

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021
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
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

51-0317849
(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

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report:

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	TRADING SYMBOL	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, Par Value \$.01 Per Share	IART	Nasdaq Global Select Market

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of July 27, 2021 was 84,579,542.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME / (LOSS)
(UNAUDITED)

(Dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total revenue, net	\$ 389,992	\$ 258,665	\$ 750,063	\$ 612,989
Costs and expenses:				
Cost of goods sold	151,267	105,478	297,090	238,954
Research and development	20,121	14,926	42,495	35,742
Selling, general and administrative	162,552	116,108	319,185	282,060
Intangible asset amortization	4,198	8,073	8,725	15,050
Total costs and expenses	<u>338,138</u>	<u>244,585</u>	<u>667,495</u>	<u>571,806</u>
Operating income	51,854	14,080	82,568	41,183
Interest income	1,764	2,281	3,512	4,851
Interest expense	(13,149)	(15,682)	(26,078)	(33,434)
Gain (loss) from the sale of business	(679)	—	42,197	—
Other income, net	5,034	972	9,903	493
Income before income taxes	<u>44,824</u>	<u>1,651</u>	<u>112,102</u>	<u>13,093</u>
Provision for income taxes	9,756	2,020	31,640	4,282
Net income (loss)	<u>\$ 35,068</u>	<u>\$ (369)</u>	<u>\$ 80,462</u>	<u>\$ 8,811</u>
Net income per share				
Basic	\$ 0.41	\$ (0.00)	\$ 0.95	\$ 0.10
Diluted	\$ 0.41	\$ (0.00)	\$ 0.94	\$ 0.10
Weighted average common shares outstanding (See Note 13):				
Basic	84,687	84,706	84,593	84,955
Diluted	85,340	84,706	85,324	85,548
Comprehensive income (loss) (See Note 14)	<u>28,731</u>	<u>1,095</u>	<u>104,558</u>	<u>\$ (17,912)</u>

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, except per share amounts)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 397,414	\$ 470,166
Trade accounts receivable, net of allowances of \$6,687 and \$6,439	229,823	225,532
Inventories, net	323,618	310,117
Prepaid expenses and other current assets	81,527	69,282
Assets held for sale	—	162,105
Total current assets	1,032,382	1,237,202
Property, plant and equipment, net	295,759	287,529
Right of use asset - operating leases	89,174	83,635
Intangible assets, net	1,178,884	989,436
Goodwill	1,015,638	932,367
Deferred tax assets, net	80,086	73,690
Other assets	20,864	11,277
Total assets	\$ 3,712,787	\$ 3,615,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of borrowings under senior credit facility	\$ 45,000	\$ 33,750
Current portion of borrowings under securitization facility	—	112,500
Current portion of lease liability - operating leases	13,987	12,818
Accounts payable, trade	65,512	54,608
Income taxes payable	17,112	—
Contract liabilities	5,890	5,275
Accrued compensation	72,047	76,117
Accrued expenses and other current liabilities	99,208	94,194
Liabilities held for sale	—	11,751
Total current liabilities	318,756	401,013
Long-term borrowings under senior credit facility	823,208	933,387
Long-term borrowings under securitization facility	112,500	—
Long-term convertible securities	562,968	474,834
Lease liability - operating leases	95,196	88,118
Deferred tax liabilities	63,447	16,190
Other liabilities	161,731	186,727
Total liabilities	2,137,806	2,100,269
Stockholders' equity:		
Preferred stock; no par value; 15,000 authorized shares; none outstanding	—	—
Common stock; \$0.01 par value; 240,000 authorized shares; 89,474 and 89,251 issued at June 30, 2021 and December 31, 2020, respectively	895	893
Additional paid-in capital	1,248,555	1,290,909
Treasury stock, at cost; 4,899 shares and 4,914 shares at June 30, 2021 and December 31, 2020, respectively	(234,461)	(235,141)
Accumulated other comprehensive loss	(49,963)	(74,059)
Retained earnings	609,955	532,265
Total stockholders' equity	1,574,981	1,514,867
Total liabilities and stockholders' equity	\$ 3,712,787	\$ 3,615,136

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollars in thousands)

	Six Months Ended June 30,	
	2021	2020
OPERATING ACTIVITIES:		
Net income	\$ 80,462	\$ 8,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,968	58,826
Non-cash impairment charges	2,754	—
Deferred income tax (benefit) provision	(4,907)	(401)
Share-based compensation	22,033	8,922
Amortization of debt issuance costs and expenses associated with debt refinancing	3,569	5,551
Non-cash lease expense	2,528	1,760
Accretion of bond issuance discount	—	6,780
Loss on disposal of property and equipment	86	517
Gain from the sale of business	(42,197)	—
Change in fair value of contingent consideration and others	(385)	(708)
Changes in assets and liabilities:		
Accounts receivable	10,802	95,293
Inventories	2,893	(47,041)
Prepaid expenses and other current assets	(8,061)	2,191
Other non-current assets	4,067	6,149
Accounts payable, accrued expenses and other current liabilities	27,277	(88,671)
Other non-current liabilities	482	(4,048)
Net cash provided by operating activities	160,371	53,931
INVESTING ACTIVITIES:		
Purchases of property and equipment	(13,309)	(23,736)
Proceeds from sale of Extremity Orthopedics business	191,736	—
Proceeds from sale of property and equipment	—	3,302
Cash (paid) provided for business acquisitions, net of cash acquired	(303,910)	—
Acquired in-process research and development	—	(5,000)
Net cash used in investing activities	(125,483)	(25,434)
FINANCING ACTIVITIES:		
Proceeds from borrowings of long-term indebtedness	2,200	127,700
Payments on debt	(102,200)	(388,500)
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	(249)	(20,264)
Purchases of treasury stock	—	(100,000)
Proceeds from exercised stock options	3,603	3,598
Cash taxes paid in net equity settlement	(3,844)	(4,397)
Net cash (used) provided by financing activities	(100,490)	133,452
Effect of exchange rate changes on cash and cash equivalents	(7,150)	121
Net increase in cash and cash equivalents	(72,752)	162,070
Cash and cash equivalents at beginning of period	470,166	198,911
Cash and cash equivalents at end of period	\$ 397,414	\$ 360,981

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(UNAUDITED)

(Dollars in thousands, except per share amounts)

	Six Months Ended June 30, 2021							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2021	89,251	\$ 893	(4,914)	\$ (235,141)	\$ 1,290,909	\$ (74,059)	\$ 532,265	\$ 1,514,867
Net income	—	—	—	—	—	—	45,394	45,394
Other comprehensive income, net of tax	—	—	—	—	—	30,432	—	30,432
Issuance of common stock through employee stock purchase plan	18	—	—	—	1,127	—	—	1,127
Issuance of common stock for vesting of share based awards, net of shares withheld for taxes	137	1	15	680	(3,222)	—	—	(2,541)
Share-based compensation	—	—	—	—	6,098	—	—	6,098
Adoption of Update No. 2020-06	—	—	—	—	(63,274)	—	(2,772)	(66,046)
Balance, March 31, 2021	89,406	894	(4,899)	(234,461)	1,231,638	(43,627)	574,887	1,529,331
Net income	—	—	—	—	—	—	35,068	35,068
Other comprehensive loss, net of tax	—	—	—	—	—	(6,336)	—	(6,336)
Issuance of common stock for vesting of share based awards, net of shares withheld for taxes	68	1	—	—	1,175	—	—	1,176
Share-based compensation	—	—	—	—	15,742	—	—	15,742
Balance, June 30, 2021	89,474	\$ 895	(4,899)	\$ (234,461)	\$ 1,248,555	\$ (49,963)	\$ 609,955	\$ 1,574,981

	Six Months Ended June 30, 2020							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2020	88,735	\$ 887	(2,865)	\$ (119,943)	\$ 1,213,620	\$ (76,401)	\$ 398,573	\$ 1,416,736
Net income	—	—	—	—	—	—	9,180	9,180
Other comprehensive loss, net of tax	—	—	—	—	—	(28,187)	—	(28,187)
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	357	2	10	476	(3,217)	—	—	(2,739)
Share-based compensation	—	—	—	—	3,781	—	—	3,781
Share repurchase and equity component of the convertible note issuance, net	—	—	(135)	(7,632)	42,538	—	—	34,906
Accelerated shares repurchased	—	—	(1,304)	(75,407)	(16,961)	—	—	(92,368)
Adoption of Update No. 2016-13	—	—	—	—	—	—	(200)	(200)
Balance, March 31, 2020	89,105	\$ 889	(4,294)	\$ (202,506)	\$ 1,240,455	\$ (104,588)	\$ 407,553	\$ 1,341,803
Net loss	—	—	—	—	—	—	(369)	(369)
Other comprehensive income, net of tax	—	—	—	—	—	1,464	—	1,464
Issuance of common stock for vesting of share based awards, net of shares withheld for taxes	84	3	—	(35)	1,282	—	—	1,250
Share-based compensation	—	—	—	—	4,948	—	—	4,948
Accelerated shares repurchased	—	—	(621)	(32,685)	32,685	—	—	—
Balance, June 30, 2020	89,189	892	(4,915)	(235,226)	1,279,370	(103,124)	407,184	1,349,096

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

General

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.

In the opinion of management, the June 30, 2021 unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, statement of changes in shareholder's equity, results of operations and cash flows of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2020 included in the Company's Annual Report on Form 10-K. The December 31, 2020 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. Operating results for the three and six month period ended June 30, 2021 are not necessarily indicative of the results to be expected for the entire year.

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, 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 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.

Risks and Uncertainties

The Company is subject to risks and uncertainties as a result of the COVID-19 pandemic. During the beginning of 2020, the Company's customers diverted resources to treat COVID-19 patients and deferred or canceled elective or non-emergent surgical procedures, all of which impacted hospitals' abilities to meet their obligations, including to the Company. Towards the end of 2020 and during the first half of 2021, procedural volumes relevant to the Company's products steadily increased and, in some geographic areas, began to approach normalized levels. However, on-going uncertainty persists about the continuing sustainability of those procedural volumes as virus outbreaks constrain healthcare networks. Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a local and/or global economic recession. Such economic disruption has had an adverse effect on the Company's business as customers curtailed and reduced capital and overall spending. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and the economy as a whole. The magnitude and overall effectiveness of these actions remains uncertain. The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, duration of the pandemic, including resurgences, new variants or strains, impact of government regulations, the speed and effectiveness of vaccine distribution, vaccine adoption rates and the direct and indirect economic effects of the pandemic and containment measures. The Company's future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain disruptions and uncertain demand, and the impact of any initiatives or programs that the Company may undertake to address financial and operations challenges faced by its customers. During the first half of 2021, the Company's revenues were still impacted due to COVID-19 resurgences and lower surgical procedural volumes, though not to the levels seen in early 2020. As a result, the Company has continued to manage its operating costs in this environment. Even after the COVID-19 pandemic and government responses thereto have subsided, residual economic and other effects may have an impact on the demand for post-pandemic surgery levels that are difficult to predict.

Recent Accounting Pronouncements

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. 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 during 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 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 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 adopted ASU No. 2019-12 as of January 1, 2021. Adoption of the standard requires certain changes to be made prospectively, with some changes to be made retrospectively. The adoption of this guidance did not have a material impact on the Company's 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 London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This ASU is 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 2021, the FASB also issued ASU 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 2020-04 and are effective in the same timeframe as ASU 2020-04. The Company is currently assessing the impact that this ASU will have on its consolidated financial statements and related disclosures.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

In August 2020, the FASB issued ASU 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 using either the modified retrospective or full retrospective method.

As detailed in Note 6 – *Debt*, 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 are subject to the guidance included in ASU 2020-06. The Company adopted this guidance on January 1, 2021 using the modified retrospective approach which resulted in a cumulative-effect adjustment that increased (decreased) the following consolidated balance sheet accounts:

ADJUSTMENT	CONSOLIDATED BALANCE SHEET CLASSIFICATION	AMOUNT (in millions)
Deferred tax impact of cumulative-effect adjustment	Deferred tax liabilities	\$ (20.6)
Debt discount reclassification	Long-term convertible securities	89.1
Equity issuance costs reclassification	Long-term convertible securities	(2.5)
Debt discount amortization and equity costs reclassification, net of tax	Retained Earnings	(2.8)
Net impact of cumulative-effect adjustment	Additional paid-in capital	(63.3)

Upon adoption of this ASU 2020-06, the Company's Convertible Senior Notes were reflected entirely as a liability since the embedded conversion feature will no longer be separately presented within stockholders' equity. On December 9, 2020, the Company made an irrevocable election under the indenture to require the principal portion of its convertible senior notes to be settled in cash and any excess in shares. Following the irrevocable notice, only the amounts settled in excess of the principal will be considered in diluted earnings per share under the "if-converted" method. Additionally, from January 1, 2021, the Company is no longer incurring non-cash interest expense for the amortization of debt discount, therefore the interest expense for the 2025 Notes, which is included in the interest expense on the consolidated statements of operations and comprehensive loss, is lower as compared to the fiscal year of 2020.

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 ASU will be effective for the Company for annual and interim periods beginning after January 1, 2021. The Company adopted this standard on the January 1, 2021. The adoption of this guidance did not have a material impact on the Company's results, financial position or disclosures.

In May 2021, the FASB issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options* which provides guidance to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this ASU No. 2021-04 are effective for all entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted, including interim periods within those fiscal years. The amendment currently has no impact to the Company as the effect will largely depend on the terms of written call options or financings issued or modified in the future.

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

2. ACQUISITIONS AND DIVESTITURES

Sale of Extremity Orthopedics Business

On January 4, 2021, the Company completed its previously announced sale of its Extremity Orthopedics business to Smith & Nephew USD Limited ("Smith & Nephew"). 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. The Company received an aggregate purchase price of \$240.0 million from Smith and Nephew and concurrently paid \$41.5 million to the Consortium of Focused Orthopedists, LLC ("CFO") effectively terminating the licensing agreement between Integra and CFO relating to the development of shoulder arthroplasty products.

Assets and liabilities divested consisted of the following as of December 31, 2020 (dollar 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

The Divestiture does not represent a strategic shift that will have a major effect on the Company's operations and financial statements. Goodwill was allocated to the assets and liabilities divested using the relative fair value method of the Extremity Orthopedics business to the Company's Tissue Technologies reporting unit. In connection with the sale, the Company recognized a loss of \$0.7 million associated with certain working capital adjustments and gain of \$42.2 million that is presented in Gain from the sale of business in the consolidated statement of operations for the three and six months ended June 30, 2021. The net proceeds are subject to adjustments based on changes in the actual closing net working capital. The purchase price is preliminary pending finalization of potential working capital adjustments.

The Company also entered into a transition services agreement ("TSA") with Smith & Nephew which requires the Company to provide certain services on behalf of Smith & Nephew for the duration of the period subsequent to the sale of the business as defined in the agreement. The Company recognized a payable due to Smith & Nephew of \$10.9 million as of June 30, 2021, included in the consolidated balance sheet within accrued expenses and other current liabilities respectively.

ACell Inc. Acquisition

On January 20, 2021, the Company acquired ACell Inc. (the "ACell Acquisition") for an acquisition purchase price of \$306.9 million plus contingent consideration of up to \$100 million, that may be payable upon achieving certain revenue-based performance milestones in 2022, 2023 and 2025. The final working capital adjustments of \$1.3 million was finalized and paid as of June 30, 2021; however certain amounts relating to tax related matters have not been finalized. The finalization of these matters may result in changes to goodwill. ACell was a privately-held company that offered a portfolio of regenerative products for complex wound management, including developing and commercializing products based on MatriStem Urinary Bladder Matrix ("UBM"), a technology platform derived from porcine urinary bladder extracellular matrix.

