

**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 September 30, 2023  
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. 000-26224

**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 Exchange Act). Yes  No

The number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of October 24, 2023 was 78,175,803.

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**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**  
**(UNAUDITED)**

(Dollars in thousands, except per share amounts)

|  | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                   |
|--|----------------------------------|------------------|---------------------------------|-------------------|
|  | 2023                             | 2022             | 2023                            | 2022              |
| <b>Total revenue, net</b>  | \$ 382,421                       | \$ 385,191       | \$ 1,144,534                    | \$ 1,159,644      |
| <b>Costs and expenses:</b>                                       |                                  |                  |                                 |                   |
| Cost of goods sold   | 164,076                          | 148,445          | 486,292                         | 439,418           |
| Research and development   | 26,596                           | 24,736           | 79,908                          | 74,410            |
| Selling, general and administrative                              | 161,948                          | 143,820          | 493,513                         | 464,397           |
| Intangible asset amortization                                    | 3,208                            | 3,141            | 9,342                           | 10,339            |
| <b>Total costs and expenses</b>                                  | <u>355,828</u>                   | <u>320,142</u>   | <u>1,069,055</u>                | <u>988,564</u>    |
| <b>Operating income</b>  | 26,593                           | 65,049           | 75,479                          | 171,080           |
| Interest income  | 4,607                            | 3,264            | 12,653                          | 6,606             |
| Interest expense   | (13,062)                         | (12,809)         | (37,626)                        | (36,700)          |
| Gain (loss) from the sale of business                            | —                                | 644              | —                               | 644               |
| Other income (expense), net                                      | 471                              | 2,648            | 1,705                           | 8,056             |
| <b>Income before income taxes</b>                                | 18,609                           | 58,796           | 52,211                          | 149,686           |
| Provision (benefit) for income taxes                             | (888)                            | 8,881            | 4,304                           | 22,082            |
| <b>Net income</b>  | <u>\$ 19,497</u>                 | <u>\$ 49,915</u> | <u>\$ 47,907</u>                | <u>\$ 127,604</u> |
| <b>Net income per share</b>                                      |                                  |                  |                                 |                   |
| Basic  | \$ 0.24                          | \$ 0.60          | \$ 0.59                         | \$ 1.54           |
| Diluted  | \$ 0.24                          | \$ 0.60          | \$ 0.59                         | \$ 1.53           |
| <b>Weighted average common shares outstanding (See Note 13):</b> |                                  |                  |                                 |                   |
| Basic  | 79,690                           | 83,042           | 80,842                          | 82,955            |
| Diluted  | 79,811                           | 83,399           | 81,112                          | 83,476            |
| <b>Comprehensive income (See Note 14)</b>                        | <u>16,412</u>                    | <u>55,691</u>    | <u>39,387</u>                   | <u>\$ 165,320</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)

|   | September 30, 2023  | December 31, 2022   |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Current assets:   |                     |                     |
| Cash and cash equivalents   | \$ 273,732          | \$ 456,661          |
| Trade accounts receivable, net of allowances of \$5,630 and \$4,304   | 256,270             | 263,465             |
| Inventories, net  | 366,251             | 324,583             |
| Prepaid expenses and other current assets   | 130,976             | 116,789             |
| <b>Total current assets</b>   | <b>1,027,229</b>    | <b>1,161,498</b>    |
| Property, plant and equipment, net  | 318,718             | 311,302             |
| Right of use asset - operating leases   | 156,760             | 148,284             |
| Intangible assets, net  | 1,067,023           | 1,126,609           |
| Goodwill  | 1,036,146           | 1,038,881           |
| Deferred tax assets, net  | 55,587              | 45,994              |
| Other assets  | 77,908              | 57,190              |
| <b>Total assets</b>   | <b>\$ 3,739,371</b> | <b>\$ 3,889,758</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                     |
| Current liabilities:  |                     |                     |
| Current portion of borrowings under senior credit facility  | \$ 9,687            | \$ 38,125           |
| Current portion of borrowings under securitization facility   | 75,700              | —                   |
| Current portion of lease liability - operating leases   | 14,461              | 14,624              |
| Accounts payable, trade   | 93,550              | 102,100             |
| Contract liabilities  | 8,139               | 7,253               |
| Accrued compensation  | 63,869              | 78,771              |
| Accrued expenses and other current liabilities  | 90,306              | 80,033              |
| <b>Total current liabilities</b>  | <b>355,712</b>      | <b>320,906</b>      |
| Long-term borrowings under senior credit facility   | 850,089             | 733,149             |
| Long-term borrowings under securitization facility  | —                   | 104,700             |
| Long-term convertible securities  | 569,527             | 567,341             |
| Lease liability - operating leases  | 168,017             | 157,420             |
| Deferred tax liabilities  | 74,453              | 63,338              |
| Other liabilities   | 142,352             | 138,501             |
| <b>Total liabilities</b>  | <b>2,160,150</b>    | <b>2,085,355</b>    |
| Stockholders' equity:   |                     |                     |
| Preferred stock; no par value; 15,000 authorized shares; none outstanding   | —                   | —                   |
| Common stock; \$0.01 par value; 240,000 authorized shares; 90,935 and 90,477 issued at September 30, 2023 and December 31, 2022, respectively | 909                 | 905                 |
| Additional paid-in capital  | 1,262,319           | 1,276,977           |
| Treasury stock, at cost; 11,823 shares and 6,823 shares at September 30, 2023 and December 31, 2022, respectively                             | (612,777)           | (362,862)           |
| Accumulated other comprehensive income  | 1,745               | 10,265              |
| Retained earnings   | 927,025             | 879,118             |
| <b>Total stockholders' equity</b>   | <b>1,579,221</b>    | <b>1,804,403</b>    |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 3,739,371</b> | <b>\$ 3,889,758</b> |

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)

|   | <b>Nine Months Ended September 30,</b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                            | <b>2022</b>       |
| <b>OPERATING ACTIVITIES:</b>  |  |                   |
| Net income  | \$ 47,907                              | \$ 127,604        |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |                   |
| Depreciation and amortization   | 92,527                                 | 88,803            |
| Deferred income tax provision   | 2,963                                  | 1,439             |
| Share-based compensation  | 14,350                                 | 21,994            |
| Amortization of debt issuance costs and expenses associated with debt refinancing | 4,731                                  | 5,142             |
| Non-cash lease expense  | 2,120                                  | 3,040             |
| Loss (gain) on disposal of property and equipment                                 | (4)                                    | 914               |
| Gain from the sale of business  | —                                      | (644)             |
| Change in fair value of contingent consideration and others                       | 8,278                                  | (19,481)          |
| Changes in assets and liabilities:  |  |                   |
| Accounts receivable   | 5,050                                  | (23,870)          |
| Inventories   | (43,350)                               | (24,443)          |
| Prepaid expenses and other current assets   | (21,700)                               | 1,629             |
| Other non-current assets  | (8,774)                                | 9,575             |
| Accounts payable, accrued expenses and other current liabilities                  | (22,141)                               | (803)             |
| Contract liabilities  | 141                                    | 2,524             |
| Other non-current liabilities   | (893)                                  | (14,288)          |
| <b>Net cash provided by operating activities</b>                                  | <b>81,205</b>                          | <b>179,135</b>    |
| <b>INVESTING ACTIVITIES:</b>  |  |                   |
| Purchases of property and equipment   | (42,330)                               | (27,887)          |
| Proceeds from Sale of Business  | —                                      | 23,960            |
| Acquired in-process research and development milestone                            | —                                      | (4,742)           |
| Net proceeds from swaps designated as net investment hedges                       | 5,381                                  | 4,909             |
| <b>Net cash used in investing activities</b>                                      | <b>(36,949)</b>                        | <b>(3,760)</b>    |
| <b>FINANCING ACTIVITIES:</b>  |  |                   |
| Proceeds from borrowings of long-term indebtedness                                | 146,900                                | 34,250            |
| Payments on debt  | (85,900)                               | (40,750)          |
| Payment of debt issuance costs  | (7,578)                                | —                 |
| Purchases of treasury stock   | (275,000)                              | (125,000)         |
| Proceeds from exercised stock options   | 4,092                                  | 1,592             |
| Cash taxes paid in net equity settlement  | (5,549)                                | (24,346)          |
| <b>Net cash used in financing activities</b>                                      | <b>(223,035)</b>                       | <b>(154,254)</b>  |
| Effect of exchange rate changes on cash and cash equivalents                      | (4,150)                                | (22,632)          |
| <b>Net decrease in cash and cash equivalents</b>                                  | <b>(182,929)</b>                       | <b>(1,511)</b>    |
| <b>Cash and cash equivalents at beginning of period</b>                           | <b>456,661</b>                         | <b>513,448</b>    |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 273,732</b>                      | <b>\$ 511,937</b> |

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

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**  
(Dollars in thousands)

|  | Nine Months Ended September 30, 2023 |        |                |              |                               |  |                      |              |  |
|--|--------------------------------------|--------|----------------|--------------|-------------------------------|--|----------------------|--------------|--|
|  | Common Stock                         |        | Treasury Stock |              | Additional<br>Paid-In Capital | Accumulated Other<br>Comprehensive<br>Loss | Retained<br>Earnings | Total Equity |  |
|  | Shares                               | Amount | Shares         | Amount       |                               |  |                      |              |  |
| Balance, January 1, 2023   | 90,476                               | \$ 905 | (6,823)        | \$ (362,862) | \$ 1,276,977                  | \$ 10,265                                  | \$ 879,118           | \$ 1,804,403 |  |
| Net income   | —                                    | —      | —              | —            | —                             | —  | 24,226               | 24,226       |  |
| Other comprehensive income (loss), net of tax  | —                                    | —      | —              | —            | —                             | (3,198)                                    | —                    | (3,198)      |  |
| Issuance of common stock through employee stock purchase plan                                | 21                                   | —      | —              | —            | 1,107                         | —  | —                    | 1,107        |  |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 316                                  | 1      | 16             | 846          | (4,858)                       | —  | —                    | (4,011)      |  |
| Share-based compensation   | —                                    | 2      | —              | —            | 3,609                         | —  | —                    | 3,611        |  |
| Accelerated shares repurchased   | —                                    | \$ —   | (2,111)        | (119,662)    | (31,538)                      | \$ —                                       | —                    | (151,200)    |  |
| Balance, March 31, 2023  | 90,813                               | \$ 908 | (8,918)        | \$ (481,678) | \$ 1,245,297                  | \$ 7,067                                   | \$ 903,344           | \$ 1,674,938 |  |
| Net income   | —                                    | —      | —              | —            | —                             | —  | 4,184                | 4,184        |  |
| Other comprehensive loss, net of tax   | —                                    | —      | —              | —            | —                             | (2,237)                                    | —                    | (2,237)      |  |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 68                                   | 1      | —              | 21           | 985                           | —  | —                    | 1,007        |  |
| Share-based compensation   | —                                    | —      | —              | —            | 5,268                         | —  | —                    | 5,268        |  |
| Accelerated shares repurchased   | —                                    | \$ —   | (609)          | (32,125)     | 32,125                        | \$ —                                       | \$ —                 | —            |  |
| Balance, June 30, 2023   | 90,881                               | \$ 909 | (9,527)        | \$ (513,782) | \$ 1,283,675                  | \$ 4,830                                   | \$ 907,528           | \$ 1,683,160 |  |
| Net income   | —                                    | —      | —              | —            | —                             | —  | 19,497               | 19,497       |  |
| Other comprehensive income, net of tax   | —                                    | —      | —              | —            | —                             | (3,085)                                    | —                    | (3,085)      |  |
| Treasury shares retirement   | —                                    | —      | —              | —            | —                             | —  | —                    | —            |  |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 54                                   | —      | —              | 17           | 424                           | —  | —                    | 441          |  |
| Share-based compensation   | —                                    | —      | —              | —            | 5,457                         | —  | —                    | 5,457        |  |
| Accelerated shares repurchased   | —                                    | —      | (2,296)        | (99,012)     | (27,237)                      | —  | —                    | (126,249)    |  |
| Balance, September 30, 2023  | 90,935                               | 909    | (11,823)       | (612,777)    | 1,262,319                     | 1,745                                      | 927,025              | 1,579,221    |  |

