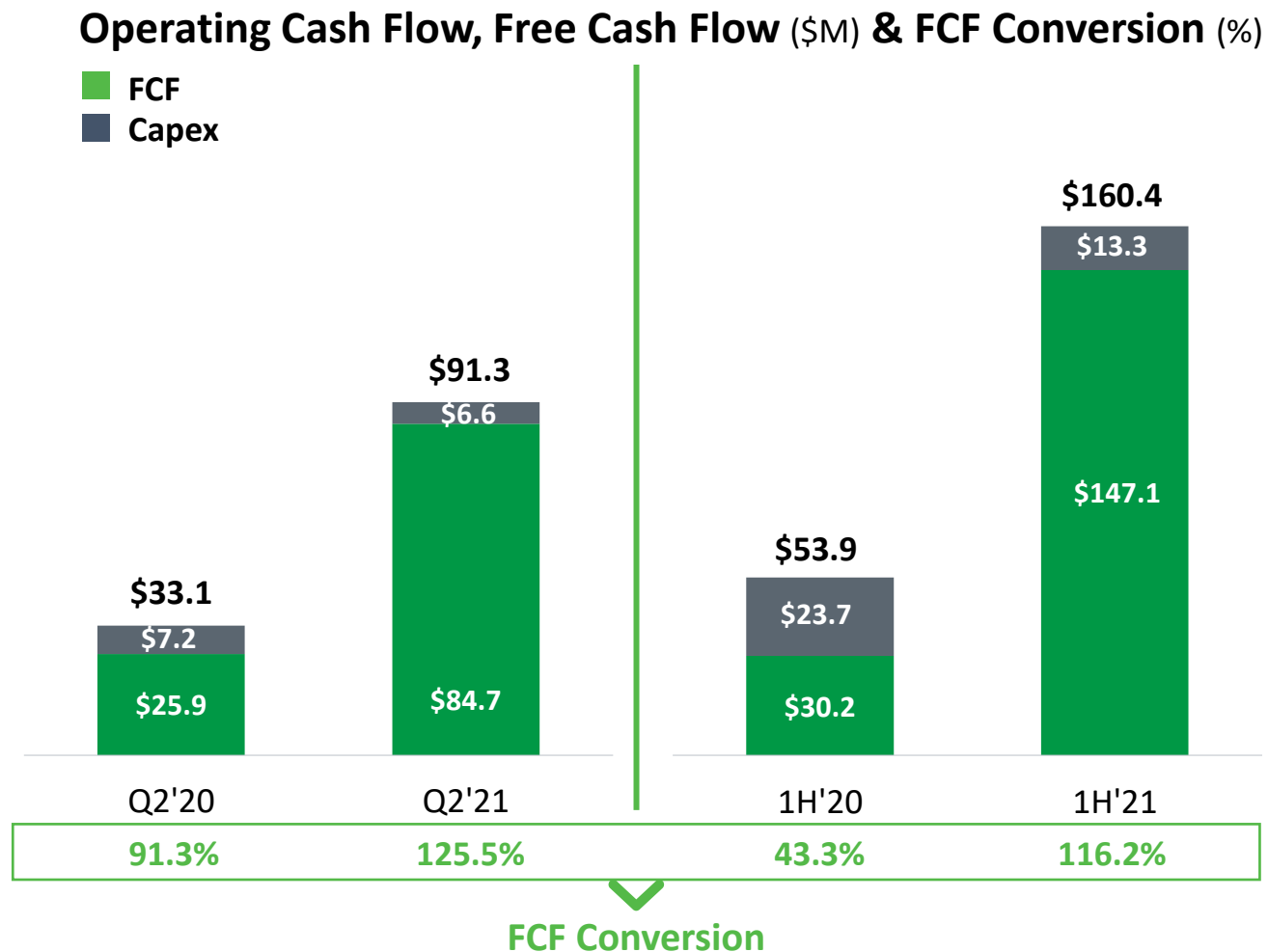
**Second Quarter Global Organic TT Sales Increased 47.1% vs 2020 and 1.9% vs 2019**