Assets Acquired and Liabilities Assumed at Fair Value

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

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

Dollars in thousands	Preliminary Valuation as of June 30, 2021	Weighted Average Life
Current assets:		
Cash	\$ 2,726	
Trade accounts receivable, net	16,469	
Inventories, net	18,299	
Prepays expenses and other current assets	1,498	
Total current assets	38,992	
Property, plant and equipment, net	13,769	
Intangible assets	245,000	13-14 years
Goodwill	94,298	
Right of use asset - operating leases	9,259	
Deferred tax assets	9,768	
Other assets	148	
Total assets acquired	411,234	
Current liabilities:		
Accounts payable	\$ 718	
Accrued expenses	5,966	
Current portion of lease liability - operating leases	1,673	
Total current liabilities	8,357	
Other long-term liability	276	
Lease liability - operating leases	7,585	
Deferred tax liability	64,178	
Contingent consideration	23,900	
Total liabilities assumed	104,296	
Net assets acquired	\$ 306,938	

Intangible Assets

The estimated fair value of the developed technology acquired was determined using the multi-period excess earnings method of the income approach, which estimates value based on the present value of future economic benefits. 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 product including net revenues, cost of sales, R&D costs, selling and marketing costs, 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 8.5% 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 ACell Acquisition to the Tissue Technologies segment. Goodwill is the excess of the consideration transferred over the net assets recognized and represents the expected synergies of the combined company and assembled workforce. Goodwill recognized as a result of this acquisition is non-deductible for income tax purposes.

Contingent Consideration

As part of the acquisition, the Company is required to pay the former shareholders of ACell up to \$100 million based on the achievement of certain revenue-based performance milestones in 2022, 2023, and 2025. The Company used iterations of the Monte Carlo simulation to calculate the fair value of the contingent consideration that considered the possible outcomes of scenarios related to each specific milestone. The Company estimated the fair value of the contingent consideration to be \$23.9 million at the acquisition date. The estimated fair value as of June 30, 2021 was \$23.5 million. This amount is included in other liabilities at June 30, 2021 in the consolidated balance sheets of the Company.

The Company determines the acquisition date fair value of contingent consideration obligations using a Monte Carlo simulation, as well as significant unobservable inputs, reflecting the Company's assessment of the assumptions market participants would use to value these liabilities. 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 most likely payouts 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 considerations may result from changes in discount periods and rates and changes in the timing and amount of revenue estimates.

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.

Pro Forma Results (unaudited)

Pro forma revenues for the three months ended June 30, 2021 and 2020 were \$390.0 million and \$269.6 million, respectively. Pro forma revenues for the six months ended June 30, 2021 and 2020 were \$754.7 million and \$646.9 million, respectively. Pro forma net income and earnings per share are not presented for this acquisition as they are not material.

3. 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 and 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 summarizes the changes in the contract asset and liability balances for the six months ended June 30, 2021:

Contract Asset	
Contract asset, January 1, 2021	\$ 7,430
Transferred to trade receivable of contract asset included in beginning of the year contract asset	(7,430)
Contract asset, net of transferred to trade receivables on contracts during the period	7,952
Contract asset, June 30, 2021	<u>\$ 7,952</u>

Contract Liability	
Contract liability, January 1, 2021	\$ 11,961
Recognition of revenue included in beginning of year contract liability	(2,838)
Contract liability, net of revenue recognized on contracts during the period	3,102
Foreign currency translation	(125)
Contract liability, June 30, 2021	<u>\$ 12,100</u>

At June 30, 2021, the short-term portion of the contract liability of \$5.9 million and the long-term portion of \$6.2 million were included in accrued expenses and other current liabilities and other liabilities, respectively, in the consolidated balance sheet.

As of June 30, 2021, the Company is expected to recognize approximately 49% of unsatisfied (or partially unsatisfied) performance obligations as revenue within twelve months, with the remaining balance to be recognized 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 the three and six months ended June 30, 2021 and 2020 (dollar amounts in thousands):

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Neurosurgery	\$ 202,600	\$ 141,430	\$ 391,854	\$ 326,373
Instruments	54,237	28,348	106,224	74,845
Total Codman Specialty Surgical	256,837	169,778	498,078	401,218
Wound Reconstruction and Care ⁽²⁾	102,616	56,291	191,314	128,558
Extremity Orthopedics ⁽¹⁾	—	11,162	—	32,634
Private Label	30,539	21,434	60,671	50,579
Total Tissue Technologies	133,155	88,887	251,985	211,771
Total revenue	<u>\$ 389,992</u>	<u>\$ 258,665</u>	<u>\$ 750,063</u>	<u>\$ 612,989</u>

⁽¹⁾ On January 4, 2021, the Company completed its previously announced sale of its Extremity Orthopedics business. In conjunction with the sale of this business, the Company rebranded the Orthopedics and Tissue Technologies segment as Tissue Technologies in the first quarter of 2021. See Note 2. *Acquisitions and Divestitures*, for details.

⁽²⁾ See Note 2. *Acquisitions and Divestitures*, for details around the ACell Inc. Acquisition.

See Note 15, *Segment and Geographical Information*, for details of revenues based on the location of the customer.

4. INVENTORIES

Inventories, net consisted of the following:

Dollars in thousands	June 30, 2021	December 31, 2020
Finished goods	\$ 180,835	\$ 180,301
Work in process	61,987	53,336
Raw materials	80,796	76,480
Total inventories, net	<u>\$ 323,618</u>	<u>\$ 310,117</u>

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.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Changes in the carrying amount of goodwill for the six-month period ended June 30, 2021 were as follows:

Dollars in thousands	Codman Specialty Surgical	Tissue Technologies	Total
Goodwill at December 31, 2020	\$ 671,975	\$ 260,392	\$ 932,367
ACell Acquisition	—	94,298	94,298
Foreign currency translation	(7,218)	(3,809)	(11,027)
Goodwill at June 30, 2021	<u>\$ 664,757</u>	<u>\$ 350,881</u>	<u>\$ 1,015,638</u>

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

June 30, 2021				
Dollars in thousands	Weighted Average Life	Cost	Accumulated Amortization	Net
Completed technology	18 years	\$ 1,125,279	\$ (274,287)	\$ 850,992
Customer relationships	12 years	\$ 212,572	\$ (137,897)	\$ 74,675
Trademarks/brand names	28 years	\$ 99,319	\$ (29,866)	\$ 69,453
Codman tradename	Indefinite	\$ 166,651	\$ —	\$ 166,651
Supplier relationships	30 years	\$ 30,211	\$ (15,691)	\$ 14,520
All other	11 years	\$ 6,473	\$ (3,880)	\$ 2,593
		<u>\$ 1,640,505</u>	<u>\$ (461,621)</u>	<u>\$ 1,178,884</u>

December 31, 2020				
Dollars in thousands	Weighted Average Life	Cost	Accumulated Amortization	Net
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 tradename	Indefinite	170,226	—	170,226
Supplier relationships	27 years	30,211	(15,203)	15,008
All other ⁽¹⁾	4 years	6,693	(3,755)	2,938
		<u>\$ 1,421,087</u>	<u>\$ (431,651)</u>	<u>\$ 989,436</u>

⁽¹⁾ Prior period amounts were reclassified as it relates to All other within this table to conform to the current period presentation.

The increase in the Company's identifiable intangible assets at June 30, 2021 as compared to the year ended December 31, 2020, was primarily driven from intangible assets acquired in conjunction with the ACell Inc. acquisition. See Note 2, *Acquisitions and Divestitures*, for details.

Based on quarter-end exchange rates, amortization expense (including amounts reported in cost of product revenues) is expected to be approximately \$40.6 million for the remainder of 2021, \$79.1 million in 2022, \$78.4 million in 2023, \$77.7 million in 2024, \$77.7 million in 2025, \$77.5 million in 2026 and \$585.7 million thereafter.

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) a \$877.5 million Term Loan facility, and (ii) a \$1.3 billion revolving credit facility, which includes a \$60 million sublimit for the issuance of standby letters of credit and a \$60 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 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 June 30, 2021, the Company was in compliance with all such covenants. 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 June 30, 2021 and December 31, 2020, there was \$8.8 million and \$97.5 million, respectively, outstanding under the revolving credit component of the Senior Credit Facility at weighted average interest rates of 1.5%. At June 30, 2021 and December 31, 2020, there was \$866.3 million and \$877.5 million, respectively, outstanding under the Term Loan component of the Senior Credit Facility at a weighted average interest rate of 1.5%. At June 30, 2021, \$45.0 million of the Term Loan component of the Senior Credit Facility is classified as current on the consolidated balance sheet.

The fair value of outstanding borrowings of the Senior Credit Facility's revolving credit and Term Loan components at June 30, 2021 were \$8.6 million and \$850.4 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 June 30, 2021 and December 31, 2020 totaled \$1.6 million. There were no amounts drawn as of June 30, 2021.

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

Quarter Ended June 30, 2021	Principal Repayment
Dollars in thousands	
Remainder of 2021	\$ 22,500
2022	\$ 45,000
2023	\$ 61,875
2024	\$ 67,500
2025	\$ 669,375
	<u>\$ 866,250</u>

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. The effective interest rate implicit in the liability component was 4.2%. In connection with this offering, the Company capitalized \$13.2 million of financing fees.

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 \$1,000 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 June 30, 2021, 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.

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. On January 1, 2021, the Company adopted ASU 2020-06 using the modified retrospective method. See Note 1, *Basis of Presentation*, for further details. At June 30, 2021, in conjunction with the adoption of the ASU, the carrying amount of the liability was \$575.0 million. The fair value of the 2025 Notes at June 30, 2021 was \$630.7 million. Factors that the Company considered when estimating the fair value of the 2025 Notes included recent quoted market prices or dealer quote. The level of the 2025 Notes is considered as Level 1.

On January 1, 2021, the Company adopted ASU 2020-06 using the modified retrospective method. See Note 1, *Basis of Presentation*, for further details. As a result of the adoption of the ASU, the Company recognized only cash interest related to the contractual interest coupon of \$1.4 million on the 2025 Notes for the six months ended June 30, 2021. Prior to the adoption, during the six months ended June 30, 2020, the Company recognized cash interest of \$1.2 million and amortization of the discount on the liability component of \$6.8 million for a total interest charge of \$8.0 million on the 2020 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") 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 June 30, 2021, the Company was in compliance with the covenants and none of the termination events had occurred.

On May 28, 2021, the Company entered into an amendment (the "May 2021 Amendment") of the Securitization Facility which extended the maturity date from December 21, 2021 to May 28, 2024. The May 2021 amendment does not increase the Company's total indebtedness.

At June 30, 2021 and December 31, 2020, the Company had \$112.5 million, respectively, of outstanding borrowings under its Securitization Facility at a weighted average interest rate of 1.2% and 1.3%, respectively. The fair value of the outstanding borrowing of the Securitization Facility at June 30, 2021 was \$110.3 million. 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.

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.

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The Company held the following interest rate swaps as of June 30, 2021 and December 31, 2020 (dollar amounts in thousands):

Hedged Item	June 30, 2021	December 31, 2020	Designation Date	Effective Date	Termination Date	Fixed Interest Rate	June 30, 2021	December 31, 2020
	Notional Amount						Estimated Fair Value	
							Asset (Liability)	
1-month USD LIBOR Loan	\$ —	\$ 100,000	March 27, 2017	December 31, 2017	June 30, 2021	1.97%	—\$	(929)
1-month USD LIBOR Loan	300,000	300,000	December 13, 2017	January 1, 2018	December 31, 2022	2.20%	(9,122)	(12,557)
1-month USD LIBOR Loan	150,000	150,000	December 13, 2017	July 1, 2019	June 30, 2024	2.42%	(8,692)	(11,502)
1-month USD LIBOR Loan	200,000	200,000	December 13, 2017	January 1, 2018	December 31, 2024	2.31%	(11,856)	(16,243)
1-month USD LIBOR Loan	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.22%	(7,595)	(9,836)
1-month USD LIBOR Loan	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.19%	(7,553)	(9,826)
1-month USD LIBOR Loan	75,000	75,000	October 10, 2018	July 1, 2020	June 30, 2025	3.20%	(7,541)	(9,783)
1-month USD LIBOR Loan	100,000	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.88%	(7,703)	(10,407)
1-month USD LIBOR Loan	100,000	100,000	December 18, 2018	December 30, 2022	December 31, 2027	2.86%	(7,592)	(10,431)
1-month USD LIBOR Loan	575,000	575,000	December 15, 2020	July 31, 2025	December 31, 2027	1.41%	3,931	(1,907)
1-month USD LIBOR Loan	125,000	125,000	December 15, 2020	July 1, 2025	December 31, 2027	1.40%	987	(348)
	<u>\$ 1,775,000</u>	<u>\$ 1,875,000</u>					<u>\$ (62,736)</u>	<u>(93,769)</u>

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. Those amounts are subsequently reclassified to earnings from AOCL as impacted by the hedged item when the hedged item affects 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 \$0.3 million loss from the change in fair value of the contracts, which was included in other income, net in the consolidated statement of operations as of June 30, 2021. The Company subsequently settled its foreign currency forward contracts associated with the intercompany receivables denominated in JPY during the first quarter of 2021. The fair value of the foreign currency forward contracts denominated in CAD was \$0.3 million as of June 30, 2021.

During the second quarter of 2021, the Company entered into a foreign currency swap, with a notional of \$7.3 million to mitigate the risk from fluctuations in foreign currency exchange rates associated with certain intercompany loan denominated in Japanese Yen ("JPY"). In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another currency at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon notional amount. The notional amount of each currency is exchanged at the inception and termination of the currency swap by each party. The change in fair value of the foreign currency swap was not material for the period.

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 intercompany loan requires quarterly payments of CHF 5.8 million plus accrued interest. As a result, the aggregate notional amount of the related cross-currency swaps will decrease by a corresponding amount.

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 June 30, 2021 and December 31, 2020 (dollar amounts in thousands):

	Effective Date	Termination Date	Fixed Rate		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
					Aggregate Notional Amount		Fair Value Asset (Liability)	
Pay CHF	October 2, 2017	October 2, 2021	1.85%	CHF	48,533	48,533	(2,228)	(4,335)
Receive U.S.\$			4.46%	\$	50,000	50,000		
Pay CHF	October 2, 2017	October 2, 2022	1.95%	CHF	145,598	145,598	(4,641)	(11,262)
Receive U.S.\$			4.52%	\$	150,000	150,000		
Pay CHF	December 21, 2020	December 20, 2025	3.00%	CHF	408,637	420,137	10,124	(7,843)
Receive U.S.\$			3.98%	\$	458,730	471,640		
Total							\$ 3,255	\$ (23,441)

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 three and six months ended June 30, 2021, the Company recorded a loss of \$12.9 million and a gain of \$30.0 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 three and six months ended June 30, 2020, the Company recorded losses of \$3.4 million and \$5.1 million, respectively, in other income, net related to change in fair value related to the foreign currency rate translation to offset the gains recognized on the intercompany loans.