**Nine Months Ended September 30, 2022**

|  | Common Stock |        | Treasury Stock |              | Additional<br>Paid-In Capital | Accumulated Other<br>Comprehensive<br>Loss | Retained<br>Earnings | Total Equity |
|--|--------------|--------|----------------|--------------|-------------------------------|--|----------------------|--------------|
|  | Shares       | Amount | Shares         | Amount       |                               |  |                      |              |
| Balance, January 1, 2022   | 89,600       | \$ 896 | (4,899)        | \$ (234,448) | \$ 1,264,943                  | \$ (45,155)                                | \$ 698,568           | \$ 1,684,804 |
| Net income   | —            | —      | —              | —            | —                             | —  | 32,901               | 32,901       |
| Other comprehensive income (loss), net of tax  | —            | —      | —              | —            | —                             | 24,130                                     | —                    | 24,130       |
| Issuance of common stock through employee stock purchase plan                                | 17           | —      | —              | —            | 1,078                         | —  | —                    | 1,078        |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 339          | 4      | 14             | 714          | (9,758)                       | —  | —                    | (9,040)      |
| Share-based compensation   | —            | —      | —              | —            | 6,324                         | —  | —                    | 6,324        |
| Accelerated shares repurchased   | —            | —      | (1,938)        | (129,152)    | 4,152                         | —  | —                    | (125,000)    |
| Balance, March 31, 2022  | 89,956       | \$ 900 | (6,823)        | \$ (362,886) | \$ 1,266,739                  | \$ (21,025)                                | \$ 731,469           | \$ 1,615,197 |
| Net income   | —            | —      | —              | —            | —                             | —  | 44,788               | 44,788       |
| Other comprehensive loss, net of tax   | —            | —      | —              | —            | —                             | 7,810                                      | —                    | 7,810        |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 378          | 3      | —              | 6            | (13,655)                      | —  | —                    | (13,646)     |
| Share-based compensation   | —            | —      | —              | —            | 6,768                         | —  | —                    | 6,768        |
| Balance, June 30, 2022   | 90,334       | \$ 903 | (6,823)        | \$ (362,880) | \$ 1,259,852                  | \$ (13,215)                                | \$ 776,257           | \$ 1,660,917 |
| Net income   | —            | —      | —              | —            | —                             | —  | 49,915               | 49,915       |
| Other comprehensive income, net of tax   | —            | —      | —              | —            | —                             | 5,776                                      | —                    | 5,776        |
| Treasury shares retirement   | —            | —      | —              | —            | —                             | —  | —                    | —            |
| Issuance of common stock for vesting of share based awards, net of shares withheld for taxes | 7            | —      | —              | 17           | (1,160)                       | —  | —                    | (1,143)      |
| Share-based compensation   | —            | —      | —              | —            | 8,949                         | —  | —                    | 8,949        |
| Balance, September 30, 2022  | 90,341       | \$ 903 | (6,823)        | \$ (362,863) | \$ 1,267,641                  | \$ (7,439)                                 | \$ 826,172           | \$ 1,724,414 |

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 September 30, 2023 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 shareholders' 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 in the United States (“GAAP”) 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, 2022 included in the Company’s Annual Report on Form 10-K. The December 31, 2022 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. Operating results for the three and nine-month periods ended September 30, 2023 are not necessarily indicative of the results to be expected for the entire year.

The preparation of consolidated financial statements is in conformity with 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 condensed 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.

### ***Recent Accounting Pronouncements***

In March 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-04, Reference Rate Reform (Topic 848), and subsequent amendment to the initial guidance: ASU 2021-01, Reference Rate Reform (Topic 848): Scope (collectively, “Topic 848”). Topic 848 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to 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. The guidance generally can be applied through December 31, 2024. The Alternative Reference Rates Committee, a group of private-market participants convened by the U.S. Federal Reserve Board and the New York Federal Reserve, has recommended the use of the Secured Overnight Financing Rate (“SOFR”) as a more robust reference rate alternative to LIBOR. On March 24, 2023, the Company entered into the seventh amendment and restatement (the “March 2023 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. In connection with the March 2023 Amendment, the Company replaced all LIBOR-based contracts with SOFR, which is calculated based on overnight transactions under repurchase agreements backed by Treasury securities. In addition, on April 17, 2023 the Company entered into an amendment (the “April 2023 Amendment”) of the Securitization Facility (as defined below) and amended the interest rate from LIBOR to SOFR indexed rate. (See Note 6). In March 2023, the Company entered into a basis swap where the Company receives Term SOFR and pays LIBOR to convert the portfolio of interest rate swaps from LIBOR to SOFR. Integra has elected to adopt the optional expedient under ASC 848, which will allow the interest rate swap hedging relationship to continue, without designation, due to the change in the indexed rate from LIBOR to SOFR.

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**

***Surgical Innovation Associates, Inc. Acquisition***

On December 6, 2022, the Company completed its acquisition of Surgical Innovation Associates, Inc. ("SIA") for an acquisition purchase price of \$51.5 million (the "SIA Acquisition") plus contingent consideration of up to \$90.0 million. The contingent consideration includes two separate payments, which are dependent on 1) achieving certain revenue-based performance milestones in 2023, 2024, and 2025 (up to \$50.0 million in additional payments), as well as 2) the approval by the FDA of the Premarket Approval ("PMA") Application for DuraSorb for certain uses by certain timing targets (up to \$40.0 million in additional payments). SIA's core technology, DuraSorb, is a fully resorbable scaffold of a globally accepted polymer, which is cleared for use in hernia repair, abdominal wall, and other soft tissue reinforcement. DuraSorb sales are reported within Integra's Tissue Technologies ("TT") segment as part of its Wound Reconstruction and Care franchise.

*Assets Acquired and Liabilities Assumed at Fair Value*

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

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

| Dollars in thousands                      | Final Valuation   | Weighted Average Life |
|---|-------------------|-----------------------|
| <b>Current assets:</b>                    |                   |                       |
| Cash                                      | 4,438             |                       |
| Trade accounts receivable, net            | 1,551             |                       |
| Inventories, net                          | 2,900             |                       |
| Prepaid expenses and other current assets | 1,654             |                       |
| <b>Total current assets</b>               | <b>\$ 10,543</b>  |                       |
| Intangible assets                         | 75,000            | 14 years              |
| Goodwill                                  | 41,380            |                       |
| <b>Total assets acquired</b>              | <b>\$ 126,923</b> |                       |
| <b>Current liabilities:</b>               |                   |                       |
| Accounts payable and accrued expenses     | \$ 2,044          |                       |
| <b>Total current liabilities</b>          | <b>\$ 2,044</b>   |                       |
| Deferred Tax Liability                    | 11,325            |                       |
| Contingent consideration                  | 57,607            |                       |
| <b>Total liabilities assumed</b>          | <b>70,976</b>     |                       |
| <b>Net assets acquired</b>                | <b>\$ 55,947</b>  |                       |

*Developed Technology*

The estimated fair value of the developed technology 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, working capital, and contributory asset charges, the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of the asset's life cycle, and competitive trends impacting the asset and the cash flow stream.

The Company used a discount rate of 18% 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 SIA Acquisition to the TT segment. Goodwill is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce. A key factor that contributes to the recognition of goodwill, and a driver for the Company's acquisition of SIA, is the attractive growth opportunities presented by the surgical matrix business in the breast reconstruction market. Goodwill recognized as a result of this acquisition is non-deductible for income tax purposes.

### *Contingent Consideration*

The Company determines the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from revenue estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined using the fair value concepts in ASC 820. The resulting 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 the 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. Changes in assumptions utilized in the contingent consideration fair value estimates could result in an increase in the contingent consideration obligation and a corresponding charge to operating results.

As part of the SIA Acquisition, the Company is required to pay to the former shareholders of SIA up to \$90.0 million for two separate payments, which are dependent on 1) achieving certain revenue-based performance milestones in 2023, 2024, and 2025 (up to \$50.0 million in additional payments), as well as 2) the approval by the FDA of the PMA for DuraSorb for certain uses by certain timing targets (up to \$40.0 million in additional payments). The Company used iterations of the Monte Carlo simulation to calculate the fair value of the contingent consideration for the revenue-based milestone that considered the possible outcomes of scenarios related to each specific milestone for the revenue based performance milestone. The Company used probabilities of achieving the conditions to calculate the fair value of the contingent consideration for the PMA approval milestone. The Company estimated the fair value of the contingent consideration for the revenue based milestone to be \$32.6 million at the acquisition date and \$25.0 million for the PMA approval milestone at the acquisition date. The company recorded a total of \$51.2 million in other liabilities as of September 30, 2023 and \$13.0 million in accrued expenses and other current liabilities at September 30, 2023 in the consolidated balance sheet of the Company.

### *Deferred Tax Liabilities*

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

### ***Sale of non-core traditional wound care business***

On August 31, 2022, the Company completed its sale of its non-core traditional wound care ("TWC") business to Gentell, LLC ("Gentell") for \$28.8 million, which consists of \$27.8 million in cash plus \$1.0 million in contingent consideration which may be received upon achieving certain revenue-based performance milestones two years after the closing date. The transaction included the sale of the Company's TWC products, such as sponges, gauze and conforming bandages, and certain advanced wound care dressings, such as supportive, calcium alginate, hydrogel, and foam dressings.

The divestiture did not represent a strategic shift that had 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 TWC business to the Company's TT reportable business segment. In connection with the sale, the Company recognized \$0.6 million as a gain from the sale of the business in the condensed consolidated statement of operations for the year ended December 31, 2022. The transaction is subject to final working capital adjustments.

In addition to the purchase and sale agreement, the Company also entered into a contract manufacturing agreement with Gentell. Under the terms of the agreement, Gentell received inventory, equipment, and tooling to manufacture certain MediHoney® and TCC-EZ® products on behalf of the Company. On the close date of this transaction, the Company transferred manufacturing inventory associated with these products to Gentell and recognized an asset of \$11.1 million, as a form of a deposit for the inventory transferred, which based on the expected timing of inventory purchases, was primarily included within prepaid expenses and other current assets in the consolidated balance sheet. This deposit will be utilized by the Company on future orders placed to Gentell for such products. As of September 30, 2023, the Company had a deposit remaining of \$6.0 million which is included in prepaid assets. In addition, there are outstanding balances related to the Company's ongoing purchase of MediHoney® and TCC-EZ® products subsequent to the close of the TWC divestiture.

### 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 Estimates*

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

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

The Company's return policy, as set forth in its product catalogs and sales invoices, requires review and authorization in advance prior to the return of product. Upon the authorization, a credit will be issued for the goods returned within a set amount of days from the shipment, which is generally 90 days.

Due to the voluntary recall of all products manufactured at the Boston facility, including Primatrix®, Surgimend®, Revize™, and TissueMend™ ("The Boston recall") the Company recorded a total of \$6.8 million and \$19.7 million provision for product returns, as a reduction of net revenue during the three and nine months ended September 30, 2023, respectively. Additionally, the Company has credited \$8.3 million and \$9.0 million to customers during the three and nine months ended September 30, 2023, respectively. As of September 30, 2023, the return reserve was \$10.7 million.

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 sheets.

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.