<sup>1</sup>Q2 2021 excludes \$17.7M of acquired ACell revenues and \$1.2M in foreign exchange; Q2 2020 excludes \$11.2M mainly related to the divestiture of orthopedics;

<sup>2</sup>Percentages based on organic revenue, Commentary represents organic performance

# Balance Sheet and Cash Flow Performance

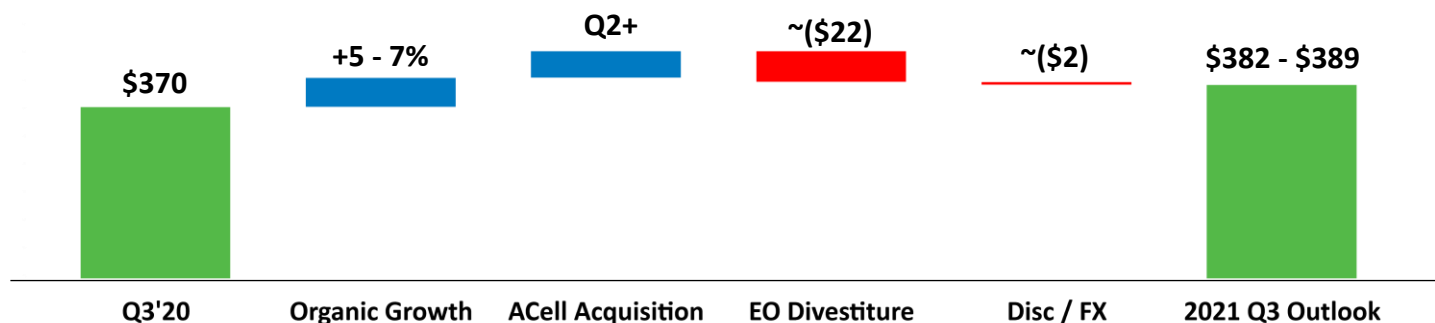
Summary Balance Sheet (\$M)	12/31/20	6/30/21
Cash and Cash Equivalents	\$470	\$397
Total Debt	\$1,663	\$1,563
Total Equity	\$1,515	\$1,575
Net Debt	\$1,193	\$1,166
Available Credit	\$1,201	\$1,290
Total Available Liquidity	\$1,671	\$1,688
Consolidated Total Leverage Ratio	3.0x	2.4x



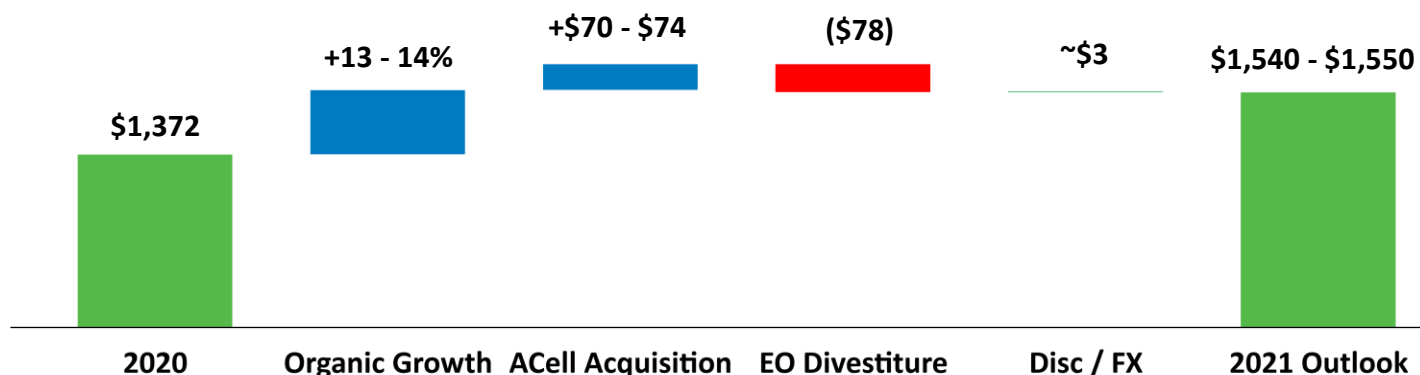
**Strong Balance Sheet & Improved Leverage Ratio Support Long-Term Strategy**