For the three and six months ended June 30, 2021, the Company recorded a loss of \$11.0 million and a gain of \$29.2 million in AOCL, respectively, related to change in fair value of the cross-currency swaps. For the three and six months ended June 30, 2020, the Company recorded a loss of \$2.3 million and a gain of \$3.6 million in AOCL, respectively, related to change in fair value of the cross-currency swaps.

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For the three and six months ended June 30, 2021, the Company recorded gains of \$1.3 million and \$2.5 million, respectively, in other income, net included in the consolidated statements of operations related to the interest rate differential of the cross-currency swaps. For the three and six months ended June 30, 2020, the Company recorded gains of \$1.5 million and \$3.0 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 (expense), net from AOCL as of June 30, 2021 within the next twelve months is \$7.0 million. As of June 30, 2021, 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 June 30, 2021 and December 31, 2020, respectively (dollar amounts in thousands):

	Effective Date	Termination Date	Fixed Rate	Aggregate Notional Amount	June 30, 2021		December 31, 2020	
						Fair Value Asset (Liability)		Fair Value Asset (Liability)
Pay EUR Receive U.S.\$	October 3, 2018	September 30, 2021	—% 3.01%	EUR \$ 44,859 52,000	\$	(864)	\$	(1,884)
Pay EUR Receive U.S.\$	October 3, 2018	September 30, 2023	—% 2.57%	EUR \$ 51,760 60,000		901		(450)
Pay EUR Receive U.S.\$	October 3, 2018	September 30, 2025	—% 2.19%	EUR \$ 38,820 45,000		849		92
Pay CHF Receive U.S.\$	December 16, 2020	December 16, 2027	—% 1.10%	CHF \$ 222,300 250,000		3,292		(3,794)
Total					\$	4,178	\$	(6,036)

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 three and six months ended June 30, 2021, the Company recorded gains of \$0.1 million and \$13.7 million, respectively, in AOCL related to the change in fair value of the cross-currency swaps. For the three and six months ended June 30, 2020, the Company recorded a loss of \$2.5 million and a gain of \$16.4 million, respectively, in AOCL related to the change in fair value of the cross-currency swaps.

For the three and six months ended June 30, 2021, the Company recorded gains of \$1.7 million and \$3.4 million in interest income included in the consolidated statements of operations related to the interest rate differential of the cross-currency swaps. For the three and six months ended June 30, 2020, the Company recorded gains of \$2.2 million and \$4.4 million 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 June 30, 2021 within the next twelve months is \$4.5 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 condensed consolidated balance sheets as of June 30, 2021 and December 31, 2020:

<u>Location on Balance Sheet ⁽¹⁾:</u>	<u>Fair Value as of</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Dollars in thousands		
Derivatives designated as hedges — Assets:		
Prepaid expenses and other current assets		
<u>Cash Flow Hedges</u>		
Cross-currency swap	\$ 9,206	\$ 7,623
<u>Net Investment Hedges</u>		
Cross-currency swap	5,345	5,297
Other assets		
<u>Cash Flow Hedges</u>		
Interest rate swap ⁽²⁾	4,918	—
Cross-currency swap	4,605	—
<u>Net Investment Hedges</u>		
Cross-currency swap	505	—
Total derivatives designated as hedges — Assets	\$ 24,579	\$ 12,920
Derivatives designated as hedges — Liabilities:		
Accrued expenses and other current liabilities		
<u>Cash Flow Hedges</u>		
Interest rate swap ⁽²⁾	\$ 21,003	\$ 22,033
Cross-currency swap	2,228	4,335
<u>Net Investment Hedges</u>		
Cross-currency swap	864	1,884
Other liabilities		
<u>Cash Flow Hedges</u>		
Interest rate swap ⁽²⁾	46,651	71,736
Cross-currency swap	8,328	26,728
<u>Net Investment Hedges</u>		
Cross-currency swap	808	9,449
Total derivatives designated as hedges — Liabilities	\$ 79,882	\$ 136,165

⁽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 June 30, 2021 and December 31, 2020, the total notional amounts related to the Company's interest rate swaps were \$1.8 billion and \$1.9 billion, respectively.

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The following presents the effect of derivative instruments designated as cash flow hedges on the accompanying condensed consolidated statement of operations during the three and six months ended June 30, 2021 and 2020:

Dollars in thousands	Balance in AOCL Beginning of Quarter	Amount of Gain (Loss) Recognized in AOCL	Amount of Gain (Loss) Reclassified from AOCL into Earnings	Balance in AOCL End of Quarter	Location in Statements of Operations
Three Months Ended June 30, 2021					
<u>Cash Flow Hedges</u>					
Interest rate swap	\$ (53,546)	\$ (15,013)	\$ (5,823)	\$ (62,736)	Interest expense
Cross-currency swap	(5,029)	(10,969)	(11,635)	(4,363)	Other income (expense),net
<u>Net Investment Hedges</u>					
Cross-currency swap	(429)	88	1,737	(2,078)	Interest income
	<u>\$ (59,004)</u>	<u>\$ (25,894)</u>	<u>\$ (15,721)</u>	<u>\$ (69,177)</u>	
Three Months Ended June 30, 2020					
<u>Cash Flow Hedges</u>					
Interest rate swap	\$ (95,753)	\$ (9,988)	\$ (3,614)	\$ (102,127)	Interest expense
Cross-currency swap	6,266	(2,322)	(1,899)	5,843	Other income (expense),net
<u>Net Investment Hedges</u>					
Cross-currency swap	26,946	(2,543)	2,179	22,224	Interest income
	<u>\$ (62,541)</u>	<u>\$ (14,853)</u>	<u>\$ (3,334)</u>	<u>\$ (74,060)</u>	
Dollars in thousands	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 Quarter	Location in Statements of Operations
Six Months Ended June 30, 2021					
<u>Cash Flow Hedges</u>					
Interest rate swap	\$ (93,769)	\$ 19,505	\$ (11,528)	\$ (62,736)	Interest expense
Cross-currency swap	(1,073)	29,225	32,515	(4,363)	Other income (expense),net
<u>Net Investment Hedges</u>					
Cross-currency swap	(12,291)	13,661	3,448	(2,078)	Interest income
	<u>\$ (107,133)</u>	<u>\$ 62,391</u>	<u>\$ 24,435</u>	<u>\$ (69,177)</u>	
Six Months Ended June 30, 2020					
<u>Cash Flow Hedges</u>					
Interest rate swap	\$ (45,146)	\$ (61,637)	\$ (4,656)	\$ (102,127)	Interest expense
Cross-currency swap	177	3,585	(2,081)	5,843	Other income (expense), net
<u>Net Investment Hedges</u>					
Cross-currency swap	10,229	16,357	4,362	22,224	Interest income
	<u>\$ (34,740)</u>	<u>\$ (41,695)</u>	<u>\$ (2,375)</u>	<u>\$ (74,060)</u>	

8. STOCK-BASED COMPENSATION

As of June 30, 2021, the Company had stock options, restricted stock awards, performance stock awards, contract stock awards and restricted stock unit awards outstanding under the 2003 Equity Incentive Plan (the "2003 Plan"). The 2000 and 2001 Equity Incentive Plans were terminated as of February 19, 2021, and no further awards may be issued under the plans.

Stock options issued under the 2003 Plan become exercisable over specified periods, generally within four years from the date of grant for officers and employees, within one year from date of grant for directors which generally expire eight years from the grant date for employees, and from six to ten years for directors and certain executive officers, except in certain instances that result in accelerated vesting due to death, disability, retirement age or change in-control provisions within their grant agreements. The Company values stock option grants using the binomial distribution model. Restricted stock issued under the Plans vests over specified periods, generally three years after the date of grant. The vesting of performance stock issued under the Plans is subject to service and performance conditions.

Stock Options

As of June 30, 2021, there were approximately \$4.6 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 three years. There were 149,558 stock options granted during the six months ended June 30, 2021. For the six months ended June 30, 2021, the weighted average grant date fair value for stock options was \$22.59 per option.

Awards of Restricted Stock and Performance Stock

Performance stock and restricted stock awards generally have requisite service periods of three years, except in certain instances that result in accelerated vesting due to death, disability, retirement age provision or change in-control provisions in their grant agreements. Performance stock units are subject to graded vesting conditions based on revenue goals of the Company. The Company expenses the fair value of restricted stock awards on a straight-line basis over the requisite service period. As of June 30, 2021, there was approximately \$32.9 million of total unrecognized compensation costs related to these unvested awards. The Company expects to recognize these costs over a weighted-average period of approximately two years. The Company granted 242,464 restricted stock awards and 176,147 performance stock awards during the six months ended June 30, 2021. For the six months ended June 30, 2021, the weighted average grant date fair value for restricted stock awards and performance stock units was \$68.21 and \$68.10 per award, respectively.

The Company also maintains an Employee Stock Purchase Plan (the "ESPP"), which provides eligible employees 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 based on its terms.

9. RETIREMENT PLANS

The Company maintains defined benefit pension plans that cover certain employees in France, Japan, Germany and Switzerland.

Net periodic benefit costs for the Company's defined benefit pension plans for three and the six months ended June 30, 2021 were \$0.6 million and \$1.2 million. The components of the net periodic benefit costs other than the service cost component of \$0.8 million and \$1.7 million for the three and six months ended June 30, 2021, are included in other income (expense), net in the consolidated statements of operations.

Net periodic benefit costs for the Company's defined benefit pension plans for the three and six months ended June 30, 2020 were \$1.0 million and \$1.9 million, respectively. The components of the net periodic benefit costs other than the service cost component of \$0.9 million and \$1.9 million for the three and six months ended June 30, 2020, respectively, are included in other income (expense), net in the consolidated statements of operations.

The estimated fair values of plan assets were \$33.8 million and \$37.8 million as of June 30, 2021 and December 31, 2020, respectively. The net plan assets of the pension plans are invested in common trusts as of June 30, 2021 and December 31, 2020. Common trusts are classified as Level 2 in the fair value hierarchy. The fair value of common trusts is valued at the 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 an appropriate risk profile.

Deferred Compensation Plan

The Company maintains a Deferred Compensation Plan in which 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.

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 were \$3.2 million and \$2.0 million as of June 30, 2021 and December 31, 2020, respectively. Offsetting liabilities relating to the deferred compensation plan are included in Other liabilities.

10. 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 June 30, 2021. 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.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
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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 Right of Use ("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 six months ended June 30, 2021 and June 30, 2020 was \$10.6 million and \$9.7 million respectively, which includes \$0.1 million, in related party operating lease expense.

Supplemental balance sheet information related to operating leases were as follows:

Dollars in thousands, except lease term and discount rate	June 30, 2021	December 31, 2020
ROU assets	\$ 89,174	\$ 83,635
Current lease liabilities	13,987	12,818
Non-current lease liabilities	95,196	88,118
Total lease liabilities	<u>\$ 109,183</u>	<u>\$ 100,936</u>
Weighted average remaining lease term (in years):		
Leased facilities	11.3 years	11.6 years
Leased vehicles	2.3 years	2.3 years
Weighted average discount rate:		
Leased facilities	5.0 %	4.6 %
Leased vehicles	2.7 %	2.3 %

Supplemental cash flow information related to leases for the six months ended June 30, 2021 and 2020 were as follows:

Dollars in thousands	June 30, 2021	June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 7,019	\$ 6,728
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ 10,528	\$ 6,007

Future minimum lease payments under operating leases at June 30, 2021 were as follows:

Dollars in thousands	Related Parties	Third Parties	Total
2021	\$ 148	\$ 7,973	\$ 8,121
2022	296	16,833	17,129
2023	296	13,945	14,241
2024	296	11,461	11,757
2025	296	10,835	11,131
2026	296	9,553	9,849
Thereafter	837	72,887	73,724
Total minimum lease payments	<u>\$ 2,465</u>	<u>\$ 143,487</u>	<u>\$ 145,952</u>
Less: Imputed interest			36,769
Total lease liabilities			109,183
Less: Current lease liabilities			13,987
Long-term lease liabilities			95,196

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 shareholders are trusts, whose beneficiaries include family members of the Company's principal stockholder and 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.

11. TREASURY STOCK

As of June 30, 2021 and December 31, 2020, there were 4.9 million shares of treasury stock outstanding with a cost of \$234.5 million and \$235.1 million, respectively, at a weighted average cost per share of \$47.86.

On December 7, 2020, the Board of Directors of the Company authorized the Company to repurchase up to \$225.0 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. The Company has \$225.0 million remaining under the share repurchase of its Common Stock. The price and timing of any future purchases under the share repurchase program will depend on factors such as levels of cash generation from operations, the volume of stock option exercises by employees, cash requirements for acquisitions, dividends, economic and market conditions and stock price.

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.

12. INCOME TAXES

The following table provides a summary of the Company's effective tax rate:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Reported tax rate	21.8 %	122.4 %	28.2 %	32.7 %

The Company's effective income tax rates for the three months ended June 30, 2021 and 2020 were 21.8% and 122.4%, respectively. For the three months ended June 30, 2021, the primary driver of the lower tax rate is due to mix of income impacted by the COVID-19 pandemic. For the three months ended June 30, 2020, the primary drivers of the higher tax rate was lower income impacted by the COVID-19 pandemic and a \$3.4 million valuation allowance on certain foreign deferred tax assets.

The Company's effective income tax rates for the six months ended June 30, 2021 and 2020 were 28.2% and 32.7%, respectively. For the six months ended June 30, 2021, the primary drivers of the lower tax rate were mix of income in lower-taxes jurisdictions, offset by the tax impact of the gain on the sale of the Extremity and Orthopedics business which was completed during the first quarter of 2021. For the six months ended June 30, 2020, the primary drivers of the higher tax rate were lower book income in lower-taxed jurisdictions and a \$3.4 million valuation allowance on certain foreign deferred tax assets as the Company determined that it was no longer more likely than not that these foreign deferred tax assets would be realized due to the adverse impact of the COVID-19 pandemic in certain jurisdictions.

As of June 30, 2021, the Company has not provided deferred income taxes on unrepatriated earnings from foreign subsidiaries as they are deemed 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 June 30, 2021. The Company does not anticipate the need to repatriate earnings from foreign subsidiaries as a result of the impact of the COVID-19 pandemic.

13. NET INCOME PER SHARE

Basic and diluted net income per share was as follows:

Dollars in thousands, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Basic net income per share:				
Net income (loss)	\$ 35,068	\$ (369)	\$ 80,462	\$ 8,811
Weighted average common shares outstanding	84,687	84,706	84,593	84,955
Basic net income per common share	\$ 0.41	\$ (0.00)	\$ 0.95	\$ 0.10
Diluted net income per share:				
Net income (loss)	\$ 35,068	\$ (369)	\$ 80,462	\$ 8,811
Weighted average common shares outstanding — Basic	84,687	84,706	84,593	84,955
Effect of dilutive securities:				
Stock options and restricted stock	653	—	731	593
Weighted average common shares for diluted earnings per share	85,340	84,706	85,324	85,548
Diluted net income per common share	\$ 0.41	\$ 0.00	\$ 0.94	\$ 0.10

Common stock of approximately 0.1 million and 0.5 million shares at June 30, 2021, and 2020, respectively that are issuable through exercise of dilutive securities 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.