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

The following table summarizes the changes in the contract asset and liability balances for the nine months ended September 30, 2023:

| Dollars in thousands   | <b>Total</b> |
|--|--------------|
| <b>Contract Asset</b>  |              |
| Contract asset, January 1, 2023  | \$ 10,122    |
| Transferred to trade receivable from contract asset included in beginning of the year contract asset | (7,743)      |
| Written off from beginning of the year contract asset due to Boston recall                           | (2,379)      |
| Contract asset, net of transferred to trade receivables on contracts during the period               | 10,392       |
| Contract asset, September 30, 2023   | \$ 10,392    |
| <b>Contract Liability</b>  |              |
| Contract liability, January 1, 2023  | \$ 16,127    |
| Recognition of revenue included in beginning of year contract liability                              | \$ (6,159)   |
| Contract liability, net of revenue recognized on contracts during the period                         | 6,282        |
| Foreign currency translation   | (51)         |
| Contract liability, September 30, 2023   | \$ 16,199    |

At September 30, 2023, the short-term portion of the contract liability of \$8.1 million and the long-term portion of \$8.1 million are included in current liabilities and other liabilities, respectively, in the consolidated balance sheets.

As of September 30, 2023, the Company is expected to recognize revenue of approximately 50% of unsatisfied (or partially unsatisfied) performance obligations as revenue within 12 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 nine months ended September 30, 2023 and 2022 (dollar amounts in thousands):

|                                 | Three Months Ended<br>September 30, 2023 | Three Months Ended<br>September 30, 2022 | Nine Months Ended<br>September 30, 2023 | Nine Months Ended<br>September 30, 2022 |
|---------------------------------|--|--|---|---|
| Neurosurgery                    | \$ 209,229                               | \$ 193,848                               | \$ 607,902                              | \$ 588,818                              |
| Instruments                     | 58,976                                   | 55,948                                   | 179,469                                 | 166,149                                 |
| Total Codman Specialty Surgical | 268,205                                  | 249,796                                  | 787,371                                 | 754,967                                 |
| Wound Reconstruction and Care   | 88,071                                   | 104,625                                  | 280,129                                 | 304,149                                 |
| Private Label                   | 26,145                                   | 30,770                                   | 77,034                                  | 100,528                                 |
| Total Tissue Technologies       | 114,216                                  | 135,395                                  | 357,163                                 | 404,677                                 |
| Total revenue                   | <u>\$ 382,421</u>                        | <u>\$ 385,191</u>                        | <u>\$ 1,144,534</u>                     | <u>\$ 1,159,644</u>                     |

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   | September 30, 2023 | December 31, 2022 |
|------------------------|--------------------|-------------------|
| Finished goods         | \$ 182,066         | \$ 172,088        |
| Work in process        | 76,072             | 70,598            |
| Raw materials          | 108,113            | 81,897            |
| Total inventories, net | <u>\$ 366,251</u>  | <u>\$ 324,583</u> |

**Boston Recall**

In the nine months ended September 30, 2023, due to the Boston recall, the Company recorded a \$24.6 million write off of inventory to cost of goods sold that was no longer able to be sold.

**Inventory Write-off**

There was a tornado that struck the LeLocle, Switzerland area on July 24, 2023. After review of the damage to the product caused by the tornado, it was determined that the inventory write-off was \$0.8 million.

**5. GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill**

Changes in the carrying amount of goodwill for the nine-month period ended September 30, 2023 were as follows:

| Dollars in thousands                       | Codman Specialty<br>Surgical | Tissue Technologies | Total               |
|--|------------------------------|---------------------|---------------------|
| Goodwill at December 31, 2022              | \$ 656,219                   | \$ 382,662          | \$ 1,038,881        |
| SIA Acquisition Working Capital Adjustment | —                            | (382)               | (382)               |
| Foreign currency translation               | (1,486)                      | (867)               | (2,353)             |
| Goodwill at September 30, 2023             | <u>\$ 654,733</u>            | <u>\$ 381,413</u>   | <u>\$ 1,036,146</u> |

The Company tests goodwill and intangible assets with indefinite lives for impairment annually in the third quarter in accordance with ASC Topic 350. Additionally, the Company may perform interim tests if an event occurs or circumstances change that could potentially reduce the fair value of a reporting unit or indefinite lived intangible asset below its carrying amount. The carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units.

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

The Company tests for impairment by either performing a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors, including reporting unit specific operating results as well as industry, market and general economic conditions, to determine whether it is more likely than not that the fair values of a reporting unit is less than its carrying amount, including goodwill. The Company may elect to bypass this qualitative evaluation for some or all of its reporting units and perform a quantitative test. The quantitative test estimates the fair value of the reporting unit using a discounted cash flow model, which incorporates significant estimates and assumptions made by management which, by their nature, are characterized by uncertainty

In the second quarter of 2023, due to the Boston recall, as well as the associated drop in the Company's stock price in that quarter, the Company elected to perform a quantitative analysis for its TT reporting unit. The quantitative test utilized a long-term growth rate of 2% and a discount rate of 10%. The Company determined, after performing the quantitative analysis, that the fair value of the goodwill of the reporting unit was not less than the carrying amount, with more than 20% headroom.

In the third quarter of 2023, the Company performed the annual qualitative analysis for its three reporting units and intangible assets with indefinite lives. The Company determined, after performing the qualitative analysis, that there was no evidence that it is more likely than not that the fair value was less than the carrying amounts, therefore, it was not necessary to perform a quantitative impairment test.

**Other Intangible Assets**

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

| September 30, 2023     |                             |                     |                             |                     |
|------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| Dollars in thousands   | Weighted<br>Average<br>Life | Cost                | Accumulated<br>Amortization | Net                 |
| Completed technology   | 18 years                    | \$ 1,206,522        | \$ (424,244)                | \$ 782,278          |
| Customer relationships | 12 years                    | \$ 192,566          | \$ (149,243)                | \$ 43,323           |
| Trademarks/brand names | 28 years                    | \$ 97,228           | \$ (37,363)                 | \$ 59,865           |
| Codman tradename       | Indefinite                  | \$ 167,520          | \$ —                        | \$ 167,520          |
| Supplier relationships | 30 years                    | \$ 30,211           | \$ (17,904)                 | \$ 12,307           |
| All other              | 11 years                    | \$ 5,932            | \$ (4,202)                  | \$ 1,730            |
|                        |                             | <u>\$ 1,699,979</u> | <u>\$ (632,956)</u>         | <u>\$ 1,067,023</u> |

| December 31, 2022      |                             |                     |                             |                     |
|------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| Dollars in thousands   | Weighted<br>Average<br>Life | Cost                | Accumulated<br>Amortization | Net                 |
| Completed technology   | 18 years                    | \$ 1,204,325        | \$ (370,968)                | \$ 833,357          |
| Customer relationships | 12 years                    | 193,081             | (144,040)                   | 49,041              |
| Trademarks/brand names | 28 years                    | 97,265              | (34,674)                    | 62,591              |
| Codman tradename       | Indefinite                  | 166,693             | —                           | 166,693             |
| Supplier relationships | 30 years                    | 30,211              | (17,170)                    | 13,041              |
| All other              | 11 years                    | 5,957               | (4,071)                     | 1,886               |
|                        |                             | <u>\$ 1,697,532</u> | <u>\$ (570,923)</u>         | <u>\$ 1,126,609</u> |

Total amortization of intangible assets for the three and nine months ended September 30, 2023 was \$20.9 million and \$62.1 million, respectively. Of these amounts, \$17.7 million and \$52.8 million, respectively was related to amortization of technology based intangibles and included in cost of goods sold, with the remainder included in intangible amortization in the statement of operations.

Total amortization of intangible assets for the three and nine months ended September 30, 2022 was \$19.2 million and \$58.7 million, respectively. Of these amounts, \$16.1 million and \$48.3 million, respectively was related to amortization of technology based intangibles and included in cost of goods sold, with the remainder included in intangible amortization in the statement of operations.

Based on quarter-end exchange rates, amortization expense (including amounts reported in cost of goods sold) is expected to be approximately \$20.7 million for the remainder of 2023, \$82.2 million in 2024, \$82.1 million in 2025, \$82.0 million in 2026, \$80.0 million in 2027, \$78.5 million in 2028 and \$477.1 million thereafter.

The Company periodically performs testing for impairment on certain long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

In the second quarter of 2023, due to the Boston recall, the Company elected to perform impairment testing on certain definite lived intangibles. The intangible components associated with the recalled products include completed technology and customer relationships with a net book value of \$29.9 million and \$8.1 million, respectively, as of September 30, 2023. The company used an undiscounted cash flow methodology and obtained revenue projections through the useful life of the intangibles. After performing the analysis, no impairment was noted. The Company will continue to monitor these intangibles as we return to the market and evaluate any changes that would impact our sales of these products.

## 6. DEBT

### *Amendment to the Seventh Amended and Restated Senior Credit Agreement*

On March 24, 2023, the Company entered into the seventh amendment and restatement (the "March 2023 Amendment") of the Senior Credit Facility (the "Senior Credit Facility") with a syndicate of lending banks with Bank of America, N.A., as Administrative Agent. The March 2023 Amendment extended the maturity date to March 24, 2028, amended the contractual repayments of the term loan component, and amended the interest rate from LIBOR to SOFR-indexed interest. The Company continues to have the aggregate principal amount of up to approximately \$2.1 billion available to it through the following facilities: (i) a \$775.0 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.

The Company's maximum consolidated total leverage ratio in the financial covenants (as defined in the Senior Credit Facility) was modified to the following:

| <b>Fiscal Quarter</b>   | <b>Maximum Consolidated Total<br/>Leverage Ratio</b> |
|---|--|
| March 31, 2023 through December 31, 2024                              | 4.50 to 1.00   |
| March 31, 2025 through June 30, 2026                                  | 4.25 to 1.00   |
| September 30, 2026 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. Term SOFR in effect from time to time plus 0.10% plus the applicable rate (ranging from 1.00% to 1.75%), 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 Term SOFR 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 amended Seventh Amended and Restated Credit Agreement (the "Credit Agreement")), 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 September 30, 2023, the Company was in compliance with all such covenants. The Company capitalized \$7.6 million in deferred financing costs in connection with the modification of the Senior Credit Facility and wrote off \$0.2 million of previously capitalized financing costs during the first quarter of 2023.



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

At September 30, 2023 there was \$90.0 million outstanding under the revolving portion of the Senior Credit Facility. At December 31, 2022 there was no outstanding balance under the revolving portion of the Senior Credit Facility. At September 30, 2023 and December 31, 2022, there was \$775.0 million outstanding under the term loan component of the Senior Credit Facility at a weighted average interest rate of 6.8% and 5.6%, respectively. The liability related to the Senior Credit Facility shown on the balance sheet at September 30, 2023 and December 31, 2022 is reflected net of \$5.2 million and \$3.7 million, respectively, in deferred financing costs. As of September 30, 2023 and December 31, 2022 there was \$9.7 million and \$38.1 million of the term loan component of the Senior Credit Facility classified as current on the condensed consolidated balance sheet, respectively.

The fair value of outstanding borrowings of the Senior Credit Facility's term loan component at September 30, 2023 was \$752.3 million. This fair value was 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 September 30, 2023 and December 31, 2022 totaled \$1.7 million and \$1.6 million, respectively. There were no amounts drawn as of September 30, 2023.

Contractual repayments of the term loan component of the Senior Credit Facility are due as follows:

| As of September 30, 2023 | Principal Repayment |
|--------------------------|---------------------|
| Dollars in thousands     |                     |
| Remainder of 2023        | \$ —                |
| 2024                     | \$ 14,531           |
| 2025                     | \$ 33,906           |
| 2026                     | \$ 38,750           |
| Thereafter               | 687,813             |
|                          | <u>\$ 775,000</u>   |

Future interest payments on the term loan component of the Senior Credit Facility based on current interest rates are expected to approximate \$13.5 million for remainder of 2023, \$53.4 million in 2024, \$51.6 million in 2025, \$48.9 million in 2026, and \$55.9 million thereafter. Interest is calculated on the term loan portion of the Senior Credit Facility based on SOFR plus the certain amounts set forth in the Credit Agreement. As the revolving credit facility and Securitization Facility (defined below) can be repaid at any time, no interest has been included in the calculation.