# Q3 2021 and FY 2021 Revenue Outlook

Q3 21 Reported Revenue Guidance Bridge (\$M)



2021 Reported Revenue Guidance Bridge<sup>1</sup> (\$M)



## Q3 2021

- Reported Growth +3% to 5%
- Organic Growth +5% to 7%
- Adj EPS \$0.71 - \$0.74

## FY 2021

- Reported Growth +12% to 13%
- Organic Growth +13% to 14%
- Adj EPS \$2.98 - \$3.05

**Raising Full-Year 2021 Revenue and Adjusted Earnings per Share Guidance**

# Invest with Integra

01

**At an inflection point to accelerate scale and market leadership coming out of 2020**

02

**Reshaped and optimized portfolio**

- Faster growth end markets
- Higher margin portfolio mix

03

**Driving deeper into current markets and expanding into new geographies and adjacencies**

04

**Enablers of transformation**

- Operational agility
- M&A capabilities
- Innovation pipeline
- Team culture

05

**Clearer path to achieve long-term financial targets with optimized portfolio**

- 5% - 7% Organic Growth
- Double-Digit adj EPS Growth
- 70% - 72% adj Gross Margins
- 28%-30% adj EBITDA Margins

**Integra is Well Positioned for Sustained, Profitable Growth**



---

# Appendix

## Non-GAAP Reconciliations



# Second Quarter Financial Results

% of Revenues	Q2 2021	Q2 2020	Change	Q2 YTD 2021	Q2 YTD 2020	Change
Total Revenues	\$390.0	\$258.7	50.8%	\$750.1	\$613.0	22.4%
Gross Margin	61.2%	59.2%	+200BPS	60.4%	61.0%	-60BPS
Adj. Gross Margin <sup>(1)</sup>	68.1%	66.2%	+190BPS	66.2%	67.4%	-120BPS
Net Income/(Loss)	\$35.1	(\$0.4)	(8875.0%)	\$80.5	\$8.8	814.8%
Adj. Net Income <sup>(1)</sup>	\$67.4	\$28.4	137.3%	\$111.7	\$69.7	60.3%
Adj. EBITDA Margin <sup>(1)</sup>	25.9%	20.4%	+550BPS	23.5%	21.0%	+250BPS
Diluted Shares Out (M)	85.3	84.7	0.7%	85.3	85.5	(0.2%)
Earnings per Share	\$ 0.41	\$ (0.00)	4000.0%	\$ 0.94	\$ 0.10	840.0%
Adj. Earnings per Share <sup>(1)</sup>	\$ 0.79	\$ 0.33	139.4%	\$ 1.31	\$ 0.81	61.7%

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

# Second Quarter Financial Results

(In millions)	Q2 2021	Q2 2020	Change
Operating Cash Flow	\$91.3	\$33.1	175.8%
CapEx	\$6.6	\$7.2	(8.3%)
Free Cash Flow <sup>(1)</sup>	\$84.7	\$25.9	227.0%
FCF Conversion <sup>(1)</sup>	125.5%	91.3%	+34.2Pts
Depreciation	\$9.4	\$9.9	(5.1%)
Amortization	\$20.3	\$19.8	2.5%