Based on the adoption of ASU 2020-06, as the principal amount of the 2025 Notes will be paid in cash and only the conversion spread is settled in shares, the Company will be utilizing the if-converted method and only includes the net number of incremental shares that would be issued upon conversion.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

Comprehensive income (loss) for the six months ended June 30, 2021 and 2020 was as follows:

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 35,068	\$ (369)	\$ 80,462	\$ 8,811
Foreign currency translation adjustment	1,558	10,433	(5,243)	3,620
Change in unrealized loss on derivatives, net of tax	(7,804)	(8,830)	29,111	(30,136)
Pension liability adjustment, net of tax	(91)	(139)	228	(207)
Comprehensive income (loss), net	\$ 28,731	\$ 1,095	\$ 104,558	\$ (17,912)

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Changes in accumulated other comprehensive loss by component between December 31, 2020 and June 30, 2021 are presented in the table below, net of tax:

Dollars in thousands	Gains and Losses on Derivatives	Defined Benefit Pension Items	Foreign Currency Items	Total
Balance at January 1, 2021	\$ (82,249)	\$ (5,105)	\$ 13,295	\$ (74,059)
Other comprehensive income (loss)	47,885	228	(5,243)	42,870
Less: Amounts reclassified from accumulated other comprehensive loss	18,774	—	—	18,774
Net current-period other comprehensive income (loss)	29,111	228	(5,243)	24,096
Balance at June 30, 2021	\$ (53,138)	\$ (4,877)	\$ 8,052	\$ (49,963)

For the six months ended June 30, 2021, the Company reclassified a gain of \$25.0 million and a loss of \$6.2 million from accumulated other comprehensive loss to other income (expense), net and interest income.

15. 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 Tissue Technologies segment includes such offerings as skin and wound repair, bone grafts, and nerve and tendon repair products. In conjunction with the sale of the Extremity Orthopedics business, the Company rebranded the Orthopedics and Tissue Technologies segment as Tissue Technologies in the first quarter of 2021.

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 each reportable segment for the three and six months ended June 30, 2021 and 2020 are as follows :

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Segment Net Sales				
Codman Specialty Surgical	\$ 256,837	\$ 169,778	\$ 498,078	\$ 401,218
Tissue Technologies	133,155	88,887	251,985	211,771
Total revenues	\$ 389,992	\$ 258,665	\$ 750,063	\$ 612,989
Segment Profit				
Codman Specialty Surgical	\$ 113,996	\$ 65,256	\$ 220,774	\$ 152,491
Tissue Technologies	64,413	28,688	114,424	59,958
Segment profit	178,409	93,944	335,198	212,449
Amortization	(4,198)	(8,073)	(8,725)	(15,050)
Corporate and other	(122,357)	(71,791)	(243,905)	(156,216)
Operating income	\$ 51,854	\$ 14,080	\$ 82,568	\$ 41,183

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.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
United States	\$ 278,186	\$ 181,850	\$ 525,979	\$ 428,702
Europe	48,437	32,026	94,256	77,922
Asia Pacific	44,306	33,501	91,601	73,461
Rest of World	19,063	11,288	38,227	32,904
Total Revenues	\$ 389,992	\$ 258,665	\$ 750,063	\$ 612,989

16. COMMITMENTS AND CONTINGENCIES

In consideration for certain technology, manufacturing, distribution, 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 six month period ended June 30, 2021 and June 30, 2020 to reflect the change in estimates, 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 six months ended June 30, 2021 and June 30, 2020 is as follows (in thousands):

Six Months Ended June 30, 2021	Contingent Consideration Liability Related to Acquisition of:					Location in Financial Statements
	Arkis		Location in Financial Statements	Derma Sciences	ACell Inc. (See Note 2)	
	Short-term	Long-term		Long-term	Long-term	
Balance as of January 1, 2021	\$ 3,415	\$ 11,746		\$ 230	\$ —	
Additions from acquisition of ACell	—	—		—	23,900	
Transfers	(3,432)	3,432		—	—	
Gain (loss) from change in fair value of contingent consideration liabilities	17	\$ (402)	Research and development	—	(400)	Selling, general and administrative
Balance as of June 30, 2021	<u>\$ —</u>	<u>\$ 14,776</u>		<u>\$ 230</u>	<u>\$ 23,500</u>	

Six Months Ended June 30, 2020	Contingent Consideration Liability Related to Acquisition of:			Location in Financial Statements
	Arkis		Derma Sciences	
	Long-term		Long-term	
Balance as of January 1, 2020	\$ 14,210		\$ 230	
Loss from change in fair value of contingent consideration liabilities	(708)		—	Research and development
Balance as of June 30, 2020	<u>\$ 13,502</u>		<u>\$ 230</u>	

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. 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.

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 \$10.0 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 fair value as of June 30, 2021 and June 30, 2020 was \$14.8 million and \$13.5 million, respectively. The Company recorded \$14.8 million and \$13.5 million in other liabilities at June 30, 2021 and June 30, 2020, respectively, in the consolidated balance sheet of the Company.

Derma Sciences

The Company assumed contingent consideration incurred by Derma Sciences, Inc. ("Derma Sciences") related to its acquisitions of BioD and the intellectual property related to Medihoney products. The Company accounted for the contingent liabilities by recording their fair value on the date of the acquisition based on a probability weighted income approach. The Company has already paid \$33.3 million related to the aforementioned contingent liabilities. One contingent liability remains which relates to net sales of Medihoney products exceeding certain amounts defined in the agreement between the Company and Derma Sciences. The potential maximum undiscounted payment amounts to \$3.0 million. The estimated fair value as of June 30, 2021 and June 30, 2020 was \$0.2 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes thereto appearing elsewhere in this report and our consolidated financial statements for the year ended December 31, 2020 included in our Annual Report on Form 10-K.

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 recover to normalized 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 disrupts 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" in our Annual Report on Form 10-K for the year ended December 31, 2020, and under the heading "Risk Factors" 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.

You can identify these forward-looking statements by forward-looking words such as "believe," "may," "might," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would" and similar expressions in this report.

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 and advanced wound care 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 manufactures and sells products in two reportable business segments: Codman Specialty Surgical and Tissue Technologies. In conjunction with the sale of the Extremity and Orthopedics business, the Company rebranded the Orthopedics and Tissue Technologies segment as Tissue Technologies in the first quarter of 2021. See Note 2. *Acquisitions and Divestitures*, for details. 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, 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 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. Tissue Technologies products are sold through directly employed sales representatives and distributors focused on their respective surgical specialties, and strategic partners.

We have key manufacturing and research facilities located in California, Indiana, Maryland, Massachusetts, New Jersey, Ohio, Tennessee, Canada, France, Germany, Ireland, Puerto Rico and Switzerland. We also source most of our handheld surgical instruments, 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) enabling an execution-focused culture, 2) optimizing relevant scale, 3) advancing innovation and agility, 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 specializing in the manufacture of porcine urinary bladder extracellular matrices. 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 2021, we are focused on the integration of ACell Inc., into our Tissue Technologies business segment, while also continuing the development of regenerative tissue products for complex wound management that will benefit the expanded portfolio. See Note 2, *Acquisitions and Divestitures*, for details.

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. We continue to advance the development of pioneering technologies from our 2019 acquisitions, Arkis Biosciences, Inc. and Rebound Therapeutics Corporation. 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 for approximately \$240 million in cash subject to finalization of working capital adjustments. 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 2, *Acquisitions and Divestitures* 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. To support our commercial efforts in Tissue Technologies, we expanded our two-tier specialist model to increase our presence in focused segments. We created a virtual selling organization to help serve the evolving needs of our customers. Internationally, we have increased our commercial resources significantly in key emerging markets and are making investments to support our sales organization and maximize our commercial opportunities. These strong investments in our international sales channel position us well for expansion and long-term growth. 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 continue to invest in technologies, systems and processes to enhance the customer experience. Additionally, we launched new digital programs, resources and virtual product training 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 several years.

Within our Codman Specialty Surgical segment, the Company received FDA clearance in 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® in mid-2019, 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.

We advanced the early-stage technology platforms we acquired during 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 acquired Rebound Therapeutics, a company that specialized in single-use medical devices that enable minimally invasive access with enhanced lighting and visualization to the neurosurgery suite and launched the MIRROR registry to collect data on this new device. 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 Tissue Technologies segment, we recently completed one of the largest diabetic foot ulcers (DFU) randomized controlled trials (RCTs) of PriMatrix® Dermal Repair Scaffold for the management of DFU. This multi-center study enrolled more than 225 patients with chronic DFU's over the course of 12-week treatments and 4-week follow-up phases. The results of this study, which was published in the Journal of Wound Care, demonstrated that PriMatrix® plus standard of care (SOC) consisting of sharp debridement, infection elimination, use of dressings and offloading was significantly more likely to achieve complete wound closure compared with SOC alone, with a median number of one application of the product. In 2020, we 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 look 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 remained 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. During the second half of 2020, the Company's revenues were still impacted due to COVID-19 resurgences, though not to the levels seen in the first half of 2020.

During the first half of 2021, our business segments were well positioned to capitalize on the improving demand driven by the ongoing global market recovery. We saw particularly healthy order activity in products used in neurosurgery, instruments, burn, trauma and surgical reconstruction as markets gradually recovered. Areas such as capital equipment and our international indirect markets are still early in their recovery, but are reporting encouraging trends. 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.

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.

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 the Company have made known to the FDA 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/P Final Guidance"). This Guidance document supersedes the November 2017 guidance by the same title.

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, in the November 2017 guidance, 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 of July 2020 maintained this approach and extended the discretionary enforcement period to May 31, 2021.

Rather than the risk of enforcement action, the Company discontinued manufacturing all morselized amniotic membrane tissue-based products prior to May 31, 2021. We no longer distribute these products. As of June 30, 2021, the Company has not received any further notice of enforcement action from the FDA regarding its morselized amniotic membrane tissue-based products.

Revenues from the now discontinued BioD morselized amniotic membrane-based products for the six months ended June 30, 2021 were less than 1.0% of 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 six months ended June 30, 2021 were approximately 4.5% of consolidated revenues.

ACQUISITIONS & DIVESTITURES

Divestiture

On January 4, 2021, the Company completed its previously announced sale of its Extremity Orthopedics business to Smith & Nephew USD Limited. 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. The Company received an aggregate purchase price of \$240.0 million from Smith and Nephew and concurrently paid \$41.5 million to the Consortium of Focused Orthopedists, LLC ("CFO") effectively terminating the licensing agreement between Integra and CFO relating to the development of shoulder arthroplasty products. The Company recognized a gain of \$42.2 million in connection with the sale that is presented in Gain from the sale of business in the consolidated statement of operations for the year ended June 30, 2021. See Note 2- *Acquisitions and Divestitures* for details.

Acquisition

On January 20, 2021, the Company acquired ACell Inc. for an acquisition purchase price of \$306.9 million plus contingent consideration of up to \$100 million, that may be payable upon achieving certain revenue-based performance milestones in 2022, 2023 and 2025. ACell was a privately-held company that offered a portfolio of regenerative products for complex wound management, including developing and commercializing products based on MatriStem Urinary Bladder Matrix ("UBM"), a technology platform derived from porcine urinary bladder extracellular matrix. See Note 2- *Acquisitions and Divestitures* for details.

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 three months ended June 30, 2021 was \$35.1 million, or \$0.41 per diluted share, as compared to \$(0.4) million or \$(0.00) per diluted share for the three months ended June 30, 2020. The net income for the three months ended June 30, 2021, was primarily driven by increase in revenues due to procedure recovery experienced in the current year as compared to the height of the COVID-19 pandemic in the first half of 2020.

Net income for the six months ended June 30, 2021 was \$80.5 million, or \$0.94 per diluted share, as compared to \$8.8 million or \$0.10 per diluted share for the six months ended June 30, 2020. The net income for the six months ended June 30, 2021 was primarily driven by higher revenue relating to surgical procedure recovery for the first half of 2021 and increase in non-operating income due to the gain of \$42.2 million recognized in the first quarter of 2021 as a result of the sale of the Extremity Orthopedics business.

Special Charges

Income before taxes includes the following special charges:

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Acquisition, divestiture and integration-related charges ⁽¹⁾	\$ 10,776	\$ 6,542	\$ (16,225)	\$ 12,708
Structural optimization charges	4,409	1,230	8,355	4,471
EU medical device regulation	3,415	884	9,163	3,071
Discontinued product lines charges	303	1,302	336	4,487
Convertible debt non-cash interest expense	—	4,250	—	6,780
Expenses related to debt refinancing	—	—	—	2,740
COVID-19 pandemic related charges ⁽²⁾	—	(869)	—	3,836
Total	\$ 18,903	\$ 13,339	\$ 1,629	\$ 38,093

⁽¹⁾ The Company completed its sale of its Extremity Orthopedics business and recognized a gain of \$42.2 million for the six months ended June 30, 2021 which was partially offset by other acquisition, divestiture and integration-related charges. See Note 2. *Acquisitions and Divestitures* for details.

⁽²⁾ 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 in the prior year.

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

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of goods sold	\$ 10,724	\$ 6,300	\$ 20,903	\$ 15,607
Research and development	2,108	624	7,623	(427)
Selling, general and administrative	6,563	2,164	18,057	13,394
Interest expense ⁽¹⁾	—	4,251	—	9,519
Gain from the sale of business	679	—	(42,197)	—
Other income	(1,171)	—	(2,757)	—
Total	\$ 18,903	\$ 13,339	\$ 1,629	\$ 38,093

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

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

The Company's revenues and gross margin on product revenues were as follows:

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Segment Net Sales				
Codman Specialty Surgical	\$ 256,837	\$ 169,778	\$ 498,078	\$ 401,218
Tissue Technologies	133,155	88,887	251,985	211,771
Total revenues	\$ 389,992	\$ 258,665	\$ 750,063	612,989
Cost of goods sold	151,267	105,478	297,090	238,954
Gross margin on total revenues	\$ 238,725	\$ 153,187	\$ 452,973	\$ 374,035
Gross margin as a percentage of total revenues	61.2 %	59.2 %	60.4 %	61.0 %

Three Months Ended June 30, 2021 as Compared to Three Months Ended June 30, 2020

Revenues

For the three months ended June 30, 2021, total revenues increased by \$131.3 million to \$390.0 million from \$258.7 million for the same period in 2020. Domestic revenues increased by \$96.3 million, or 53.0%, to \$278.2 million and were 71.3% of total revenues for the three months ended June 30, 2021 compared to \$181.9 million during the same period in the prior year. International revenues increased by \$35.0 million or 45.6% to \$111.8 million for the three months ended June 30, 2021 compared to \$76.8 million during the same period in the prior year. The increase in revenues globally were primarily as a result of the recovery experienced from the COVID-19 pandemic across all franchises compared to the prior year due to rebound in surgical procedure volumes. Foreign exchange fluctuations had a favorable impact of \$6.0 million on revenues for the quarter.

In the Codman Specialty Surgical segment ("CSS"), revenues were \$256.8 million which was an increase of \$87.1 million, or 51.3% as compared to the prior-year period. The Neurosurgery and Instrument portfolios increased high-double digits as a result of the recovery experienced from the COVID-19 pandemic.

In the Tissue Technologies ("TT") segment, revenues were \$133.2 million which was an increase of \$44.3 million, or 49.8% from the prior-year period. The Wound Reconstruction and Private Label portfolios increased high-double digits as a result of the recovery experienced from the COVID-19 pandemic. Additionally, our TT segment revenue reflect the acquisition of ACell Inc. which was completed on January 20, 2021 and the sale of the Company's Extremity Orthopedics product portfolio which occurred on January 4, 2021.

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 Q2 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.