Any outstanding borrowings on the revolving credit component of the Senior Credit Facility is due on March 24, 2028.

**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 2025 Notes. 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 an 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) if the Company calls the notes for optional redemption as defined in the indenture; or (4) if specified corporate transactions occur. As of September 30, 2023, none of these conditions existed and the 2025 Notes are classified as long term obligations.

On December 9, 2020, the Company entered into the First Supplemental Indenture to the original indenture dated as of February 4, 2020 (The "Indenture") 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 (as defined in the indenture) for a conversion of the 2025 Notes, the Specified Dollar Amount (as defined in the indenture) 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 2025 Notes will have the right to require the Company to repurchase for cash all or a portion of their 2025 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 2025 Notes). The Company will also be required to increase the conversion rate for holders who convert their 2025 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 September 30, 2023, the carrying amount of the liability was \$575.0 million. The fair value of the 2025 Notes at September 30, 2023 was \$524.7 million. Factors that the Company considered when estimating the fair value of the 2025 Notes included recent quoted market prices or dealer quotes. The level of the 2025 Notes is considered as Level 1.

#### ***Securitization Facility***

In 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 September 30, 2023, 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. In addition, on April 17, 2023 the company entered into an amendment (the "April 2023 Amendment") of the Securitization Facility and amended the interest rate from LIBOR to SOFR indexed rate. The April 2023 Amendment and the May 2021 Amendment do not increase the Company's total indebtedness.

The Securitization Facility is currently indexed to SOFR. At September 30, 2023 and December 31, 2022, the Company had \$75.7 million and \$104.7 million, respectively, of outstanding borrowings under its Securitization Facility at a weighted average interest rate of 6.6% and 5.0%, respectively. At September 30, 2023, the total amount outstanding under the Securitization Facility is classified as current on the consolidated balance sheet as the total amount is due on May 28, 2024.

The fair value of the outstanding borrowing of the Securitization Facility at September 30, 2023 was \$74.8 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 SOFR-indexed borrowings. In connection with the March 2023 Amendment to the Senior Credit Facility, the Company amended its interest rate from LIBOR to SOFR-indexed interest. In March 2023, the Company entered into a basis swap where the Company receives Term SOFR and pays LIBOR to convert the portfolio of swaps from LIBOR to SOFR.

The Company held the following interest rate swaps as of September 30, 2023 and December 31, 2022 (dollar amounts in thousands):

| Hedged Item               | September 30, 2023  |                   |                   |                   |                     | September 30, 2023                        |
|---------------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---|
|                           | Notional Amount     | Designation Date  | Effective Date    | Termination Date  | Fixed Interest Rate | Estimated Fair Value<br>Asset (Liability) |
| 1-month Term SOFR Loan    | 150,000             | December 13, 2017 | July 1, 2019      | June 30, 2024     | 2.423 %             | 3,395                                     |
| 1-month Term SOFR Loan    | 200,000             | December 13, 2017 | January 1, 2018   | December 31, 2024 | 2.313 %             | 7,440                                     |
| 1-month Term SOFR Loan    | 75,000              | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.220 %             | 2,381                                     |
| 1-month Term SOFR Loan    | 75,000              | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.199 %             | 2,486                                     |
| 1-month Term SOFR Loan    | 75,000              | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.209 %             | 2,339                                     |
| 1-month Term SOFR Loan    | 100,000             | December 18, 2018 | December 30, 2022 | December 31, 2027 | 2.885 %             | 6,052                                     |
| 1-month Term SOFR Loan    | 100,000             | December 18, 2018 | December 30, 2022 | December 31, 2027 | 2.867 %             | 6,187                                     |
| 1-month Term SOFR Loan    | 575,000             | December 15, 2020 | July 31, 2025     | December 31, 2027 | 1.415 %             | 31,528                                    |
| 1-month Term SOFR Loan    | 125,000             | December 15, 2020 | July 1, 2025      | December 31, 2027 | 1.404 %             | 7,369                                     |
| Basis Swap <sup>(1)</sup> | —                   | March 31, 2023    | March 24, 2023    | December 31, 2027 | N/A                 | (1,923)                                   |
|                           | <u>\$ 1,475,000</u> |                   |                   |                   |                     | <u>\$ 67,254</u>                          |

<sup>(1)</sup> The notional of the basis swap amortizes to match the total notional of the interest rate swap portfolio over time

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| Hedged Item            | December 31,<br>2022 | Designation Date  | Effective Date    | Termination Date  | Fixed Interest Rate | December 31, 2022    |
|------------------------|----------------------|-------------------|-------------------|-------------------|---------------------|----------------------|
|                        | Notional Amount      |                   |                   |                   |                     | Estimated Fair Value |
|                        |                      |                   |                   |                   |                     | Asset (Liability)    |
| 1-month USD LIBOR Loan | 150,000              | December 13, 2017 | July 1, 2019      | June 30, 2024     | 2.423 %             | 5,012                |
| 1-month USD LIBOR Loan | 200,000              | December 13, 2017 | January 1, 2018   | December 31, 2024 | 2.313 %             | 8,380                |
| 1-month USD LIBOR Loan | 75,000               | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.220 %             | 1,831                |
| 1-month USD LIBOR Loan | 75,000               | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.199 %             | 1,905                |
| 1-month USD LIBOR Loan | 75,000               | October 10, 2018  | July 1, 2020      | June 30, 2025     | 3.209 %             | 1,970                |
| 1-month USD LIBOR Loan | 100,000              | December 18, 2018 | December 30, 2022 | December 31, 2027 | 2.885 %             | 4,252                |
| 1-month USD LIBOR Loan | 100,000              | December 18, 2018 | December 30, 2022 | December 31, 2027 | 2.867 %             | 4,153                |
| 1-month USD LIBOR Loan | 575,000              | December 15, 2020 | July 31, 2025     | December 31, 2027 | 1.415 %             | 23,742               |
| 1-month USD LIBOR Loan | 125,000              | December 15, 2020 | July 1, 2025      | December 31, 2027 | 1.404 %             | 5,467                |
|                        | <u>\$ 1,475,000</u>  |                   |                   |                   |                     | <u>\$ 56,712</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 income ("AOCI"), 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 AOCI 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 AOCI, net of tax. Those amounts are subsequently reclassified to earnings from AOCI 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.

The success of the Company's hedging anticipated 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 September 22, 2023, the Company amended the Swiss Franc ("CHF")-denominated intercompany loan to partially settle CHF 20.0 million and extend the termination date to September 2024 and as a result, the Company terminated the cross-currency swap designated as cash flow hedge of an intercompany loan with aggregate notional amount of \$48.5 million. Simultaneously, the Company entered into a cross-currency swap agreement to hedge a notional amount of CHF 28.5 million equivalent to \$31.5 million of this amended intercompany loan into U.S. dollars. The loss recorded by the Company upon the settlement of the swap was not material for the period.

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.

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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 September 30, 2023 and December 31, 2022 (dollar amounts in thousands):

|                | Effective Date     | Termination Date   | Fixed Rate |     | September 30, 2023        | December 31, 2022 | September 30, 2023           | December 31, 2022 |
|----------------|--------------------|--------------------|------------|-----|---------------------------|-------------------|------------------------------|-------------------|
|                |                    |                    |            |     | Aggregate Notional Amount |                   | Fair Value Asset (Liability) |                   |
| Pay CHF        | December 21, 2020  | December 22, 2025  | 3.00%      | CHF | 356,886                   | 374,137           | (9,326)                      | (4,241)           |
| Receive U.S.\$ |                    |                    | 3.98%      | \$  | 400,637                   | 420,001           |                              |                   |
| Pay CHF        | September 28, 2022 | September 29, 2023 | 1.95%      | CHF | —                         | 48,532            | —                            | (3,528)           |
| Receive U.S.\$ |                    |                    | 5.32%      | \$  | —                         | 49,142            |                              |                   |
| Pay CHF        | September 22, 2023 | September 29, 2024 | 2.40%      | CHF | 28,500                    | —                 | 342                          | —                 |
| Receive U.S.\$ |                    |                    | 6.27%      | \$  | 31,457                    | —                 |                              |                   |
| <b>Total</b>   |                    |                    |            |     |                           |                   | <b>\$ (8,984)</b>            | <b>\$ (7,769)</b> |

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 AOCI. For the three and nine months ended September 30, 2023 the Company recorded gains of \$15.3 million and \$3.3 million, respectively, in other income, net related to change in fair value related to the foreign currency rate translation to offset the losses recognized on the intercompany loans. For the three and nine months ended September 30, 2022, the Company recorded gains of \$16.5 million and \$42.2 million, respectively, in other income, net related to change in fair value related to the foreign currency rate translation to offset the losses recognized on the intercompany loans.

For the three and nine months ended September 30, 2023, the Company recorded gains of \$13.8 million and \$3.1 million in AOCI, respectively, related to change in fair value of the cross-currency swaps. For the three and nine months ended September 30, 2022, the Company recorded a loss of \$12.3 million and a gain of \$33.8 million in AOCI, respectively, related to change in fair value of the cross-currency swaps.

For the three and nine months ended September 30, 2023, the Company recorded gains of \$1.5 million and \$4.4 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 nine months ended September 30, 2022, the Company recorded gains of \$1.1 million and \$5.0 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 AOCI as of September 30, 2023 within the next twelve months is \$4.2 million. As of September 30, 2023, the Company does not expect any gains or losses will be reclassified into earnings because the original forecasted transactions 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.

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The Company held the following cross-currency rate swaps designated as net investment hedges as of September 30, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

|                           | Effective Date  | Termination Date   | Fixed Rate  | September 30, 2023        |                    | December 31, 2022            |  | September 30, 2023 |  | December 31, 2022 |                   |
|---------------------------|-----------------|--------------------|-------------|---------------------------|--------------------|------------------------------|--|--------------------|--|-------------------|-------------------|
|                           |                 |                    |             | Aggregate Notional Amount |                    | Fair Value Asset (Liability) |  |                    |  |                   |                   |
| Pay EUR<br>Receive U.S.\$ | October 3, 2018 | September 30, 2023 | —%<br>2.57% | EUR<br>\$                 | —<br>—             | 51,760<br>60,000             |  | —                  |  |                   | 4,713             |
| Pay EUR<br>Receive U.S.\$ | October 3, 2018 | September 30, 2025 | —%<br>2.19% | EUR<br>\$                 | 38,820<br>45,000   | 38,820<br>45,000             |  | 4,223              |  |                   | 4,307             |
| Pay CHF<br>Receive U.S.\$ | May 26, 2022    | December 16, 2028  | —%<br>1.94% | CHF<br>\$                 | 288,210<br>300,000 | 288,210<br>300,000           |  | (25,294)           |  |                   | (14,663)          |
| <b>Total</b>              |                 |                    |             |                           |                    |                              |  | <b>\$ (21,071)</b> |  |                   | <b>\$ (5,643)</b> |

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 AOCI. For the three and nine months ended September 30, 2023, the Company recorded a gain of \$6.1 million and a loss of \$4.1 million, respectively, in AOCI related to the change in fair value of the cross-currency swaps. For the three and nine months ended September 30, 2022, the Company recorded gains of \$9.4 million and \$21.5 million in AOCI, respectively, related to change in fair value of the cross-currency swaps.

For the three and nine months ended September 30, 2023, the Company recorded gains of \$1.8 million and \$6.0 million, respectively, 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 nine months ended September 30, 2022, the Company recorded gains of \$2.4 million and \$4.7 million, respectively, in interest income included in the consolidated statements of operations related to the interest rate differential of the cross-currency swaps.

The estimated gain that is expected to be reclassified to interest income from AOCI as of September 30, 2023 within the next twelve months is \$6.9 million.