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

# Second Quarter 2021 Organic Growth Reconciliation

(In millions)	Q2 2021	Q2 2020	Q2 YTD 2021	Q2 YTD 2020
Neurosurgery	\$202.6	\$141.4	\$391.9	\$326.4
Instruments	\$54.2	\$28.3	\$106.2	\$74.8
<b>Total Codman Specialty Surgical</b>	<b>\$256.8</b>	<b>\$169.8</b>	<b>\$498.1</b>	<b>\$401.2</b>
Wound Reconstruction and Care	\$102.6	\$56.3	\$191.3	\$128.6
Extremity Orthopedics	\$0.0	\$11.2	\$0.0	\$32.6
Private Label	\$30.5	\$21.4	\$60.7	\$50.6
<b>Total Tissue Technologies</b>	<b>\$133.2</b>	<b>\$88.9</b>	<b>\$252.0</b>	<b>\$211.7</b>
<b>Total Reported Revenues</b>	<b>\$390.0</b>	<b>\$258.7</b>	<b>\$750.1</b>	<b>\$612.9</b>
Revenues from divested products <sup>(1)</sup>	-	(11.2)	-	(32.4)
Revenues from discontinued products <sup>(1)</sup>	(3.3)	(3.4)	(7.9)	(10.5)
Revenues ex divested/ discontinued products	<b>\$386.7</b>	<b>\$244.1</b>	<b>\$742.2</b>	<b>\$570.1</b>
Impact of changes in currency exchange	(6.0)	-	(11.9)	-
Revenues from acquisitions <sup>(2)</sup>	(17.7)	-	(31.8)	-
<b>Total Organic Revenues</b>	<b>\$363.0</b>	<b>\$244.1</b>	<b>\$698.6</b>	<b>\$570.1</b>

Note: Numbers may not add due to rounding

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

(2) Revenue from acquisitions includes ACell.

# Second Quarter 2021 & 2020 Adjusted EBITDA Margin Reconciliation

Note: Numbers may not add due to rounding

(In millions)	Q2 2021	Q2 2020	Q2 YTD 2021	Q2 YTD 2020
<b>GAAP Net Income/(Loss)</b>	<b>\$35.1</b>	<b>(\$0.4)</b>	<b>\$80.5</b>	<b>\$8.8</b>
Depreciation and intangible asset amortization expense	29.8	29.7	61.7	58.8
Other (income), net	(3.9)	(1.0)	(7.1)	(0.5)
Interest expense, net	11.4	9.2	22.6	19.1
Income tax expense (benefit)	9.8	2.0	31.6	4.3
COVID-19 related charges	(0.0)	(0.9)	(0.0)	3.8
Convertible debt non-cash interest <sup>(1)</sup>	-	4.3	-	6.8
Expenses related to debt refinancing	-	-	-	2.7
Acquisition, divestiture and integration-related charges <sup>(2)</sup>	10.8	6.5	(29.7)	12.7
Structural optimization charges	4.4	1.2	7.1	4.5
Discontinued product lines charges	0.3	1.3	0.3	4.5
EU Medical Device Regulation	3.4	0.9	9.2	3.1
Total of non-GAAP adjustments:	65.9	53.2	95.7	119.8
<b>Adjusted EBITDA</b>	<b>101.0</b>	<b>52.8</b>	<b>176.2</b>	<b>128.6</b>
Total Revenues	390.0	258.7	750.1	612.9
<b>Adjusted EBITDA Margin</b>	<b>25.9%</b>	<b>20.4%</b>	<b>23.5%</b>	<b>21.0%</b>

(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.

# Second Quarter 2021 and 2020 Adjusted EPS Reconciliation

Note: Numbers may not add due to rounding

(In millions)	Q2 2021	Q2 2020	Q2 YTD 2021	Q2 YTD 2020
<b>GAAP Net Income/(Loss)</b>	<b>\$35.1</b>	<b>(\$0.4)</b>	<b>\$80.5</b>	<b>\$8.8</b>
COVID-19 related charges	-	(0.9)	(0.0)	3.8
Convertible debt non-cash interest <sup>(1)</sup>	-	4.3	-	6.8
Expenses related to debt refinancing	-	-	-	2.7
Acquisition, divestiture and integration-related charges <sup>(2)</sup>	10.8	6.5	(29.7)	12.7
Structural optimization charges	4.4	1.2	7.1	4.5
Discontinued product line charges	0.3	1.3	0.3	4.5
EU Medical Device Regulation	3.4	0.9	9.2	3.1
Intangible asset amortization expense	20.3	19.8	42.9	38.4
Estimated income tax impact from adjustments and other items	(6.9)	(4.4)	1.5	(15.6)
Total of non-GAAP adjustments:	32.4	28.7	31.3	60.9
<b>Adjusted Net Income</b>	<b>\$67.4</b>	<b>\$28.4</b>	<b>\$111.7</b>	<b>\$69.7</b>
<b>Adjusted Diluted Net Income per Share</b>	<b>\$0.79</b>	<b>\$0.33</b>	<b>\$1.31</b>	<b>\$0.81</b>
Weighted average common shares outstanding for diluted net income from continuing operations per share	85.3	84.7	85.3	85.5