Gross Margin

Gross margin increased to \$238.7 million for the three months ended June 30, 2021, an increase of \$85.5 from \$153.2 million for the same period in 2020. Gross margin as a percentage of revenues increased to 61.2% for the second quarter of 2021 from 59.2% in the same period last year. This increase was mainly attributable to our strong revenue recovery from the disruption caused by the COVID-19 pandemic during the same period in the prior year, as well as due to favorable U.S. product mix and improved manufacturing utilization.

Operating Expenses

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

	Three Months Ended June 30,	
	2021	2020
Research and development	5.2 %	5.8 %
Selling, general and administrative	41.7 %	44.9 %
Intangible asset amortization	1.1 %	3.1 %
Total operating expenses	48.0 %	53.8 %

Total operating expenses, which consist of research and development, selling, general and administrative, and amortization expenses, increased by \$47.8 million, or 34.4% to \$186.9 million in the three months ended June 30, 2021, compared to \$139.1 million in the same period in 2020. The increase in operating expenses compared to the prior year was primarily due to an increase in research and development, selling, general and administrative costs partially offset by a decrease in amortization expense. The Company continues to manage and prioritize its operating costs closely given the continued uncertainty of COVID-19. We also benefited from cost synergies as a result of the ACell Inc. acquisition the sale of the Extremity Orthopedic business.

Research and Development

Research and development expenses for the three months ended June 30, 2021 increased by \$5.2 million as compared to the same period in the prior year.

Selling, General and Administrative

Selling, general and administrative costs increased by \$46.4 million as compared to the same period in the prior year driven primarily due to costs associated with higher employee related costs, higher incentive and stock-based compensation, increased variable selling costs, as well as increased outside spending as revenue recovered.

Intangible Asset Amortization

Amortization expense (excluding amounts reported in cost of product revenues for technology-based intangible assets) for the three months ended June 30, 2021 was \$4.2 million compared to \$8.1 million for the same period in prior year primarily due to a reduction in amortization expense associated with intangible assets sold in conjunction with the sale of the Extremity and Orthopedics business during the current year.

Non-Operating Income and Expenses

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

Dollars in thousands	Three Months Ended June 30,	
	2021	2020
Interest income	\$ 1,764	\$ 2,281
Interest expense	(13,149)	(15,682)
Gain (loss) from the sale of business	(679)	—
Other income, net	5,034	972
Total non-operating income and expense	\$ (7,030)	\$ (12,429)

Interest Income

Interest income for the three months ended June 30, 2021 decreased by \$0.5 million as compared to the same period last year.

Interest Expense

Interest expense for the three months ended June 30, 2021 decreased by \$2.5 million as compared to the same period in the prior year primarily due to the elimination of the non-cash interest expense as the result of the adoption ASU 2020-06 and the expenses associated with Amended and Restated Senior Credit Agreement which occurred in the prior period. See Note 1. *Basis of Presentation* for details in relation to the adoption of ASU 2020-06.

Other Income, net

Other income, net for the three months ended June 30, 2021 increased by \$4.1 million compared to the same period in the prior year primarily due to income associated with the transition services agreement from the divestiture of the Extremity Orthopedics business and and higher income from additional cross currency swaps that were entered into during Q4 2020.

Income Taxes

Dollars in thousands	Three Months Ended June 30,	
	2021	2020
Income before income taxes	\$ 44,824	\$ 1,651
Income tax (benefit) expense	9,756	2,020
Effective tax rate	21.8 %	122.4 %

The Company's effective income tax rates for the three months ended June 30, 2021 and 2020 were 21.8% and 122.4%, respectively.

For the three months ended June 30, 2021, the primary driver of the lower tax rate is due to mix of income impacted by the COVID-19 pandemic.

For the three months ended June 30, 2020, the primary drivers of the higher tax rate were lower income impacted by the COVID-19 pandemic, in addition to a \$3.4 million valuation allowance on certain foreign deferred tax assets.

The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of taxable earnings and losses, tax planning and settlements with various taxing authorities. We consider these factors and others, including the Company's history of generating taxable earnings, in assessing our ability to realize tax assets on a quarterly basis.

While it is often difficult to predict the outcome or the timing of the resolution of a particular matter with the various federal, state, and foreign tax authorities, we believe that our reserves reflect the most probable outcome of known tax contingencies. Settlement of a particular issue would usually require the use of cash. A favorable resolution would be recognized as a reduction to our annual effective tax rate in the year of resolution. The Company's tax reserves are presented in the balance sheet within other liabilities, except for amounts relating to items that we expect to pay in the coming year, which would be classified as current income taxes payable.

Six Months Ended June 30, 2021 as Compared to Six Months Ended June 30, 2020**Revenues and Gross Margin**

For the six months ended June 30, 2021, total revenues increased by \$137.1 million to \$750.1 million from \$613.0 million for the same period in 2020. Domestic revenues increased by \$97.3 million, or 23%, to \$526.0 million and were 70% of total revenues for the six months ended June 30, 2021. International revenues increased by \$39.8 million, or 22% to \$224.1 million for the six months ended June 30, 2021 compared to \$184.3 million during the same period in the prior year. The net increase of \$137.1 million was a result of the recovery experienced from the COVID-19 pandemic across all franchises compared to the prior year due to rebound in surgical procedure volumes. Foreign exchange fluctuations had a favorable impact of \$11.9 million on revenues for the year.

Codman Specialty Surgical revenues were \$498.1 million, an increase of \$96.9 million, or 24.1% from the prior-year period. The Neurosurgery and Instrument portfolios increased high-double digits as a result of the recovery experienced from the COVID-19 pandemic.

Tissue Technologies revenues were \$252.0 million, an increase of \$40.2 million, or 19.0% from the prior-year period. The Wound Reconstruction and Private Label portfolios increased high-double digits as a result of the recovery experienced from the COVID-19 pandemic. Additionally, our TT segment revenue reflect the acquisition of ACell Inc. which was completed on January 20, 2021 and the sale of the Company's Extremity Orthopedics product portfolio which occurred on January 4, 2021.

Gross Margin

Gross margin was \$453.0 million for the six-month period ended June 30, 2021, an increase of \$78.9 million from \$374.0 million for the same period last year. Gross margin as a percentage of total revenue decreased to 60.4% for the six months ended June 30, 2021 from 61.0% in the same period last year. The decrease in gross margin percentage was due to increased amortization associated with technology-based intangible assets and inventory step-up amortization in connection with the ACell Inc. acquisition.

Operating Expenses

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

	Six Months Ended June 30,	
	2021	2020
Research and development	5.7 %	5.8 %
Selling, general and administrative	42.6 %	46.0 %
Intangible asset amortization	1.2 %	2.5 %
Total operating expenses	49.5 %	54.3 %

Total operating expenses, which consist of selling, general and administrative expenses, research and development expenses, IPR&D expense and amortization expenses, increased by \$37.6 million, or 11.3% to \$370.4 million in the six months ended June 30, 2021, compared to \$332.9 million in the same period in 2020.

Selling, General and Administrative

Selling, general and administrative costs increased by \$37.1 million as compared to the same period in the prior year driven primarily due to costs associated with higher employee related costs, higher incentive and stock-based compensation, increased variable selling costs, as well as increased outside spending as revenue recovered.

Intangible Asset Amortization

Amortization expense (excluding amounts reported in cost of product revenues for technology-based intangible assets) for the six months ended June 30, 2021 was \$8.7 million compared to \$15.1 million for the same period in prior year primarily due to a reduction in amortization expense associated with intangible assets sold in conjunction with the sale of the Extremity and Orthopedics business during the current year and accelerated amortization expense associated with an intangible asset recorded in the prior year.

We expect total annual amortization expense to be approximately \$40.6 million for the remainder of 2021, \$79.1 million in 2022, \$78.4 million in 2023, \$77.7 million in 2024, \$77.7 million in 2025, \$77.5 million in 2026 and \$585.7 million thereafter.

Non-Operating Income and Expenses

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

Dollars in thousands	Six Months Ended June 30,	
	2021	2020
Interest income	\$ 3,512	\$ 4,851
Interest expense	(26,078)	(33,434)
Gain from the sale of business	42,197	—
Other income, net	9,903	493
Total non-operating income and expense	\$ 29,534	\$ (28,090)

Interest Income

Interest income for the six months ended June 30, 2021 decreased by \$1.3 million as compared to the same period last year primarily due to the settlement of cross-currency swaps designated as net investment hedges during Q4 2020.

Interest Expense

Interest expense for the six months ended June 30, 2021 decreased by \$7.4 million as compared to the same period last year primarily due to the elimination of the non-cash interest expense as the result of the adoption ASU 2020-06 and the expenses associated with Amended and Restated Senior Credit Agreement which occurred in the prior period. See Note 1. *Basis of Presentation* for details in relation to the adoption of ASU 2020-06.

Gain from the sale of business

On January 4, 2021, the Company completed its sale of its Extremity Orthopedics business and recognized a gain of \$42.2 million in the first quarter of the current year.

Other Income, net

Other income, net for the six months ended June 30, 2021, increased by \$9.4 million primarily due to income associated with the transition services agreement with Smith and Nephew and higher income from additional cross currency swaps that were entered into during Q4 2020.

Income Taxes

Dollars in thousands	Six Months Ended June 30,	
	2021	2020
Income before income taxes	\$ 112,102	\$ 13,093
Income tax (benefit) expense	31,640	4,282
Effective tax rate	28.2 %	32.7 %

The Company's effective income tax rates for the six months ended June 30, 2021 and 2020 were 28.2% and 32.7%, respectively.

For the six months ended June 30, 2021, the primary drivers of the lower tax rate was mix of income in lower-taxed jurisdictions, offset by the tax impact of the gain on sale of its Extremity Orthopedics business which was completed during the first quarter of 2021. For the six months ended June 30, 2020, the primary drivers of the higher tax rate were lower book income in lower-taxed jurisdictions and a \$3.4 million valuation allowance on certain foreign deferred tax assets, as the Company determined that it is no longer more likely than not that these foreign deferred tax assets would be realized due to the adverse impact of the COVID-19 pandemic in certain jurisdictions.

The Company expects its effective income tax rate for the full year to be approximately 24.8%, driven primarily by the jurisdictional mix of income and the tax impact of the gain from the sale of its Extremity Orthopedic business, which closed during the first quarter.

The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of taxable earnings and losses, tax planning and settlements with various taxing authorities. We consider these factors and others, including the Company's history of generating taxable earnings, in assessing our ability to realize tax assets on a quarterly basis.

While it is often difficult to predict the outcome or the timing of the resolution of a particular matter with the various federal, state, and foreign tax authorities, we believe that our reserves reflect the most probable outcome of known tax contingencies. Settlement of a particular issue would usually require the use of cash. Favorable resolution would be recognized as a reduction to our annual effective tax rate in the year of resolution. The tax reserves are presented in the balance sheet within other liabilities, except for amounts relating to items we expect to pay in the coming year, which would be classified as current income taxes payable.

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:

Dollars in thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
United States	\$ 278,186	\$ 181,850	\$ 525,979	\$ 428,702
Europe	48,437	32,026	94,256	77,922
Asia Pacific	44,306	33,501	91,601	73,461
Rest of World	19,063	11,288	38,227	32,904
Total Revenues	\$ 389,992	\$ 258,665	\$ 750,063	\$ 612,989

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 increased by \$96.3 million for the three months ended June 30, 2021 compared to the same period last year. European sales increased by \$16.4 million for the three months ended June 30, 2021 compared to the same period last year. Sales to customers in Asia Pacific increased by \$10.8 million for the three months ended June 30, 2021. The Rest of the World for the three months ended June 30, 2021 increased by \$7.8 million compared to the same period last year. The increase in revenues globally were primarily as a result of the recovery experienced from the COVID-19 pandemic across all franchises compared to the prior year due to rebound in surgical procedure volumes.

Domestic revenues increased by \$97.3 million for the six months ended June 30, 2021 compared to the same period last year. European sales increased by \$16.3 million for the six months ended June 30, 2021 compared to the same period last year. Sales to customers in Asia Pacific increased by \$18.1 million for the six months ended June 30, 2021. The Rest of the World for the six months ended June 30, 2021 increased by \$5.3 million compared to the same period last year. The increase in revenues globally were primarily as a result of the recovery experienced from the COVID-19 pandemic across all franchises compared to the prior year due to rebound in surgical procedure volumes.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The working capital as of June 30, 2021 and December 31, 2020 was \$713.6 million and \$836.2 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 \$397.4 million and \$470.2 million at June 30, 2021 and December 31, 2020 respectively, which are valued based on Level 1 measurements in the fair value hierarchy. At June 30, 2021, our non-U.S. subsidiaries held approximately \$290.8 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

Dollars in thousands	Six Months Ended June 30,	
	2021	2020
Net cash provided by operating activities	\$ 160,371	\$ 53,931
Net cash used in investing activities	(125,483)	(25,434)
Net cash (used) provided by financing activities	(100,490)	133,452
Effect of exchange rate fluctuations on cash	(7,150)	121

Cash Flows Provided by Operating Activities

Operating cash flows for the six months ended June 30, 2021 increased by \$106.4 million compared to the same period in 2020. Net income after removing the impact of the gain on sale of business and non-cash adjustments increased for the six months ended June 30, 2021 by approximately \$32.9 million as compared to the same period in 2020 primarily due to the revenue recovery in the current year as compared to the height of the COVID-19 pandemic in the first half of the 2020. The changes in assets and liabilities, net of business acquisitions, increased cash flows by \$37.5 million as compared to the decrease of \$36.1 million for the same period in 2020. The increase in 2021 is attributable to a reduction in inventories mainly driven by higher revenues in the first half of 2021, an increase in accounts payables, accrued expenses and other current liabilities partially offset by an increase in accounts receivable due to continued collection efforts.

Operating cash flows for the six months ended June 30, 2020 decreased compared to the same period in 2019. Net income after non-cash adjustments decreased for the six months ended June 30, 2020 by approximately \$37.7 million compared to the same period in 2019 primarily due to adverse effects of the COVID-19 pandemic. The changes in assets and liabilities, net of business acquisitions, decreased cash flows from operating activities by \$36.1 million for the six months ended June 30, 2020 compared to a decrease of \$49.8 million for the same period in 2019. The decrease in 2020 is attributable to an increase in inventory to ensure an adequate safety stock of select products as surgical procedures continue to recover from levels experienced in the second quarter. In addition, decreases were also driven by reduced payables offset by decreases in accounts receivable due to lower revenue and continued collection efforts.

Cash Flows Used in Investing Activities

During the six months ended June 30, 2021, we paid a net cash amount of \$303.9 million in relation to the acquisition of ACell Inc. and received net proceeds of \$191.7 million for the sale of the Extremity Orthopedics business. The Company also paid for \$13.3 million capital expenditures to support operations improvement initiatives at a number of our manufacturing facilities and other information technology investments.

During the six months ended June 30, 2020, the Company paid \$23.7 million for capital expenditures, most of which were directed to our facilities located in Mansfield, MA, Boston, MA, Memphis, TN, and Princeton, NJ.

Cash Flows Used in Financing Activities

Uses of cash from financing activities in the six months ended June 30, 2021 were repayments of \$102.2 million under our Senior Credit Facility and Securitization Facility. In addition, the Company had \$3.8 million in cash taxes paid in net equity settlement. These uses were offset by \$3.6 million proceeds from the exercise of stock options and \$2.2 million borrowings under our Securitization Facility.