**Foreign Currency Forward Contract**

The Company has entered into a hedge for forecasted intercompany purchases denominated in foreign currencies through the use of forward contracts designated as cash flow hedges. To the extent these forward contracts meet hedge accounting criteria, changes in their fair value are not included in accumulated comprehensive loss. These changes in fair value will be recognized into earnings as a component of cost of sales when the forecasted-transaction occurs.

During 2023, the Company entered into foreign currency forward Contracts to mitigate the risk of foreign currency on intercompany purchases in CHF. These contracts typically settle at various dates within twelve months of execution. As of September 30, 2023 the notional amount of foreign currency forward contracts was \$3.5 million. During the three and nine months ended September 30, 2023 the Company recorded gains of \$0.1 million and \$0.3 million, respectively in AOCI related to the change in fair value of the foreign currency forward contracts.

For the three and nine months ended September 30, 2023 the company recorded a gain of \$0.1 million and \$0.4 million, respectively, in cost of goods sold included in the consolidated statements of operations related to the foreign currency forward contracts.

**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 September 30, 2023 and December 31, 2022:

| <b>Location on Balance Sheet <sup>(1)</sup>:</b>            | <b>Fair Value as of</b>   |                          |
|---|---------------------------|--------------------------|
|   | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
| Dollars in thousands  |                           |                          |
| <b>Derivatives designated as hedges — Assets:</b>           |                           |                          |
| Prepaid expenses and other current assets                   |                           |                          |
| <u>Cash Flow Hedges</u>                                     |                           |                          |
| Interest rate swap <sup>(2)</sup>                           | \$ 19,938                 | \$ 16,682                |
| Cross-currency swap   | 4,242                     | 4,497                    |
| <u>Net Investment Hedges</u>                                |                           |                          |
| Cross-currency swap   | 2,380                     | 11,653                   |
| Other assets  |                           |                          |
| <u>Cash Flow Hedges</u>                                     |                           |                          |
| Interest rate swap <sup>(2)</sup>                           | 49,240                    | 40,030                   |
| Cross-currency swap   | —                         | —                        |
| <u>Net Investment Hedges</u>                                |                           |                          |
| Cross-currency swap   | 3,220                     | 3,311                    |
| <b>Total derivatives designated as hedges — Assets</b>      | <b>\$ 79,020</b>          | <b>\$ 76,173</b>         |
| <b>Derivatives designated as hedges — Liabilities:</b>      |                           |                          |
| Accrued expenses and other current liabilities              |                           |                          |
| <u>Cash Flow Hedges</u>                                     |                           |                          |
| Interest rate swap <sup>(2)</sup>                           | \$ 663                    | \$ —                     |
| Cross-currency swap   | —                         | 3,528                    |
| Foreign currency forward contracts                          | 127                       | —                        |
| <u>Net Investment Hedges</u>                                |                           |                          |
| Cross-currency swap   | —                         | —                        |
| Other liabilities   |                           |                          |
| <u>Cash Flow Hedges</u>                                     |                           |                          |
| Interest rate swap <sup>(2)</sup>                           | 1,261                     | —                        |
| Cross-currency swap   | 13,226                    | 8,738                    |
| <u>Net Investment Hedges</u>                                |                           |                          |
| Cross-currency swap   | 26,671                    | 20,608                   |
| <b>Total derivatives designated as hedges — Liabilities</b> | <b>\$ 41,948</b>          | <b>\$ 32,874</b>         |

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

<sup>(2)</sup> At September 30, 2023 and December 31, 2022, the total notional amounts related to the Company's interest rate swaps were both \$1.5 billion, respectively.

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The following presents the effect of derivative instruments designated as cash flow hedges and net investment hedges on the accompanying condensed consolidated statement of operations during the three and nine months ended September 30, 2023 and 2022:

| Dollars in thousands  | Balance in AOCI<br>Beginning of<br>Quarter | Amount of<br>Gain (Loss)<br>Recognized in<br>AOCI | Amount of Gain (Loss)<br>Reclassified from<br>AOCI into<br>Earnings | Balance in AOCI<br>End of Quarter | Location in<br>Statements of<br>Operations |
|---|--|---|---|-----------------------------------|--|
| <b>Three Months Ended September 30, 2023</b>                      |  |   |   |                                   |  |
| <u>Cash Flow Hedges</u>   |  |   |   |                                   |  |
| Interest rate swap  | \$ 56,901                                  | \$ 15,317   | \$ 4,964  | \$ 67,254                         | Interest expense                           |
| Cross-currency swap   | (18,925)                                   | 13,796  | 15,347  | (20,476)                          | Other income, net                          |
| Foreign Currency Forward Contract                                 | (123)                                      | 98  | 87  | (112)                             | Cost of Sales                              |
| <u>Net Investment Hedges</u>                                      |  |   |   |                                   |  |
| Cross-currency swap   | (21,239)                                   | 6,051   | 1,772   | (16,960)                          | Interest income                            |
|   | <u>\$ 16,614</u>                           | <u>\$ 35,262</u>                                  | <u>\$ 22,170</u>  | <u>\$ 29,706</u>                  |  |
| <b>Three Months Ended September 30, 2022</b>                      |  |   |   |                                   |  |
| <u>Cash Flow Hedges</u>   |  |   |   |                                   |  |
| Interest rate swap  | \$ 26,939                                  | \$ 32,939   | \$ (726)  | \$ 60,604                         | Interest expense                           |
| Cross-currency swap   | (17,835)                                   | 12,332  | 17,627  | (23,130)                          | Other income, net                          |
| <u>Net Investment Hedges</u>                                      |  |   |   |                                   |  |
| Cross-currency swap   | 7,506                                      | 9,403   | 2,378   | 14,531                            | Interest income                            |
|   | <u>\$ 16,610</u>                           | <u>\$ 54,674</u>                                  | <u>\$ 19,279</u>  | <u>\$ 52,005</u>                  |  |
| <b>Balance in AOCI Beginning of Year</b>                          |  |   |   |                                   |  |
| <b>Balance in AOCI End of Quarter</b>                             |  |   |   |                                   |  |
| <b>Location in Statements of Operations</b>                       |  |   |   |                                   |  |
| <b>Balance in AOCI Beginning of Year</b>                          |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Recognized in AOCI</b>                   |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Reclassified from AOCI into Earnings</b> |  |   |   |                                   |  |
| <b>Balance in AOCI End of Quarter</b>                             |  |   |   |                                   |  |
| <b>Location in Statements of Operations</b>                       |  |   |   |                                   |  |
| <b>Balance in AOCI Beginning of Year</b>                          |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Recognized in AOCI</b>                   |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Reclassified from AOCI into Earnings</b> |  |   |   |                                   |  |
| <b>Balance in AOCI End of Quarter</b>                             |  |   |   |                                   |  |
| <b>Location in Statements of Operations</b>                       |  |   |   |                                   |  |
| <b>Balance in AOCI Beginning of Year</b>                          |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Recognized in AOCI</b>                   |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Reclassified from AOCI into Earnings</b> |  |   |   |                                   |  |
| <b>Balance in AOCI End of Quarter</b>                             |  |   |   |                                   |  |
| <b>Location in Statements of Operations</b>                       |  |   |   |                                   |  |
| <b>Balance in AOCI Beginning of Year</b>                          |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Recognized in AOCI</b>                   |  |   |   |                                   |  |
| <b>Amount of Gain (Loss) Reclassified from AOCI into Earnings</b> |  |   |   |                                   |  |
| <b>Balance in AOCI End of Quarter</b>                             |  |   |   |                                   |  |
| <b>Location in Statements of Operations</b>                       |  |   |   |                                   |  |

**Derivative Instruments not designated hedges:**

During the second quarter of 2021, the Company entered into a foreign currency swap, with a notional amount of \$7.3 millions to mitigate the risk from fluctuations in foreign currency exchange rates associated with an intercompany loan denominated in Japanese Yen. 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 Company subsequently paid down a portion of this swap, bringing the notional amount down to \$5.5 million.



The following table summarizes the gains (losses) of derivative instruments not designated as hedges on the condensed consolidated statements of income, which was included in other income:

| Dollars in thousands   | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|------------------------|----------------------------------|--------|---------------------------------|----------|
|                        | 2023                             | 2022   | 2023                            | 2022     |
| Foreign currency swaps | 135                              | 328    | 778                             | 1,148    |
| Total                  | \$ 135                           | \$ 328 | \$ 778                          | \$ 1,148 |

## 8. STOCK-BASED COMPENSATION

As of September 30, 2023, the Company had stock options, restricted stock awards, performance stock awards, contract stock awards and restricted stock unit awards outstanding under the Integra LifeSciences Holdings Corporation Fifth Amended and Restated 2003 Equity Incentive Plan (the “2003 Plan”).

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 2003 Plans vests over specified periods, generally three years after the date of grant. The vesting of performance stock issued under the 2003 Plans is subject to service and performance conditions.

### *Stock Options*

As of September 30, 2023, there were approximately \$4.3 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 151,293 stock options granted during the nine months ended September 30, 2023. For the nine months ended September 30, 2023, the weighted average grant date fair value for stock options granted was \$21.58 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 September 30, 2023, there was approximately \$37.7 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 466,636 restricted stock awards and 161,218 performance stock awards during the nine months ended September 30, 2023. For the nine months ended September 30, 2023, the weighted average grant date fair value for restricted stock awards and performance stock units granted was \$51.24 and \$52.87 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 the three and nine months ended September 30, 2023 were \$0.3 million and \$0.9 million. The components of the net periodic benefit costs other than the service cost component of \$0.5 million and \$1.6 million for the three and nine months ended September 30, 2023 are included in other income, net in the consolidated statements of operations.

Net periodic benefit costs for the Company’s defined benefit pension plans for the three and nine months ended September 30, 2022 were \$0.3 million and \$0.8 million. The components of the net periodic benefit costs other than the service cost component of \$0.6 million and \$1.9 million for the three and nine months ended September 30, 2022 are included in other income, net in the consolidated statements of operations.

The estimated fair values of plan assets were \$38.2 million and \$38.1 million as of September 30, 2023 and December 31, 2022, respectively. The net plan assets of the pension plans are invested in common trusts as of September 30, 2023 and December 31, 2022. 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.

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 \$5.4 million and \$4.7 million as of September 30, 2023 and December 31, 2022, 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 September 30, 2023. Many of the Company's leases include both lease (e.g., fixed payments including rent) and non-lease components (e.g., common-area or other maintenance costs). For vehicles, the Company has elected the practical expedient to group lease and non-lease components.

Most facility leases include one or more options to renew. The exercise of lease renewal options is typically at the Company's sole discretion, therefore, the majority of renewals to extend the lease terms are not included in the 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 nine months ended September 30, 2023 and September 30, 2022 was \$17.9 million and \$16.6 million respectively, which includes \$0.2 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 | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| ROU assets  | \$ 156,760         | \$ 148,284        |
| Current lease liabilities                                 | 14,461             | 14,624            |
| Non-current lease liabilities                             | 168,017            | 157,420           |
| Total lease liabilities                                   | \$ 182,478         | \$ 172,044        |
| <b>Weighted average remaining lease term (in years):</b>  |                    |                   |
| Leased facilities   | 16.6 years         | 16.9 years        |
| Leased vehicles   | 2.0 years          | 2.0 years         |
| <b>Weighted average discount rate:</b>                    |                    |                   |
| Leased facilities   | 5.5 %              | 5.4 %             |
| Leased vehicles   | 2.6 %              | 2.7 %             |

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

Supplemental cash flow information related to leases for the nine months ended September 30, 2023 and 2022 were as follows:

| Dollars in thousands   | September 30, 2023 | September 30, 2022 |
|--|--------------------|--------------------|
| <b>Cash paid for amounts included in the measurement of lease liabilities:</b> |                    |                    |
| Operating cash flows from operating leases                                     | \$ 14,778          | \$ 12,804          |
| <b>ROU assets obtained in exchange for lease liabilities:</b>                  |                    |                    |
| Operating leases   | \$ 19,540          | \$ 75,588          |

Future minimum lease payments under operating leases at September 30, 2023 were as follows:

| Dollars in thousands            | Related Parties | Third Parties     | Total             |
|---------------------------------|-----------------|-------------------|-------------------|
| Remainder of 2023               | \$ 74           | \$ 5,415          | \$ 5,489          |
| 2024                            | 296             | 21,821            | 22,117            |
| 2025                            | 296             | 20,968            | 21,264            |
| 2026                            | 296             | 18,147            | 18,443            |
| 2027                            | 296             | 17,901            | 18,197            |
| 2028                            | 296             | 15,740            | 16,036            |
| Thereafter                      | 246             | 173,735           | 173,981           |
| Total minimum lease payments    | <u>\$ 1,800</u> | <u>\$ 273,727</u> | <u>\$ 275,527</u> |
| Less: Imputed interest          |                 |                   | 93,049            |
| Total lease liabilities         |                 |                   | 182,478           |
| Less: Current lease liabilities |                 |                   | 14,461            |
| Long-term lease liabilities     |                 |                   | 168,017           |

There were no future minimum lease payments under finance leases at September 30, 2023.