(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.

# Second Quarter 2021 and 2020 (TTM) Free Cash Flow Reconciliation

Note: Numbers may not add due to rounding

(In millions)	Q2 2021	Q2 2020	Q2 2021 YTD	Q2 2020 YTD	TTM 2021	TTM 2020
Net Cash from Operating Activities	\$91.3	\$33.1	\$160.4	\$53.9	\$310.3	\$207.4
Purchases of Property and Equipment	(\$6.6)	(\$7.2)	(\$13.3)	(\$23.7)	(\$28.5)	(\$59.5)
<b>Free Cash Flow</b>	<b>\$84.7</b>	<b>\$25.9</b>	<b>\$147.1</b>	<b>\$30.2</b>	<b>\$281.8</b>	<b>\$147.8</b>
Adjusted Net Income	\$67.4	\$28.4	\$126.5	\$69.7	\$265.4	\$187.3
<b>Adjusted Free Cash Flow Conversion</b>	<b>125.5%</b>	<b>91.3%</b>	<b>116.3%</b>	<b>43.3%</b>	<b>106.2%</b>	<b>78.9%</b>

# Second Quarter 2021 Gross Margin Reconciliation

Note: Numbers may not add due to rounding

(In millions)	Q2 2021	Q2 2020	Q2 YTD 2021	Q2 YTD 2020
<b>Reported Gross Profit</b>	<b>\$238.7</b>	<b>\$153.2</b>	<b>\$453.0</b>	<b>\$374.0</b>
COVID-19 related charges	-	0.8	(0.0)	3.8
Structural optimization charges	1.3	1.4	3.2	1.9
Acquisition, divestiture and integration-related charges	7.7	2.8	15.8	5.4
Discontinued product line charges	0.3	1.3	0.3	4.5
EU Medical Device Regulation	1.4	0.1	1.6	0.1
Intangible asset amortization expense	16.1	11.7	34.2	23.4
<b>Adjusted Gross Profit</b>	<b>\$265.6</b>	<b>\$171.2</b>	<b>\$508.0</b>	<b>\$413.0</b>
Total Revenues	\$390.0	\$258.7	\$750.1	\$612.9
<b>Adjusted Gross Margin</b>	<b>68.1%</b>	<b>66.2%</b>	<b>67.7%</b>	<b>67.4%</b>

# Second Quarter 2021 Adjusted SG&A Reconciliation

Note: Numbers may not add due to rounding

(In millions)	Q2 2021	Q2 2020	Q2 YTD 2021	Q2 YTD 2020
<b>Reported SG&amp;A</b>	<b>\$162.6</b>	<b>\$116.1</b>	<b>\$319.2</b>	<b>\$282.1</b>
COVID-19 related charges	(0.0)	(1.6)	(0.0)	0.1
Structural optimization charges	1.4	(0.1)	3.0	2.6
Acquisition, divestiture and integration-related charges	4.2	3.1	12.0	7.8
EU Medical Device Regulation	1.0	0.8	3.1	3.0
<b>Adjusted SG&amp;A</b>	<b>\$156.0</b>	<b>\$113.9</b>	<b>\$301.1</b>	<b>\$268.7</b>
Total Revenues	\$390.0	\$258.7	\$750.1	\$612.9
<b>Adjusted SG&amp;A (% of Revenues)</b>	<b>40.0%</b>	<b>44.1%</b>	<b>40.1%</b>	<b>43.8%</b>