Sources of cash from financing activities in the six months ended June 30, 2020 were \$515.3 million proceeds from the issuance of Convertible Senior Notes including the call and warrant transactions, \$127.7 million borrowing under our Senior Credit Facility and Securitization Facility. These were offset by repayments of \$388.5 million on the revolving portion of our Senior Credit Facility and Securitization Facility, \$20.3 million debt issuance costs related to the Amended and Restated Senior Credit Agreement and the issuance of Convertible Senior Notes and \$100.0 million purchases of treasury stock.

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

See Note 6, *Debt* to the current period's condensed 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 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.

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. The Company has \$225 million remaining under the share repurchase of its Common Stock. The price and timing of any future purchases under the share repurchase program will depend on factors such as levels of cash generation from operations, the volume of stock option exercises by employees, cash requirements for acquisitions, dividends, economic and market conditions and stock price.

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 repurchase. 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 determined using the volume-weighted average price of the Company's common stock during the term of the transaction.

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.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements during the six months ended June 30, 2021 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 June 30, 2021, the Company is obligated to pay the following amounts under various agreements:

Dollars in millions	Payments Due by Calendar Year				
	Total	Remaining 2021	2022-2023	2024-2025	Thereafter
Revolving Credit Facility (1)	\$ 8.8	\$ —	\$ —	\$ 8.8	\$ —
Term Loan	866.3	22.5	106.9	736.9	—
Securitization Facility (1)	112.5	—	—	112.5	—
Convertible Debt (4)	575.0	—	—	575.0	—
Interest (2)	40.8	6.3	23.3	11.2	—
Employment Agreements (3)	0.5	0.5	—	—	—
Operating Leases	146.0	8.1	31.4	22.9	83.6
Purchase Obligations	4.4	1.1	3.3	—	—
Other	3.6	0.4	1.1	2.1	—
Total	\$ 1,757.9	\$ 38.9	\$ 166.0	\$ 1,469.4	\$ 83.6

⁽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 LIBOR plus the spread 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 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 \$38.5 million at June 30, 2021. This liability has been excluded because the amount to be paid or the potential payment date is not fixed.

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 \$0.8 million at June 30, 2021. 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.

OTHER MATTERS

Critical Accounting Estimates

The critical accounting estimates included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 have not materially changed.

Recently Issued Accounting Standards

Information regarding new accounting pronouncements is included in Note 1 - *Basis of Presentation* to the current period's condensed consolidated financial statements.

ITEM 3. 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 June 30, 2021 would increase interest income by approximately \$4.0 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 point. 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. These interest rate swaps were designated as cash flow hedges as of March 31, 2021. The total notional amounts related to the Company's interest rate swaps were \$1.8 billion with \$875.0 million effective as of June 30, 2021. Based on our outstanding borrowings at June 30, 2021, 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. See Note 7, *Derivative Instruments*, for the details of interest rate swaps.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act report 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 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), the Company has 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 June 30, 2021. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2021 to provide such reasonable assurance.

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 June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In response to business integration activities, the Company has and will continue to further align and streamline the design and operation of the financial control environment to be responsive to the changing business model.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 16. *Commitment and Contingencies*.

ITEM 1A. RISK FACTORS

There have been no material changes in the Company's risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and subsequent periodic reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Information pertaining to our common stock under the repurchase program can be found in Note 11. *Treasury Stock*.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Reference is hereby made to the Exhibit Index on page 49.

SIGNATURES

Pursuant to the requirements 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

Date: July 29, 2021

/s/ Peter J. Arduini

Peter J. Arduini
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2021

/s/ Carrie L. Anderson

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

Date: July 29, 2021

/s/ Jeffrey A. Mosebrook

Jeffrey A. Mosebrook
Senior Vice President, Finance
(Principal Accounting Officer)

Exhibits

*10.1	Amendment No. 3 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty, dated as of May 28, 2021, by and among, Integra Receivables LLC, Integra LifeSciences Sales LLC, as Servicer, PNC Bank, National Associations, as Administrative Agent, PNC Capital Markets LLC, as Structuring Agent, Committed Lender and Group Agent, and certain lenders and group agents that are parties thereto from time to time; Amendment No. 2 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty, dated as of July 17, 2020, and Amendment No. 1 to Receivables Financing Agreement and Reaffirmation of Performance Guaranty, dated as of March 29, 2019, in each case by and among, Integra Receivables LLC, Integra LifeSciences Sales LLC, as Servicer, PNC Bank, National Associations, as Administrative Agent, Committed Lender and Group Agent, Mizuho Bank, Ltd., as Committed Lender and Group Agent and PNC Capital Markets LLC, as Structuring Agent, and certain lenders and group agents that are parties thereto from time to time.
*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
*†101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
*	Filed herewith
#	Indicates a management contract or compensatory plan or arrangement.

† The financial information of Integra LifeSciences Holdings Corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed on July 29, 2021 formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations and Comprehensive Income, (ii) the Condensed Consolidated Balance Sheets, (iii) Parenthetical Data to the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements, is furnished electronically herewith.

**AMENDMENT NO. 3 TO RECEIVABLES FINANCING AGREEMENT
AND
REAFFIRMATION OF PERFORMANCE GUARANTY**

This AMENDMENT NO. 3 TO RECEIVABLES FINANCING AGREEMENT AND REAFFIRMATION OF PERFORMANCE GUARANTY (this "Amendment"), dated as of May 28, 2021 is entered into by and among INTEGRA RECEIVABLES LLC ("Integra"), as borrower under the Receivables Financing Agreement (as defined below) (in such capacity, together with its successors and permitted assigns in such capacity, the "Borrower"), INTEGRA LIFESCIENCES SALES LLC ("Integra Sales"), as initial servicer under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), as administrative agent under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Administrative Agent"), as a committed lender under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Committed Lender"), and as group agent for the PNC Group under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Group Agent"), and the various other Lenders and Group Agents from time to time party to the Receivables Financing Agreement, and acknowledged and agreed to by PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Structuring Agent"), and is reaffirmed by, with respect to Section 11 hereof, INTEGRA LIFESCIENCES HOLDINGS CORPORATION ("Integra Holdings"), as performance guarantor (in such capacity, together with its successors and permitted assigns in such capacity, the "Performance Guarantor").

BACKGROUND

WHEREAS, the Borrower, the Servicer, the Persons from time to time party thereto as Lenders and as Group Agents, the Administrative Agent, and, solely with respect to Section 10.10 thereof, the Structuring Agent, entered into the Receivables Financing Agreement, dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Original Receivables Financing Agreement"; and as amended by this Amendment and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement");

WHEREAS, the Performance Guarantor entered into the Performance Guaranty as of December 21, 2018 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "Performance Guaranty") in favor of, and as accepted by, the Administrative Agent; and

WHEREAS, the parties hereto wish to further amend the Original Receivables Financing Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to them in the Receivables Financing Agreement.

SECTION 2. Amendments to Original Receivables Financing Agreement. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Original Receivables Financing Agreement is hereby amended as follows:

(a) Section 1.01 of the Original Receivables Financing Agreement is hereby amended by adding the following definitions of "Erroneous Payment" and "Erroneous Payment Notice" in their entirety in the appropriate alphabetical order:

"Erroneous Payment" has the meaning set forth in Section 10.11(a).

“Erroneous Payment Notice” has the meaning set forth in Section 10.11(b).

(b) Clause (b) of the definition of “Excess Concentration” set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

(b) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligors of which are Eligible Foreign Obligors, over (ii) the product of (x) thirty percent (30.00%), multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; provided, however, that the aggregate Outstanding Balance of all Eligible Receivables, the Obligors of which are Eligible Foreign Obligors (A) organized in, and whose principal place of business is in, a country that has a long-term sovereign foreign-currency rating from and including “A” to and including “BBB” by S&P or from and including “A2” to and including “Baa3” by Moody’s, shall not exceed twenty percent (20.00%) of the aggregate Outstanding Balance of all Eligible Receivables, (B) organized in, and whose principal place of business is in, a country that has a long-term sovereign foreign-currency rating equal to or less than “BB+” by S&P or “Ba1” by Moody’s, shall not exceed five percent (5.00%) of the aggregate Outstanding Balance of all Eligible Receivables, (C) organized in, and whose principal place of business is in, the People’s Republic of China, shall not exceed seven and one half percent (7.50%) of the aggregate Outstanding Balance of all Eligible Receivables and (D) organized in, and whose principal place of business is in, a country other than the People’s Republic of China, shall not exceed five percent (5.00%) of the aggregate Outstanding Balance of all Eligible Receivables; plus

(c) Section 1.01 of the Original Receivables Financing Agreement is hereby amended by deleting the definition of “Scheduled Termination Date” in its entirety and replacing it with the following:

“Scheduled Termination Date” means May 28, 2024.

(d) Section 4.06 of the Original Receivables Financing Agreement is hereby amended by deleting such section in its entirety and replacing it with the following:

SECTION 4.06. Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from the Majority Group Agents.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 4.06(d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or the Majority Group Agents pursuant to this Section 4.06, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Document, except, in each case, as expressly required pursuant to this Section 4.06.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Loan bearing interest based on USD LIBOR, conversion to or continuation of Loans bearing interest based on USD LIBOR to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Loan of or conversion to Loans bearing interest under the Base Rate Option. During any Benchmark

Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(f) Secondary Term SOFR Conversion. Notwithstanding anything to the contrary herein or in any other Transaction Document and subject to the proviso below in this Section 4.06(f), if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (i) the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Transaction Document in respect of such Benchmark setting (the "Secondary Term SOFR Conversion Date") and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document; and (ii) Loans outstanding on the Secondary Term SOFR Conversion Date bearing interest based on the then-current Benchmark shall be deemed to have been converted to Loans bearing interest at the Benchmark Replacement with a tenor approximately the same length as the interest payment period of the then-current Benchmark; provided that, this Section 4.06(f) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice.

(g) Certain Defined Terms. As used in this Section 4.06:

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then current Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 4.06(d), or (y) if the then current Benchmark is not a term rate nor based on a term rate, any payment period for interest calculated with reference to such Benchmark pursuant to this Agreement as of such date.

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.06(a).

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment; and
- (3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided, further, that, with respect to a Term SOFR Transition Event, on the applicable Benchmark Replacement Date, the “Benchmark Replacement” shall revert to and shall be determined as set forth in clause (1) of this definition. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Transaction Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Administrative Agent:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Available Tenor that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;
- (b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Available Tenor that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities;

provided that, (x) in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion and (y) if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of “Benchmark Replacement Adjustment” shall be deemed to be the Available Tenor that has approximately the same length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein;
- (3) in the case of a Term SOFR Transition Event, the date that is set forth in the Term SOFR Notice provided to the Lenders and the Borrower pursuant to this Section 4.06, which date shall be at least thirty (30) days from the date of the Term SOFR Notice; or
- (4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Group Agents, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from the Majority Group Agents.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with this Section 4.06 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any other Transaction Document in accordance with this Section 4.06.

“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

“Early Opt-in Election” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR or, if no floor is specified, zero.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by the Administrative Agent in its reasonable discretion.

“Relevant Governmental Body” means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Term SOFR Notice” means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.

“Term SOFR Transition Event” means the determination by the Administrative Agent that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, and is determinable for each Available Tenor, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event has previously occurred resulting in a Benchmark Replacement in accordance with this Section 4.06 that is not Term SOFR. “Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means any London interbank offered rate for U.S. dollars, including Adjusted LIBOR and LMIR, as applicable.

(e) Article X of the Original Receivables Financing Agreement is hereby amended by adding the following as a new Section 10.11 immediately following the existing Section 10.10 thereof:

SECTION 10.11. Erroneous Payment.

(a) Each Lender hereby agrees that (i) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Lender (whether or not known to such Lender (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise), individually and collectively, an “Erroneous Payment”) and demands the return of such Erroneous Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Bank Funding Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (ii) such Lender shall not assert any right or claim to the Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments received, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine. A notice of the Administrative Agent to any Lender under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Lender hereby further agrees that if it receives an Erroneous Payment from the Administrative Agent (or any of its Affiliates) (i) that is in an amount different than (other than a de minimis difference), or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Erroneous Payment (an “Erroneous Payment Notice”), or (ii) that was not preceded or accompanied by an Erroneous Payment Notice, it shall be on notice that, in each such case, an error has been made with respect to such Erroneous Payment. Each Lender further agrees that, in each such case, or if it otherwise becomes aware an Erroneous Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one (1) Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) that was received by such Lender to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Bank Funding Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(c) The Borrower and the Servicer hereby agree that (i) in the event an Erroneous Payment (or portion thereof) is not recovered from any Lender that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (ii) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or the Servicer.

(d) Each party’s obligations under this Section 10.11 shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Borrower Obligations (or any portion thereof) and the Servicer’s obligations (or any portion thereof) under any Transaction Document.

(f) Schedule I to the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the schedule set forth in Exhibit A attached hereto.

(g) Schedule III to the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the schedule set forth in Exhibit B attached hereto.

SECTION 3. Representations, Warranties and Enforceability. Each of the Borrower and the Servicer hereby represents and warrants to the Administrative Agent, the Group Agents and the Lenders, as applicable, as of the date hereof with respect to itself, as follows: the representations and warranties of it contained in Section 6.01 and Section 6.02, as applicable, of the Receivables Financing Agreement are true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case, such representations and warranties shall be true and correct as made) on and as of the date hereof as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case such representations and warranties shall be true and correct as made) on and as of such earlier date; and

(b) (i) the execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment and the Receivables Financing Agreement, as amended hereby, are within its organizational powers and have been duly authorized by all necessary action on its part and (ii) this Amendment and the Receivables Financing Agreement, as amended hereby, are its valid and legally binding obligations, enforceable in accordance with their respective terms.

SECTION 4. Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) The Administrative Agent shall have received a fully executed counterpart of (i) this Amendment and (ii) the Amendment Fee Letter, dated as of the date hereof, by and among PNC, as the Administrative Agent, as a Committed Lender and as a Group Agent, and acknowledged and agreed to by the Structuring Agent and the Borrower (together, the "Amendment Documents").

(b) PNC, as the Administrative Agent, as a Committed Lender and as the Group Agent for the PNC Group under the Receivables Financing Agreement, as applicable, shall have received all fees and other amounts due and payable to it under the Transaction Documents and in connection with the Amendment Documents on or prior to the date hereof, including, to the extent invoiced, payment or reimbursement of all fees and expenses (including reasonable and documented out-of-pocket fees, charges and disbursements of counsel) required to be paid or reimbursed on or prior to the date hereof. To the extent such fees and other amounts have not yet been invoiced, the Borrower agrees to remit payment to the applicable party promptly upon receipt of such invoice.

(c) No Event of Default or Unmatured Event of Default, as set forth in Section 9.01 of the Receivables Financing Agreement, shall have occurred and be continuing.

SECTION 5. Amendment. The Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor, hereby agree that the provisions and effectiveness of this Amendment shall apply to the Receivables Financing Agreement as of the date hereof. Except as amended by this Amendment, the Receivables Financing Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart.

SECTION 7. Captions. The headings of the Sections of this Amendment are provided solely for convenience of reference and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

SECTION 8. Successors and permitted assigns. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor and their respective successors and permitted assigns.