**Related Party Leases**

The Company leases its manufacturing facility in Plainsboro, New Jersey, from a general partnership that is 50% owned by a principal stockholder of the Company. The term of the current lease agreement is through October 31, 2029 at an annual rate of approximately \$0.3 million. 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 September 30, 2023 and December 31, 2022, there were 11.8 million and 6.8 million shares of treasury stock outstanding with a cost of \$612.8 million and \$362.9 million, at a weighted average cost per share of \$51.83 and \$53.18, respectively.

On August 15, 2023, the Company entered into a \$125 million accelerated share repurchase ("August 2023 ASR") and received 2.3 million shares of the common stock at inception of the August 2023 ASR, which represented approximately 80% of the expected total shares under the August 2023 ASR. On October 18, 2023 the early exercise provision was exercised by the August 2023 ASR counterparty. The Company received an additional 0.9 million shares determined using the volume-weighted average price of the Company's common stock during the term of the August 2023 ASR.

On January 26, 2023, the Company entered into a \$150 million accelerated share repurchase ("January 2023 ASR") and received 2.1 million shares of common stock at inception of the January 2023 ASR, which represented approximately 80% of the expected total shares under the January 2023 ASR. The settlement of the January ASR agreement was completed in two separate transactions on April 26, 2023 and May 4, 2023, where the Company received an additional 0.30 million and 0.31 million shares respectively, determined using the volume-weighted average price of the Company's common stock during the term of the January 2023 ASR.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "Act") was signed into law. The Act implements a new excise tax of 1% on the net share repurchases made by the Company effective for share repurchases performed January 1, 2023, or after. The Company accrued \$2.5 million of excise tax related to the two ASR agreements during 2023.

On July 18, 2023, the Board of Directors authorized a new \$225 million share repurchase program, replacing the existing \$225 million program authorized in April 2022, and of which \$75 million remained authorized at the time of its replacement. The program authorized in July 2023 allows the Company to repurchase its shares opportunistically from time to time. The Company may utilize various methods to effect any repurchases, including open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, including accelerated share repurchases, or a combination of the foregoing, some of which may be effected through Rule 10b5-1 plans. 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, and such repurchases may be discontinued at any time.

On January 12, 2022, the Company entered into a \$125 million accelerated share repurchase ("2022 ASR") and received 1.48 million shares of Company common stock at inception of the 2022 ASR, which represented approximately 80% of the expected total shares under the 2022 ASR. On March 24, 2022, the early exercise provision under the 2022 ASR was exercised by 2022 ASR counterparty. Upon settlement on March 24, 2022, the Company received an additional 0.46 million shares determined using the volume-weighted average price of the Company's common stock during the term of the 2022 ASR.

## 12. INCOME TAXES

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

|                   | Three Months Ended September 30, |        | Nine Months Ended September 30, |        |
|-------------------|----------------------------------|--------|---------------------------------|--------|
|                   | 2023                             | 2022   | 2023                            | 2022   |
| Reported tax rate | (4.8)%                           | 15.1 % | 8.2 %                           | 14.8 % |

The Company's effective income tax rates for the three months ended September 30, 2023 and 2022 were (4.8)% and 15.1%, respectively. For the three months ended September 30, 2023, the primary drivers of the lower tax rate relate to a reduction to book income in higher-taxed jurisdictions and a \$3.3 million benefit related to the filing of prior year tax returns.

The Company's effective income tax rates for the nine months ended September 30, 2023 and 2022 were 8.2% and 14.8%, respectively. For the nine months ended September 30, 2023, the primary drivers of the lower tax rate relate to a reduction to book income in higher-taxed jurisdictions and a \$3.8 million benefit related to the filing of prior year tax returns.. The lower rate from the nine months ended September 30, 2022 was primarily due to a \$5.5 million benefit related to excess tax benefits from stock compensation.

Changes to income tax laws and regulations, in any of the tax jurisdictions in which the Company operates, could impact the effective tax rate. Various governments, both U.S. and non-U.S., are increasingly focused on tax reform and revenue-raising legislation. Further, legislation in foreign jurisdictions may be enacted, in response to the base erosion and profit-sharing project begun by the Organization for Economic Cooperation and Development ("OECD"). The OECD recently finalized major reform of the international tax system with respect to a global minimum tax rate. Such changes in U.S. and non-U.S. jurisdictions could have an adverse effect on the Company's effective tax rate.

As of September 30, 2023, the Company has not provided deferred income taxes on unrepatriated earnings from foreign subsidiaries as they are deemed to be indefinitely reinvested unless there is a manner under which to remit the earnings with no material tax cost. Material taxes would primarily be attributable to foreign withholding taxes and local income taxes when such earnings are distributed. The Company will repatriate foreign earnings when there is no need for reinvestment overseas and there is no material cost to bring the earnings back to the United States. Reinvestment considerations would include future acquisitions, transactions, and capital expenditure plans.

**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 September 30, |           | Nine Months Ended September 30, |            |
|---|----------------------------------|-----------|---------------------------------|------------|
|   | 2023                             | 2022      | 2023                            | 2022       |
| <b>Basic net income per share:</b>                            |                                  |           |                                 |            |
| Net income  | \$ 19,497                        | \$ 49,915 | \$ 47,907                       | \$ 127,604 |
| Weighted average common shares outstanding                    | 79,690                           | 83,042    | 80,842                          | 82,955     |
| Basic net income per common share                             | \$ 0.24                          | \$ 0.60   | \$ 0.59                         | \$ 1.54    |
| <b>Diluted net income per share:</b>                          |                                  |           |                                 |            |
| Net income  | \$ 19,497                        | \$ 49,915 | \$ 47,907                       | \$ 127,604 |
| Weighted average common shares outstanding — Basic            | 79,690                           | 83,042    | 80,842                          | 82,955     |
| Effect of dilutive securities:                                |                                  |           |                                 |            |
| Stock options and restricted stock                            | 121                              | 357       | 270                             | 521        |
| Weighted average common shares for diluted earnings per share | 79,811                           | 83,399    | 81,112                          | 83,476     |
| Diluted net income per common share                           | \$ 0.24                          | \$ 0.60   | \$ 0.59                         | \$ 1.53    |

Basic earnings per share is computed by dividing net income by the weighted-average common shares outstanding during the period. Diluted earnings per share is computed based on the weighted-average common shares outstanding plus the effect of dilutive potential common shares outstanding during the period calculated using the treasury stock method. Dilutive potential common shares include employee equity share options, non-vested shares, and similar equity instruments granted by the Company. Potential common share equivalents have been excluded where their inclusion would be anti-dilutive.

Common stock of approximately 0.6 million and 0.3 million shares at September 30, 2023, and 2022, 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.

**14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Comprehensive income for the three and nine months ended September 30, 2023 and 2022:

| Dollars in thousands  | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|---|----------------------------------|-----------|---------------------------------|------------|
|   | 2023                             | 2022      | 2023                            | 2022       |
| Net income  | \$ 19,497                        | \$ 49,915 | \$ 47,907                       | \$ 127,604 |
| Foreign currency translation adjustment                     | (12,841)                         | (21,392)  | (8,632)                         | (45,142)   |
| Change in unrealized loss/(gain) on derivatives, net of tax | 10,090                           | 27,213    | 112                             | 82,957     |
| Pension liability adjustment, net of tax                    | (334)                            | (45)      | —                               | (99)       |
| Comprehensive income, net                                   | \$ 16,412                        | \$ 55,691 | \$ 39,387                       | \$ 165,320 |

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

Changes in accumulated other comprehensive income by component between December 31, 2022 and September 30, 2023 are presented in the table below, net of tax:

| Dollars in thousands  | Gains and Losses<br>on Derivatives | Defined Benefit<br>Pension Items | Foreign<br>Currency Items | Total           |
|---|------------------------------------|----------------------------------|---------------------------|-----------------|
| Balance at January 1, 2023  | \$ 22,817                          | \$ 9,322                         | \$ (21,874)               | \$ 10,265       |
| Other comprehensive gain (loss)   | 17,601                             | —                                | (8,632)                   | 8,969           |
| Less: Amounts reclassified from accumulated other comprehensive income, net | 17,489                             | —                                | —                         | 17,489          |
| Net current-period other comprehensive gain (loss)                          | 112                                | —                                | (8,632)                   | (8,520)         |
| Balance at September 30, 2023   | <u>\$ 22,929</u>                   | <u>\$ 9,322</u>                  | <u>\$ (30,506)</u>        | <u>\$ 1,745</u> |

For the nine months ended September 30, 2023, the Company reclassified a gain of \$17.5 million from accumulated other comprehensive income to other income, net and interest income, respectively.

#### 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 TT segment includes such offerings as skin and wound repair, plastics & surgical reconstruction products, bone grafts, and nerve and tendon repair products.

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

The operating results of the various reportable segments as presented are not comparable to one another because (i) certain operating segments are more dependent than others on corporate functions for unallocated general and administrative and/or operational manufacturing functions, and (ii) the Company does not allocate certain manufacturing costs and general and administrative costs to the operating segment results. Net sales and profit by each reportable segment for the three and nine months ended September 30, 2023 and 2022 are as follows:

| Dollars in thousands      | Three Months Ended September 30, |                   | Nine Months Ended September 30, |                     |
|---------------------------|----------------------------------|-------------------|---------------------------------|---------------------|
|                           | 2023                             | 2022              | 2023                            | 2022                |
| <b>Segment Net Sales</b>  |                                  |                   |                                 |                     |
| Codman Specialty Surgical | \$ 268,205                       | \$ 249,796        | \$ 787,371                      | \$ 754,967          |
| Tissue Technologies       | 114,216                          | 135,395           | 357,163                         | 404,677             |
| Total revenues            | <u>\$ 382,421</u>                | <u>\$ 385,191</u> | <u>\$ 1,144,534</u>             | <u>\$ 1,159,644</u> |
| <b>Segment Profit</b>     |                                  |                   |                                 |                     |
| Codman Specialty Surgical | \$ 105,170                       | \$ 105,717        | \$ 332,444                      | \$ 308,073          |
| Tissue Technologies       | 31,789                           | 59,754            | 92,132                          | 175,273             |
| Segment profit            | 136,959                          | 165,471           | 424,576                         | 483,346             |
| Amortization              | (3,208)                          | (3,141)           | (9,342)                         | (10,339)            |
| Corporate and other       | (107,158)                        | (97,281)          | (339,755)                       | (301,927)           |
| Operating income          | <u>\$ 26,593</u>                 | <u>\$ 65,049</u>  | <u>\$ 75,479</u>                | <u>\$ 171,080</u>   |

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

The Company does not allocate any assets to the reportable segments. No asset information is reported to the chief operating decision maker and disclosed in the financial information for each segment. The Company attributes 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 September 30, |                   | Nine Months Ended September 30, |                     |
|-----------------------|----------------------------------|-------------------|---------------------------------|---------------------|
|                       | 2023                             | 2022              | 2023                            | 2022                |
| United States         | \$ 269,838                       | \$ 282,016        | \$ 817,622                      | \$ 832,714          |
| Europe                | 41,524                           | 38,301            | 120,040                         | 128,907             |
| Asia Pacific          | 48,777                           | 42,774            | 146,956                         | 133,856             |
| Rest of World         | 22,282                           | 22,100            | 59,916                          | 64,167              |
| <b>Total Revenues</b> | <b>\$ 382,421</b>                | <b>\$ 385,191</b> | <b>\$ 1,144,534</b>             | <b>\$ 1,159,644</b> |

**16. COMMITMENTS AND CONTINGENCIES**

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

In the ordinary course of its business, the Company is involved in, from time to time, various legal actions, including any matters described below, involving product liability, employment, intellectual property and commercial disputes, shareholder related matters, environmental proceedings, tax disputes, and governmental proceedings and investigations, some of which have been settled by the Company. In the opinion of management, such matters 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.

On September 12, 2023, a securities class action complaint, captioned *Pembroke Pines Firefighters & Police Officers Pension Fund v. Integra LifeSciences Holdings Corporation*, No. 23-cv-20321 (D.N.J.), was filed by a purported stockholder of the Company in the United States District Court for the District of New Jersey (the "Pembroke Litigation") against the Company and certain of the Company's current and former executive officers. The Pembroke Litigation, filed on behalf of a putative class of stockholders who purchased or acquired the Company's common stock between March 11, 2019 and May 22, 2023, inclusive, alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, on the basis of purportedly materially false and misleading statements and omissions relating to certain quality systems issues identified by the U.S. Food and Drug Administration at the Company's Boston, Massachusetts manufacturing facility, the Company's efforts to remediate those issues, and the Company's forecasts for certain products in its Tissue Technologies segment. The complaint seeks, among other things, compensatory damages, attorneys' fees, expert fees, and other costs. The Company believes that it has strong defenses to the allegations in the Pembroke Litigation, as we intend to defend the matter vigorously.

**Contingent Consideration**

The Company determined the fair value of contingent consideration during the nine month period ended September 30, 2023 and September 30, 2022 to reflect the change in estimate, additions, payments, transfers and the time value of money during the period.

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

A reconciliation of the opening balances to the closing balances of these Level 3 measurements for the nine months ended September 30, 2023 and September 30, 2022 is as follows (in thousands):

**Contingent Consideration Liability Related to Acquisition of:**

| Nine Months Ended September 30, 2023                         | Arkis            | Location in Financial Statements | Derma Sciences  | ACell           | Surgical Innovations Associates, Inc. (FN 2) | Location in Financial Statements    |
|--|------------------|----------------------------------|-----------------|-----------------|--|-------------------------------------|
| Balance as of January 1, 2023                                | \$ 12,895        |                                  | \$ 230          | \$ 3,700        | 57,600                                       |                                     |
| Change in fair value of contingent consideration liabilities | 1,991            | Research and development         | 1,887           | (2,200)         | 6,600  | Selling, general and administrative |
| Balance as of September 30, 2023                             | <u>14,886</u>    |                                  | <u>2,117</u>    | <u>1,500</u>    | <u>64,200</u>                                |                                     |
| Short-Term   | \$ 4,373         |                                  | \$ —            | \$ 503          | \$ 13,000                                    |                                     |
| Long-Term  | <u>10,513</u>    |                                  | <u>2,117</u>    | <u>997</u>      | <u>51,200</u>                                |                                     |
| Total  | <u>\$ 14,886</u> |                                  | <u>\$ 2,117</u> | <u>\$ 1,500</u> | <u>\$ 64,200</u>                             |                                     |

**Contingent Consideration Liability Related to Acquisition of:**

| Nine Months Ended September 30, 2022                         | Arkis            | Location in Financial Statements | Derma Sciences | ACell Inc.      | Location in Financial Statements    |
|--|------------------|----------------------------------|----------------|-----------------|-------------------------------------|
| Balance as of January 1, 2022                                | \$ 15,099        |                                  | \$ 230         | \$ 21,800       |                                     |
| Change in fair value of contingent consideration liabilities | (2,681)          | Research and development         | —              | (16,800)        | Selling, general and administrative |
| Balance as of September 30, 2022                             | <u>\$ 12,418</u> |                                  | <u>\$ 230</u>  | <u>\$ 5,000</u> |                                     |
| Short-Term   | \$ 2,829         |                                  | \$ —           | \$ —            |                                     |
| Long-Term  | <u>9,589</u>     |                                  | <u>230</u>     | <u>5,000</u>    |                                     |
| Total  | <u>\$ 12,418</u> |                                  | <u>\$ 230</u>  | <u>\$ 5,000</u> |                                     |

Arkis BioSciences Inc.

As part of the acquisition of Arkis BioSciences Inc. ("Arkis"), 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.

Derma Sciences, Inc.

The Company assumed contingent consideration incurred by Derma Sciences, Inc. ("Derma Sciences") related to its acquisitions of BioD, LLC and the intellectual property related to Medihoney® products. The Company accounted for the contingent liabilities by recording the 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 milestone 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.



*ACell Inc.*

As part of the acquisition of ACell ("The Acell Acquisition"), the Company is required to make payments to the former shareholders of ACell up to \$50 million based on the achievement by the Company of certain revenue-based performance milestones in 2023 and \$50 million 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 change in the fair value of the contingent obligation was primarily as a result of changes in the timing and amount of revenue estimates.

## 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 unaudited 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, 2022 included in our Annual Report on Form 10-K.

We have made statements in this report that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q (this "Quarterly Report"), including statements regarding our future results of operations and financial position, business strategy and plans, objectives of management for future operations and current expectations or forecasts of future results, are forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions about the Company and other matters that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

These statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Our forward-looking statements may include statements related to our growth and growth strategies, developments in the markets for our products and services, financial results, development launches and effectiveness, research and development strategy, regulatory approvals, competitive strengths, the potential or anticipated direct or indirect impact of the Coronavirus pandemic on our business, results of operations, and/or financial condition, restructuring and cost-saving initiatives, intellectual property rights, litigation and tax matters, governmental proceedings and investigations, mergers and acquisitions, divestitures, market acceptance of our products and services, accounting estimates, financing activities, ongoing contractual obligations, working capital adequacy, value of our investments, our effective tax rate, our expected returns to shareholders, and sales efforts.

In some cases, these forward-looking statements may be identified by forward-looking words such as "believe," "may," "might," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would" and similar words and expressions in this report. Forward-looking statements in this Quarterly Report include, but are not limited to, statements regarding our ability to drive long-term shareholder value, development and future launches of products and continued or future acceptance of products and services in our segments; our ability to navigate and mitigate any on-going or future impact associated with economic disruptions, including supply chain constraints and inflation; expected timing for completion of research studies relating to our products; market positioning and performance of our products; divestitures and the potential benefits thereof; the costs and benefits of integrating previous acquisitions; anticipated timing for Food and Drug Administration ("FDA") in the U.S., as well as for non-U.S. regulatory approval of new products; statements regarding the issues causing the voluntary removal of the Company's CereLink ICP Monitor System and the Company's voluntary recall of all products manufactured at its Boston facility; the potential effects of the process deviations identified at the Boston manufacturing facility; the anticipated impact of the voluntary removal and recall and manufacturing stoppage on the Company's business; the Company's ability to address in a timely manner the product-related issues discussed herein and re-initiate sales of CereLink and resume manufacturing activities at its Boston facility; our future financial performance; increased presence in new markets, including markets outside the U.S.; changes in the market and our market share; acquisitions and investment initiatives, including the timing of regulatory approvals as well as integration of acquired companies into our operations; the resolution of tax matters; the effectiveness of our development activities in reducing patient care costs and hospital stay lengths; our approach towards cost containment; our expectations regarding healthcare costs; general economic conditions; and the potential impact of our compliance with governmental regulations and accounting guidance.

On September 12, 2023, a securities class action complaint, captioned *Pembroke Pines Firefighters & Police Officers Pension Fund v. Integra LifeSciences Holdings Corporation*, No. 23-cv-20321 (D.N.J.), was filed by a purported stockholder of the Company in the United States District Court for the District of New Jersey (the "Pembroke Litigation") against the Company and certain of the Company's current and former executive officers. The Pembroke Litigation, filed on behalf of a putative class of stockholders who purchased or acquired the Company's common stock between March 11, 2019 and May 22, 2023, inclusive, alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, on the basis of purportedly materially false and misleading statements and omissions relating to certain quality systems issues identified by the U.S. Food and Drug Administration at the Company's Boston, Massachusetts manufacturing facility, the Company's efforts to remediate those issues, and the Company's forecasts for certain products in its Tissue Technologies segment. The complaint seeks, among other things, compensatory damages, attorneys' fees, expert fees, and other costs. The Company believes that it has strong defenses to the allegations in the Pembroke Litigation, as we intend to defend the matter vigorously.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, results of operations, financial condition, and/or cash flows. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions described in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K for the year ended

December 31, 2022. As forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. One must carefully consider forward-looking statements and understand that such forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, and involve a variety of risks and uncertainties, known and unknown, including, among others, those discussed in the sections entitled “Government Regulation and Compliance” within “Item 1. Business” and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

## GENERAL

Integra LifeSciences is a world leader in medical technologies and products that transform surgical, neurologic and regenerative care to help restore patients’ lives. Our mission is to innovate treatment pathways to advance patient outcomes and set new standards of care. Founded in 1989 with the acquisition of an engineered collagen technology platform used to repair and regenerate tissue, Integra LifeSciences Holdings Corporation common stock trades on the Nasdaq Global Select Market (“Nasdaq”) under the symbol “IART.” 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. We have expanded our base regenerative technology business to include surgical instruments, neurosurgical products and advanced wound care through global acquisitions and product development to meet the evolving needs of our customers and enhance patient care.

We manufacture and sell medical technologies and products in two reportable business segments: Codman Specialty Surgical (“CSS”) and Tissue Technologies (“TT”). The CSS segment, which represents approximately two-thirds of our total revenue, consists of market-leading technologies and instrumentation used for a wide range of specialties, such as neurosurgery, neurocritical care and otolaryngology. We are the world leader in neurosurgery and one of the top three providers in instruments used in precision, specialty, and general surgical procedures. Our TT segment generates about one-third of our overall revenue and focuses on three main areas: complex wound surgery, surgical reconstruction, and peripheral nerve repair.

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

Following the completion of our strategic refresh, we refocused our strategies around five pillars. Of these five pillars, we have identified three core growth drivers: innovating for outcomes, growing internationally, and broadening our impact on care pathways. We have enabled by two key levers: driving operational and customer excellence and cultivating a high-performance culture. As outlined in greater detail below, we believe these five pillars will enable us to realize and advance our integrated growth strategy.

*Innovating for Outcomes.* An important part of Integra’s growth strategy is introducing new products to strengthen and expand our portfolio. Additionally, we seek clinical evidence to support regulatory approval and strong reimbursement of our product portfolio around the world, including new indications for existing technologies. On December 6, 2022, we completed the acquisition of Surgical Innovation Associates, Inc. (“SIA”), which develops, markets and sells DuraSorb, a resorbable synthetic matrix for plastic and reconstructive surgery. This acquisition advances our global strategy in breast reconstruction, expanding plans to access the U.S. market where SIA is pursuing pre-market approval for use in implant-based breast reconstruction (“IBBR”). As part of our commitment to implant-based breast reconstruction strategy and innovating new treatment pathways, in June 2023 we completed enrollment in the DuraSorb U.S. investigational device exemption (IDE) clinical study for two-stage breast reconstruction. We also continued to advance the development of pioneering neurosurgical technologies with the expansion of our product offerings. In early 2023, the CUSA® Clarity Bone Tip was launched in U.S., which is used when controlled fragmentation, emulsification and aspiration of bone is necessary. This follows the CUSA® Clarity extended laparoscopic tip, launched in the U.S. in late 2022 to enhance the benefits of ultrasonic ablation to minimally invasive laparoscopic liver surgery.