SECTION 9. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10. Governing Law and Jurisdiction. The provisions of the Receivables Financing Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

SECTION 11. Ratification of Performance Guarantee. After giving effect to the Amendment Documents, all of the provisions of the Performance Guaranty shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Guaranty and acknowledges that the Performance Guaranty has continued and shall continue in full force and effect in accordance with its terms.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

INTEGRA RECEIVABLES LLC,
as the Borrower

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

INTEGRA LIFESCIENCES SALES LLC,
as the Servicer
By: Integra LifeSciences Corporation, its sole member

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

Acknowledged and reaffirmed by, with respect to Section 11 hereof, as of the date first written above:

INTEGRA LIFESCIENCES HOLDINGS CORPORATION,
as the Performance Guarantor

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

Amendment 3 to RFA (Integra) S-2

PNC BANK, NATIONAL ASSOCIATION,
as the Administrative Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the Group Agent for the PNC Group

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Committed Lender

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

Acknowledged and agreed to by, as of the date first written above:

PNC CAPITAL MARKETS LLC,
as the Structuring Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Managing Director

SCHEDULE I Commitments

PNC Group		
<u>Party</u>	<u>Capacity</u>	<u>Maximum Commitment</u>
PNC	Committed Lender	\$150,000,000
PNC	Group Agent	N/A

SCHEDULE III Notice Addresses

(A) in the case of the Borrower, at the following address:

Integra Receivables LLC
• Campus Road
Princeton, New Jersey 08540
Attention: Timothy Swiss
Telephone: 609-936-6969
Email: timothy.swiss@integralife.com

(B) in the case of the Servicer, at the following address:

Integra LifeSciences Sales LLC
• Campus Road
Princeton, New Jersey 08540
Attention: Timothy Swiss
Telephone: 609-936-6969
Email: timothy.swiss@integralife.com

(C) in the case of PNC or the Administrative Agent, at the following address:

PNC Bank, National Association
300 Fifth Avenue
Pittsburgh, PA 15222
Attention: Brian Stanley
Telephone: (412) 768-2001
Facsimile: (412) 803-7142
Email: brian.stanley@pnc.com

(D) in the case of any other Person, at the address for such Person specified in the other Transaction Documents; in each case, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

**AMENDMENT NO. 2 TO RECEIVABLES FINANCING AGREEMENT
AND
REAFFIRMATION OF PERFORMANCE GUARANTY**

This AMENDMENT NO. 2 TO RECEIVABLES FINANCING AGREEMENT AND REAFFIRMATION OF PERFORMANCE GUARANTY (this "Amendment"), dated as of July 17, 2020, is entered into by and among INTEGRA RECEIVABLES LLC ("Integra"), as borrower under the Receivables Financing Agreement (as defined below) (in such capacity, together with its successors and permitted assigns in such capacity, the "Borrower"), INTEGRA LIFESCIENCES SALES LLC ("Integra Sales"), as initial servicer under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), as administrative agent under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Administrative Agent"), as a committed lender under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Committed Lender"), and as group agent for the PNC Group under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Group Agent"), and MIZUHO BANK, LTD. ("Mizuho"), as a committed lender under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Committed Lender"), and as group agent for the Mizuho Group under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Group Agent"), and the various other Lenders and Group Agents from time to time party to the Receivables Financing Agreement, and acknowledged and agreed to by PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Structuring Agent"), and is reaffirmed by, with respect to Section 11 hereof, INTEGRA LIFESCIENCES HOLDINGS CORPORATION ("Integra Holdings"), as performance guarantor (in such capacity, together with its successors and permitted assigns in such capacity, the "Performance Guarantor").

BACKGROUND

WHEREAS, the Borrower, the Servicer, the Persons from time to time party thereto as Lenders and as Group Agents, the Administrative Agent, and, solely with respect to Section 10.10 thereof, the Structuring Agent, entered into the Receivables Financing Agreement, dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Original Receivables Financing Agreement"; and as amended by this Amendment and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement");

WHEREAS, the Performance Guarantor entered into the Performance Guaranty as of December 21, 2018 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "Performance Guaranty") in favor of, and as accepted by, the Administrative Agent; and

WHEREAS, the parties hereto wish to further amend the Original Receivables Financing Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to them in the Receivables Financing Agreement.

SECTION 2. Amendments to Original Receivables Financing Agreement. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Original Receivables Financing Agreement is hereby amended as follows:

(a) The definition of “Federal Funds Rate” set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted in its entirety.

(b) Section 1.01 of the Original Receivables Financing Agreement is hereby amended by adding the following definitions of “NYFRB”, “Overnight Bank Funding Rate”, “Relief Period”, “Temporarily Ineligible Obligor” and “Temporarily Ineligible Receivable” in the applicable alphabetical order:

“NYFRB” means the Federal Reserve Bank of New York.

“Overnight Bank Funding Rate” means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, the Overnight Bank Funding Rate for such time shall be a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Relief Period” means the Fiscal Months of July 2020, August 2020, September 2020 and October 2020.

“Temporarily Ineligible Obligor” means Promedon Do Brazil or any other Obligor requested by the Borrower and consented to in writing by the Majority Group Agents in their sole discretion until such time that the Majority Group Agents and the Borrower mutually agree that such Obligor is no longer deemed ineligible (including, for the avoidance of doubt, Promedon Do Brazil).

“Temporarily Ineligible Receivable” means any Receivable the Obligor of which is a Temporarily Ineligible Obligor.

(c) The definitions of “Base Rate”, “Credit Agreement” and “Total Reserves” set forth in Section 1.01 of the Original Receivables Financing Agreement are hereby deleted and replaced in their entirety with the following, respectively:

“Base Rate” means, for any day and any Lender, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the greater of:

(a) the rate of interest in effect for such day as publicly announced from time to time by the applicable Group Agent or its Affiliate as its “reference rate” or “prime rate”, as applicable. Such “reference rate” or “prime rate” is set by the applicable Group Agent or its Affiliate based upon various factors, including such Person’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and is not necessarily the lowest rate charged to any customer; and

(b) a half percent (0.50%) per annum above the latest Overnight Bank Funding Rate.

“Credit Agreement” means that certain Sixth Amended and Restated Credit Agreement, dated as of February 3, 2020, by and among the Parent, as the borrower thereunder, each lender and issuing bank from time to time party thereto, Bank of America, N.A., as administrative agent, swing line lender and an L/C issuer thereunder, Citibank N.A., Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Bank, N.A., as co-syndication agents thereunder, and the various other co-documentation agents, joint lead arrangers and joint book managers party thereto, and so long as PNC and Mizuho Bank, Ltd. are each a lender under the Credit Agreement as amended, restated, supplemented or otherwise modified from time to time.

“Total Reserves” means, at any time of determination, an amount equal to the sum of (a) the product of (i) the sum of: (A) the Yield Reserve Percentage, plus (B) the greatest of (I) the sum of the Concentration Reserve Percentage plus the Minimum Dilution Reserve Percentage and (II) the sum of the Loss Reserve Percentage plus the Dilution Reserve Percentage, multiplied by (ii) the Adjusted Net Receivables Pool Balance at such time, plus (b) the Currency Reserve Amount; provided, that Temporarily Ineligible Receivables shall be excluded from each component of the calculations used to determine Total Reserves.

(d) Clause (a) of the definition of “Eligible Receivable” set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

(a) the Obligor of which: (i) is either a U.S. Obligor or an Eligible Foreign Obligor; (ii) is not a Sanctioned Person; (iii) is not subject to any Insolvency Proceeding; (iv) is not an Affiliate of an Integra Party or the Parent; (v) does not have an aggregate Outstanding Balance of Pool Receivables as to which any payment, or part thereof, remains unpaid for one hundred twenty one (121) calendar days or more from the original due date for such payment that exceeds fifty percent (50%) of the aggregate Outstanding Balance of all of such Obligor’s Pool Receivables; (vi) is not a natural person; (vii) is not a material supplier to any Originator or an Affiliate of a material supplier; and (viii) is not a Temporarily Ineligible Obligor;

(e) Clause (b) of the definition of “Excess Concentration” set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

(b) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligors of which are Eligible Foreign Obligors, over (ii) the product of (x) twenty two and a half percent (22.50%), multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; provided, however, that the aggregate Outstanding Balance of all Eligible Receivables, the Obligors of which are Eligible Foreign Obligors (A) organized in, and whose principal place of business is in, a country that has a long-term sovereign foreign-currency rating from and including “A” to and including “BBB-” by S&P or from and including “A2” to and including “Baa3” by Moody’s, shall not exceed fifteen percent (15.00%) of the aggregate Outstanding Balance of all Eligible Receivables, (B) organized in, and whose principal place of business is in, a country that has a long-term sovereign foreigncurrency rating equal to or less than “BB+” by S&P or “Ba1” by Moody’s, shall not exceed five percent (5.00%) of the aggregate Outstanding Balance of all Eligible Receivables, (C) organized in, and whose principal place of business is in, the People’s Republic of China, shall not exceed five percent (5.00%) of the aggregate Outstanding Balance of all Eligible Receivables and (D) organized in, and whose principal place of business is in, a country other than the People’s Republic of China, shall not exceed five percent (5.00%) of the aggregate Outstanding Balance of all Eligible Receivables; plus

(f) Section 2.07 of the Original Receivables Financing Agreement is hereby deleted in its entirety.

(g) Article IV of the Original Receivables Financing Agreement is hereby amended by adding the following as new Section 4.06 and Section 4.07 immediately following the existing Section 4.05 in the appropriate numerical order:

SECTION 4.06. Successor Adjusted LIBOR or LMIR.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Event, the Administrative Agent and the Borrower may amend this Agreement to replace Adjusted LIBOR or LMIR, as applicable, with a Benchmark Replacement; and any such amendment will become effective at 5:00 p.m. New York City time on the fifth (5th) Business Day after the Administrative Agent has provided such proposed amendment to all Lenders, so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from the Majority Group Agents. Until the Benchmark Replacement is effective, each advance, conversion and renewal of a Loan under Adjusted LIBOR or LMIR, as applicable, will continue to bear interest with reference to Adjusted LIBOR or LMIR, as applicable; provided however, during a Benchmark Unavailability Period (i) any pending selection of, conversion to or renewal of a Loan bearing interest under Adjusted LIBOR or LMIR, as applicable, that has not yet gone into effect shall be deemed to be a selection of, conversion to or renewal of the Base Rate with respect to such Loan, (ii) all outstanding Loans bearing interest under Adjusted LIBOR or LMIR, as applicable, shall automatically be converted to the Base Rate at the expiration of the existing Interest Period (or sooner, if Administrative Agent cannot continue to lawfully maintain such affected Loan under Adjusted LIBOR or LMIR, as applicable) and (iii) the component of the Base Rate based upon Adjusted LIBOR or LMIR, as applicable, will not be used in any determination of the Base Rate. No replacement of Adjusted LIBOR or LMIR with a Benchmark Replacement pursuant to this Section 4.06 will occur prior to the applicable Benchmark Transition Start Date.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Event, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent, the Lenders or the Majority Group Agents pursuant to this Section 4.06 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.06.

(d) Certain Defined Terms. As used in this Section 4.06:

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to Adjusted LIBOR or LMIR, as applicable, for U.S. dollardenominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of Adjusted LIBOR or LMIR, as applicable, with an alternate benchmark rate for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower (a) giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of Adjusted LIBOR or LMIR, as applicable, with the applicable Benchmark Replacement (excluding such spread adjustment) by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of Adjusted LIBOR or LMIR, as applicable, for U.S. dollar-denominated syndicated credit facilities at such time and (b) which may also reflect adjustments to account for (i) the effects of the transition from Adjusted LIBOR or LMIR, as applicable, to the Benchmark Replacement and (ii) yield- or risk-based differences between Adjusted LIBOR or LMIR, as applicable, and the Benchmark Replacement.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to Adjusted LIBOR or LMIR, as applicable:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of Adjusted LIBOR or LMIR, as applicable, permanently or indefinitely ceases to provide Adjusted LIBOR or LMIR, as applicable; or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to Adjusted LIBOR or LMIR, as applicable:

- (1) a public statement or publication of information by or on behalf of the administrator of Adjusted LIBOR or LMIR, as applicable, announcing that such administrator has ceased or will cease to provide Adjusted LIBOR or LMIR, as applicable, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide Adjusted LIBOR or LMIR, as applicable;

(2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of Adjusted LIBOR or LMIR, as applicable, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for Adjusted LIBOR or LMIR, as applicable, a resolution authority with jurisdiction over the administrator for Adjusted LIBOR or LMIR, as applicable, or a court or an entity with similar insolvency or resolution authority over the administrator for Adjusted LIBOR or LMIR, as applicable, which states that the administrator of Adjusted LIBOR or LMIR, as applicable, has ceased or will cease to provide Adjusted LIBOR or LMIR, as applicable, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide Adjusted LIBOR or LMIR, as applicable; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of Adjusted LIBOR or LMIR, as applicable, or a Governmental Authority having jurisdiction over the Administrative Agent announcing that Adjusted LIBOR or LMIR, as applicable, is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent by notice to the Borrower and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Adjusted LIBOR or LMIR, as applicable, and solely to the extent that Adjusted LIBOR or LMIR, as applicable, has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced Adjusted LIBOR or LMIR, as applicable, for all purposes hereunder in accordance with Section 4.06 and (y) ending at the time that a Benchmark Replacement has replaced Adjusted LIBOR or LMIR, as applicable, for all purposes hereunder pursuant to Section 4.06.

“Early Opt-in Event” means a determination by the Administrative Agent that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in this Section 4.06, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace Adjusted LIBOR or LMIR, as applicable.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

SECTION 4.07. LIBOR Notification. Section 4.06(a) of this Agreement provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of “Adjusted LIBOR” or “LMIR”, as applicable, or with respect to any alternative or successor rate thereto, or replacement rate therefor.

(h) The first sentence in Section 7.04 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

The Borrower shall not, directly or indirectly, nor shall it permit any Integra Party or the Parent to, directly or indirectly, permit the Consolidated Total Leverage Ratio of the Parent and its consolidated Subsidiaries as of the last day of any consecutive four fiscal quarter period ending on the dates identified below to be greater than the ratio set forth below opposite such date (and so long as PNC and Mizuho Bank, Ltd. are each a lender under the Credit Agreement, or such other ratio for such related period as specified in the Credit Agreement from time to time):

(i) The table set forth in Section 7.04 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

Four Fiscal Quarters Ending	Maximum Consolidated Total Leverage Ratio
First fiscal quarter ending after the Effective Date 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

(j) Clause (f) of Section 9.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

(f) (i) the average for three (3) consecutive Fiscal Months of: (A) the Default Ratio shall exceed four percent (4.00%), (B) the Delinquency Ratio shall exceed (x) during the Relief Period, fourteen percent (14.00%) and (y) at all other times, twelve percent (12.00%) or (C) the Dilution Ratio shall exceed six percent (6.00%) or (ii) the Days' Sales Outstanding shall exceed (x) during the Relief Period, seventy (70) calendar days and (y) at all other times, sixty five (65) calendar days; provided, that solely for purposes of this clause (f), Temporarily Ineligible Receivables shall be excluded from each component of the calculations used to determine compliance with the tests relating to the Default Ratio, the Delinquency Ratio, the Dilution Ratio and Days' Sales Outstanding set forth in this clause (f);

SECTION 3. Representations, Warranties and Enforceability. Each of the Borrower and the Servicer hereby represents and warrants to the Administrative Agent, the Group Agents and the Lenders, as applicable, as of the date hereof with respect to itself, as follows: the representations and warranties of it contained in Section 6.01 and Section 6.02, as applicable, of the Receivables Financing Agreement are true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case, such representations and warranties shall be true and correct as made) on and as of the date hereof as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case such representations and warranties shall be true and correct as made) on and as of such earlier date; and

(b) (i) the execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment and the Receivables Financing Agreement, as amended hereby, are within its organizational powers and have been duly authorized by all necessary action on its part and (ii) this Amendment and the Receivables Financing Agreement, as amended hereby, are its valid and legally binding obligations, enforceable in accordance with their respective terms.

SECTION 4. Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) The Administrative Agent shall have received a fully executed counterpart of (i) this Amendment and (ii) the Amendment Fee Letter, dated as of the date hereof, by and among PNC, as the Administrative Agent, as a Committed Lender and as a Group Agent, Mizuho, as a Committed Lender and as a Group Agent and acknowledged and agreed to by the Structuring Agent and the Borrower (together, the "Amendment Documents").

(b) PNC, as the Administrative Agent, as a Committed Lender and as the Group Agent for the PNC Group and Mizuho, as a Committed Lender and as the Group Agent for the Mizuho Group, in each case, under the Receivables Financing Agreement, as applicable, shall have received all fees and other amounts due and payable to it under the Transaction Documents and in connection with the Amendment Documents on or prior to the date hereof, including, to the extent invoiced, payment or reimbursement of all fees and expenses (including reasonable and documented out-of-pocket fees, charges and disbursements of counsel) required to be paid or reimbursed on or prior to the date hereof. To the extent such fees and other amounts have not yet been invoiced, the Borrower agrees to remit payment to the applicable party promptly upon receipt of such invoice.

(c) No Event of Default or Unmatured Event of Default, as set forth in Section 9.01 of the Receivables Financing Agreement, shall have occurred and be continuing.

SECTION 5. Amendment. The Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor, hereby agree that the provisions and effectiveness of this Amendment shall apply to the Receivables Financing Agreement as of the date hereof. Except as amended by this Amendment, the Receivables Financing Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart.

SECTION 7. Captions. The headings of the Sections of this Amendment are provided solely for convenience of reference and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

SECTION 8. Successors and permitted assigns. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor and their respective successors and permitted assigns.

SECTION 9. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10. Governing Law and Jurisdiction. The provisions of the Receivables Financing Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

SECTION 11. Ratification of Performance Guarantee. After giving effect to the Amendment Documents, all of the provisions of the Performance Guaranty shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Guaranty and acknowledges that the Performance Guaranty has continued and shall continue in full force and effect in accordance with its terms.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

INTEGRA RECEIVABLES LLC,
as the Borrower

By: /s/ Jeffrey A. Mosebrook
Name: Jeffrey A. Mosebrook
Title Assistant Secretary

INTEGRA LIFESCIENCES SALES LLC,
as the Servicer
By: Integra LifeSciences Corporation, its sole member

By: /s/ Jeffrey A. Mosebrook
Name: Jeffrey A. Mosebrook
Title Senior VP, Coporate Controller, and Principle Accounting Officer

Acknowledged and reaffirmed by, with respect to Section 11 hereof, as of the date first written above:

INTEGRA LIFESCIENCES HOLDINGS CORPORATION,
as the Performance Guarantor

By: /s/ Jeffrey A. Mosebrook
Name: Jeffrey A. Mosebrook
Title: Senior VP, Corporate Controller, and
Principle Accounting Officer

Amendment 2 to RFA (Integra) S-2

PNC BANK, NATIONAL ASSOCIATION,
as the Administrative Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the Group Agent for the PNC Group

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Committed Lender

By: /s/ Eric Bruno
Name: Eric Bruno
Title Senior Vice President

MIZUHO BANK, LTD.,
as a Committed Lender

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title Managing Director

MIZUHO BANK, LTD.,
as the Group Agent for Muzuho Group

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title Managing Director

Amendment 2 to RFA (Integra) S-5

AMENDMENT NO. 1 TO RECEIVABLES FINANCING AGREEMENT

AND

REAFFIRMATION OF PERFORMANCE GUARANTY

This AMENDMENT NO. 1 TO RECEIVABLES FINANCING AGREEMENT AND

REAFFIRMATION OF PERFORMANCE GUARANTY (this "Amendment"), dated as of March 29, 2019, is entered into by and among INTEGRA RECEIVABLES LLC ("Integra"), as borrower under the Receivables Financing Agreement (as defined below) (in such capacity, together with its successors and permitted assigns in such capacity, the "Borrower"), INTEGRA LIFESCIENCES SALES LLC ("Integra Sales"), as initial servicer under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), as administrative agent under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, the "Administrative Agent"), as a committed lender under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Committed Lender"), and as group agent for the PNC Group under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Group Agent"), and MIZUHO BANK, LTD. ("Mizuho"), as a committed lender under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Committed Lender"), and as group agent for the Mizuho Group under the Receivables Financing Agreement (in such capacity, together with its successors and permitted assigns in such capacity, a "Group Agent"), and the various other Lenders and Group Agents from time to time party to the Receivables Financing Agreement, and acknowledged and agreed to by PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Structuring Agent"), and is reaffirmed by, with respect to Section 11 hereof, INTEGRA LIFESCIENCES HOLDINGS CORPORATION ("Integra Holdings"), as performance guarantor (in such capacity, together with its successors and permitted assigns in such capacity, the "Performance Guarantor").

BACKGROUND

WHEREAS, the Borrower, the Servicer, the Persons from time to time party thereto as Lenders and as Group Agents, the Administrative Agent, and, solely with respect to Section 10.10 thereof, the Structuring Agent, entered into the Receivables Financing Agreement, dated as of December 21, 2018 (the "Original Receivables Financing Agreement," and as amended, restated, supplemented or otherwise modified through the date hereof, and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement");

WHEREAS, the Performance Guarantor entered into the Performance Guaranty as of December 21, 2018 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "Performance Guaranty") in favor of, and as accepted by, the Administrative Agent; and

WHEREAS, the parties hereto wish to amend the Original Receivables Financing Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to them in the Receivables Financing Agreement.

SECTION 2. Amendments to Original Receivables Financing Agreement. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Original Receivables Financing Agreement is hereby amended as follows:

(a) The definition of "Concentration Percentage" set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

"Concentration Percentage" means (a) for any Group A Obligor, twenty percent (20.00%), (b) for any Group B Obligor, fifteen percent (15.00%), (c) for any Group C Obligor, ten percent (10.00%), (d) for the largest Group D Obligor, five percent (5.00%) and (e) for any Group D Obligor (excluding the largest Group D Obligor), three percent (3.00%).

(b) The definition of "Concentration Reserve Percentage" set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

"Concentration Reserve Percentage" means, at any time of determination, the largest of: (a) the sum of the four (4) largest Obligor Percentages of the Group D Obligors, (b) the sum of the two (2) largest Obligor Percentages of the Group C Obligors, (c) the largest Obligor Percentage of the Group B Obligors and (d) twelve percent (12.00%).

(c) Clause (g) of the definition of "Excess Concentration" set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby amended by replacing the "." at the end of such clause and replacing it with the phrase "; plus".

(d) The definition of "Excess Concentration" set forth in Section 1.01 of the Original

Receivables Financing Agreement is hereby amended by adding the following as a new clause (h) immediately following the existing clause (g) thereof:

(h) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables owing from the four (4) Group D Obligors with the four (4) largest Obligor Percentages of all Group D Obligors, over (ii) the product of (x) twelve percent (12.00%), multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool.

(e) The definition of "Total Reserves" set forth in Section 1.01 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

"Total Reserves" means, at any time of determination, an amount equal to the sum of (a) the product of (i) the sum of: (A) the Yield Reserve Percentage, plus (B) the greatest of (I) the sum of the Concentration Reserve Percentage plus the Minimum Dilution Reserve Percentage and (II) the sum of the Loss Reserve Percentage plus the Dilution Reserve Percentage, multiplied by (ii) the Adjusted Net Receivables Pool Balance at such time, plus (b) the Currency Reserve Amount.

(f) The table set forth in Section 7.04 of the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the following:

Four Fiscal Quarters Ending	Maximum Consolidated Total Leverage Ratio
First fiscal quarter ending after the Effective Date through March 31, 2019	5.50 to 1.00
June 30, 2019 through March 31, 2020	5.00 to 1.00
June 30, 2020 through March 31, 2021	4.50 to 1.00
June 30, 2021 and the last day of each fiscal quarter thereafter	4.00 to 1.00

(g) Schedule I to the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the schedule set forth in Exhibit A attached hereto.

(h) Schedule III to the Original Receivables Financing Agreement is hereby deleted and replaced in its entirety with the schedule set forth in Exhibit B attached hereto.

SECTION 3. Representations, Warranties and Enforceability. Each of the Borrower and the Servicer hereby represents and warrants to the Administrative Agent, the Group Agents and the Lenders, as applicable, as of the date hereof with respect to itself, as follows: the representations and warranties of it contained in Section 6.01 and Section 6.02, as applicable, of the Receivables Financing Agreement are true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case, such representations and warranties shall be true and correct as made) on and as of the date hereof as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects (unless such representations and warranties contain a materiality qualification, in which case such representations and warranties shall be true and correct as made) on and as of such earlier date; and

(b) (i) the execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment and the Receivables Financing Agreement, as amended hereby, are within its organizational powers and have been duly authorized by all necessary action on its part and (ii) this Amendment and the Receivables Financing Agreement, as amended hereby, are its valid and legally binding obligations, enforceable in accordance with their respective terms.

SECTION 4. Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) The Administrative Agent shall have received a fully executed counterpart of (i) this Amendment, (ii) the Amended and Restated Fee Letter, dated as of the date hereof, by and among PNC, as the Administrative Agent, as a Committed Lender and as a Group Agent, Mizuho, as a Committed Lender and as a Group Agent, and the Structuring Agent, and acknowledged and agreed to by the Borrower, and (iii) the Assignment, Acceptance and Assumption, dated as of the date hereof, by and between PNC, as Assignor, and Mizuho, as

Assignee, and accepted by the Administrative Agent and the Borrower (collectively, the "Amendment Documents").

(b) PNC, as the Administrative Agent, as a Committed Lender and as the Group Agent for the PNC Group and Mizuho, as a Committed Lender and as the Group Agent for the Mizuho Group, in each case, under the Receivables Financing Agreement, as applicable, shall have received all fees and other amounts due and payable to it under the Transaction Documents and in connection with the Amendment Documents on or prior to the date hereof, including, to the extent invoiced, payment or reimbursement of all fees and expenses (including reasonable and documented out-of-pocket fees, charges and disbursements of counsel) required to be paid or reimbursed on or prior to the date hereof. To the extent such fees and other amounts have not yet been invoiced, the Borrower agrees to remit payment to the applicable party promptly upon receipt of such invoice.

(c) No Event of Default or Unmatured Event of Default, as set forth in Section 9.01 of the Receivables Financing Agreement, shall have occurred and be continuing.

SECTION 5. Amendment. The Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor, hereby agree that the provisions and effectiveness of this Amendment shall apply to the Receivables Financing Agreement as of the date hereof. Except as amended by this Amendment, the Receivables Financing Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart.

SECTION 7. Captions. The headings of the Sections of this Amendment are provided solely for convenience of reference and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

SECTION 8. Successors and permitted assigns. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders, and, with respect to Section 11 hereof, the Performance Guarantor and their respective successors and permitted assigns.

SECTION 9. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10. Governing Law and Jurisdiction. The provisions of the Receivables Financing Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

SECTION 11. Ratification of Performance Guarantee. After giving effect to the Amendment Documents, all of the provisions of the Performance Guaranty shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Guaranty and acknowledges that the Performance Guaranty has continued and shall continue in full force and effect in accordance with its terms.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

INTEGRA RECEIVABLES LLC,
as the Borrower

By: /s/ Sravan K. Emany
Name: Sravan K. Emany
Title Treasurer

INTEGRA LIFESCIENCES SALES LLC,
as the Servicer
By: Integra LifeSciences Corporation, its sole member

By: /s/ Sravan K. Emany
Name: Sravan K. Emany
Title Vice President -Treasurer, Investor Relations

Acknowledged and reaffirmed by, with respect to Section 11 hereof, as of the date first written above:

INTEGRA LIFESCIENCES HOLDINGS CORPORATION,
as the Performance Guarantor

By: /s/ Sravan K. Emany
Name: Sravan K. Emany
Title Vice President -Treasurer, Investor Relations

Amendment 1 to RFA (Integra) S-2

PNC BANK, NATIONAL ASSOCIATION,
as the Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the Group Agent for the PNC Group

By: /s/ Michael Brown
Name: Michael Brown
Title Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Committed Lender

By: /s/ Michael Brown
Name: Michael Brown
Title Senior Vice President

Acknowledged and agreed to by, as of the date first written above:

PNC CAPITAL MARKETS LLC,
as the Structuring Agent

By: /s/ Michael Brown
Name: Michael Brown
Title Senior Vice President

MIZUHO BANK, LTD.,
as a Committed Lender

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title Managing Director

MIZUHO BANK, LTD.,
as the Group Agent for Muzuho Group

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title Managing Director

Amendment 1 to RFA (Integra) S-5

**SCHEDULE I
Commitments**

PNC Group		
<u>Party</u>	<u>Capacity</u>	<u>Maximum Commitment</u>
PNC	Committed Lender	\$100,000,000
PNC	Group Agent	N/A
Mizuho Group		
<u>Party</u>	<u>Capacity</u>	<u>Maximum Commitment</u>
Mizuho	Committed Lender	\$50,000,000
Mizuho	Group Agent	N/A

Amendment 1 to RFA (Integra) Exh. B-1

SCHEDULE III
Notice Addresses

(A) in the case of the Borrower, at the following address:

Integra Receivables LLC
• Enterprise Drive
Plainsboro, New Jersey 08536
Attention: Sravan Emany
Telephone: 609-936-2488
Facsimile: 609-750-4245
Email: sravan.emany@integralife.com

(B) in the case of the Servicer, at the following address:

Integra LifeSciences Sales LLC
• Enterprise Drive
Plainsboro, NJ 08536
Attention: Sravan Emany
Telephone: 609-936-2488
Facsimile: 609-750-4245
Email: sravan.emany@integralife.com

(C) in the case of PNC or the Administrative Agent, at the following address:

PNC Bank, National Association
300 Fifth Avenue
Pittsburgh, PA 15222
Attention: Robyn Reeher
Telephone: (412) 768-3090
Facsimile: (412) 762-9184
Email: robyn.reeher@pnc.com

(D) in the case of Mizuho, at the following address:

Mizuho Bank, Ltd.
1251 Avenue of the Americas
New York, NY 10020
Attention: Johan Andreasson
Telephone: (212)282-3544
Email: johan.andreasson@mizuhogroup.com

(E) in the case of any other Person, at the address for such Person specified in the other Transaction Documents; in each case, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

**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 quarterly report on Form 10-Q 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 13a-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: July 29, 2021

/s/ Peter J. Arduini

Peter J. Arduini

President and Chief Executive Officer

**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 quarterly report on Form 10-Q 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 13a-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: July 29, 2021

/s/ Carrie L. Anderson

Carrie L. Anderson

*Executive Vice President, Chief Financial Officer, and
Treasurer*

**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 Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (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: July 29, 2021

/s/ Peter J. Arduini

Peter J. Arduini

President and Chief Executive Officer

**Certification of Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Carrie L. Anderson, Corporate Vice President and Chief Financial Officer of Integra LifeSciences Holdings Corporation (the “Company”), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (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: July 29, 2021

/s/ Carrie L. Anderson

Carrie L. Anderson

*Executive Vice President, Chief Financial Officer, and
Treasurer*