*Growing International.* Over the years, we have been significantly expanding our global footprint through investments in our commercial organization, expansion and development of international markets and new product introductions. Several new products were introduced in 2023, including MicroMatrix® and Certas Plus® Programmable Valve which were launched in Europe, and CUSA Clarity Laparoscopic (“Lap”) tip which was launched in Australia, New Zealand, Japan, Canada, South Africa and Israel. In addition, DuraGen Secure received approval in Japan, while DuraGen Plus was approved in China.

*Broadening Impact on Care Pathways.* Integra seeks ways to develop products and technologies that impact the lives of patients, starting with the journey that a patient takes from diagnosis and treatment planning to surgery and postoperative care. Integra is well-established in acute care in the hospital setting and plans to leverage that strong position to grow in this segment and shape treatment pathways into preoperative care and additional sites of care.

*Driving Operations and Customer Excellence.* Integra has been making investments to build more responsive and scalable processes, enhance the reliability of our supply chain, and drive productivity initiatives to further supply and lower costs. Additionally, we continue to invest in technologies, systems and processes to enhance the customer experience. In 2023, we continue to invest in our capacity expansion. This includes ongoing projects of transferring our Boston manufacturing to a new location in Braintree, MA., validating manufacturing processes in our 109 facility in Plainsboro, and increasing cleanroom capacity in our Memphis location.

In 2022, certain transactional back-office finance and customer service activities were outsourced to enhance customer quality, build scale for future growth, and capture cost efficiencies.

*Cultivating a High-Performance Culture.* Creating a culture focused on empowerment and agility and building a diverse and inclusive workplace are cornerstones of our people strategy. These efforts resulted in Integra being named in several best workplace lists globally in 2023, including Integra China being recognized as a Great Place to Work in Greater China. Additionally, we have been making great strides in advancing our environmental, social and governance ("ESG") agenda to drive sustainability across the organization and recently published our second annual ESG report in the third quarter of 2023.

### **Clinical and Product Development Activities**

Integra continues to invest in collecting clinical evidence to support our existing products and new product launches, and to ensure that we obtain market access for broader and more cost-effective solutions.

In 2022, we made progress to several enhancements to our CUSA Clarity Tissue Ablation System. The extended laparoscopic tip was launched in the U.S. to enhance laparoscopic liver procedures. In addition, a single-sided bone tip received 510(k) clearance. In early 2023, we had our commercial launch with initial surgeries successfully completed.

We continue to update our CUSA Clarity platform by incorporating new ultrasonic handpiece and integrated electrosurgical capabilities. We launched a modified 23 kHz CUSA Electrosurgery Module (CEM) for Clarity handpieces that can be used with additional electrosurgery generators in August 2023.

In 2023, we continued to advance the early-stage technology platforms we acquired in 2019. Through the acquisition of Arkis Biosciences, Inc. ("Arkis") 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. Our work to combine our Bactiseal® antimicrobial technology with the Endexo anti-occlusive technology continues to progress for both a silicone-based hydrocephalus and EVD project.

In 2023, we continued to advance our innovation from the Rebound Therapeutics Corporation ("Rebound Therapeutics"), which was acquired in 2019. Rebound Therapeutics specializes in single-use medical device, known as the Aurora Surgiscope, which is the only tubular retractor system designed for cranial surgery with an integrated access channel, camera and lighting. In the third quarter of 2021, we conducted a limited clinical launch of the Aurora Surgiscope for use in minimally invasive neurosurgery as well as initiated a registry called MIRROR to collect data on early surgical intervention using this same technology platform for blood evacuation. In 2022, we launched the Aurora® Evacuator with Coagulation device in the U.S., designed to be used in conjunction with our Aurora Surgiscope to safely address and evacuate fluid in the brain. Additionally, the 9 mm Surgiscope 510(k) was submitted to the FDA in August 2023 and is currently under review, with clearance and launch expected in Q4 2023 or Q1 2024.

We are focused on the development of core clinical applications in our electromechanical technologies portfolio. In June 2022, we launched the Neutus® EVD system, our first EVD in China. The Neutus EVD system is manufactured in China by Shanghai Haoju Medical Technology Co., Ltd. under an exclusive distribution arrangement. The device is used in the management of CSF and is highly complementary to our Bactiseal® catheter and advanced intercranial pressure monitoring products. We launched our CereLink ICP Monitor System in the U.S. and Europe direct markets. Refer below to the information appearing in the "FDA Matters" section for additional information on the voluntary recall of the CereLink ICP Monitor System.

Within our TT segment, in 2022, we launched NeuraGen 3D Nerve Guide Matrix, a resorbable implant for repair of peripheral nerve discontinuities and engineered to create an optimized environment for nerve regeneration. In the third quarter of 2021, we filed the PMA application for a specific indication for Surgimend® in the use of post-mastectomy breast reconstruction, for which we hope to obtain FDA approval in 2025. On December 6, 2022, we completed the acquisition of SIA, which develops, markets and sells DuraSorb®, a resorbable synthetic matrix for plastic and reconstructive surgery. This acquisition advances our global strategy in breast reconstruction, expanding plans to access the U.S. market where SIA is pursuing pre-market approval for use in IBBR. In 2023, the Company received 510(k) clearance for MicroMatrix® Flex

As part of our ongoing efforts to remain compliant, the Company continues to work towards European Union Medical Device Regulation ("EU MDR") certifications. In 2023 the Company has received EU MDR certification in the CSS segment for Hakim Programmable Valves. Additionally, the Company has received EU MDR certification in the TT segment for IDRT and BioPatch.

## **FDA Matters**

On August 18, 2022, we, after consultation with the FDA and other regulatory authorities outside of the United States, initiated an immediate voluntary global product removal of all CereLink intracranial pressure monitors as a result of customer reports about monitors whose pressure readings were out of range. We believe that the out-of-range readings are principally caused by a combined interaction of electrical noise (originating from sources such as electrical components in the device, other devices set up near the CereLink Monitor, and the hospital power grid) and an electrical potential difference between the patient and monitor. These out-of-range readings have occurred at a low incidence rate and at a limited number of sites; however, out of an abundance of caution, we removed all CereLink monitors from the field.

We submitted a traditional application for 510(k) to the FDA on September 15, 2023 which includes design changes to remedy the issue. We plan to resume shipments of CereLink monitors in the U.S. following receipt of 510(k) clearance. Shipments resumed in international markets with a limited release in Q3 2023. As of September 30, 2023, we maintained a \$1.3 million provision for product returns, and a \$0.8 million rework accrual.

On March 7, 2019, TEI Biosciences, Inc. ("TEI"), one of our wholly-owned subsidiaries, received a Warning Letter (the "2019 Warning Letter"), dated March 6, 2019, from the FDA. The 2019 Warning Letter related to quality systems issues at TEI's manufacturing facility located in Boston, Massachusetts. The Boston facility manufactures extracellular bovine matrix products. 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. We submitted our initial response to the 2019 Warning Letter on March 28, 2019 and provide regular progress reports to the FDA as to its corrective actions. On October 28, 2021, the FDA initiated an inspection of the facility and at the conclusion of the inspection, issued an FDA Form 483 on November 12, 2021 (the "2021 Form 483"). We provided an initial response to the inspection observations. On March 1, 2023, the FDA commenced an inspection of the Boston facility, and issued an FDA Form 483 at the conclusion of this inspection (the "2023 Form 483"). On July 19, 2023, TEI received a Warning Letter, dated July 17, 2023, from the FDA related to quality system issues at the TEI Boston facility (the "2023 Warning Letter"). The 2023 Warning Letter did not identify any new observations that had not already been provided in the 2023 Form 483. The Company has submitted an initial response to the FDA for both the 2023 Form 483 and the 2023 Warning Letter. We are committed to resolving the matters identified in the Warning Letters and Form 483s and are continuing our significant efforts to remediate the observations. Although the Warning Letters and the Form 483s do not restrict our ability to manufacture or ship products or require the recall of any products, in May 2023, after consultation with the FDA, the Company initiated a voluntary recall of products manufactured in the Boston facility distributed between March 1, 2018 and May 22, 2023, and extended the temporary halt of manufacturing at the facility to implement additional detection and quality controls. Following implementation of such controls, the Company expects to resume manufacturing at its Boston facility by late in the fourth quarter of 2023. Additionally, the Warning Letters do not restrict the Company's ability to seek FDA 510(k) clearance of products, but 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 addressed. We cannot give any assurances that the FDA will be satisfied with our response to the issues identified by the FDA or as to the expected date of the resolution of such issues. Until the issues cited by the FDA 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 Boston facility for the year ended December 31, 2022 were approximately 5.3% of consolidated revenues. In the nine months ended September 30, 2023, due to the Boston recall, the Company recorded a \$19.7 million provision for product returns, as a reduction of net revenue. Of this amount, \$9.0 million was credited to customers in the nine months ended September 30, 2023. The Company also recorded a \$24.6 million write off of inventory that was no longer able to be sold.

## **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, 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. In support of our continued focus on product margins we closed a manufacturing facility located in France in 2022, and transferred production to our existing Switzerland facility. In addition to closing the manufacturing facility, we outsourced certain transactional back-office finance and customer service activities to enhance customer quality, build scale for future growth, and capture cost efficiencies.

## RESULTS OF OPERATIONS

### Executive Summary

Net income for the three and nine months ended September 30, 2023 was \$19.5 million and \$47.9 million, or \$0.24 and \$0.59 per diluted share respectively, as compared to \$49.9 million and \$127.6 million or \$0.60 and \$1.53 per diluted share for the three and nine months ended September 30, 2022. The decrease in net income for the three and nine months ended September 30, 2023, was primarily driven by impacts from the Boston recall. This includes inventory write-offs of \$24.6 million and a provision for product returns of \$19.7 million for the nine months ended September 30, 2023.

### Special Charges

Income before taxes includes the following special charges:

| Dollars in thousands                                     | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                  |
|--|----------------------------------|-----------------|---------------------------------|------------------|
|  | 2023                             | 2022            | 2023                            | 2022             |
| Acquisition, divestiture and integration-related charges | \$ 5,832                         | \$ (13,842)     | \$ 18,056                       | \$ (19,552)      |
| Structural optimization charges                          | 5,893                            | 10,112          | 15,022                          | 24,604           |
| EU medical device regulation                             | 13,490                           | 13,208          | 34,172                          | 32,970           |
| Boston recall expenses <sup>(1)</sup>                    | 5,636                            | —               | 33,687                          | —                |
| <b>Total</b>   | <b>\$ 30,851</b>                 | <b>\$ 9,478</b> | <b>\$ 100,937</b>               | <b>\$ 38,022</b> |

<sup>(1)</sup>This includes inventory write-offs and idle capacity charges.

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

| Dollars in thousands                | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                  |
|-------------------------------------|----------------------------------|-----------------|---------------------------------|------------------|
|                                     | 2023                             | 2022            | 2023                            | 2022             |
| Cost of goods sold                  | \$ 11,223                        | \$ 4,198        | \$ 50,437                       | \$ 13,859        |
| Research and development            | 5,448                            | 5,723           | 13,878                          | 15,528           |
| Selling, general and administrative | 14,302                           | 877             | 37,371                          | 12,440           |
| Gain from Sale of Business          | —                                | (644)           | —                               | (644)            |
| Other income                        | (122)                            | (676)           | (749)                           | (3,161)          |
| <b>Total</b>                        | <b>\$ 30,851</b>                 | <b>\$ 9,478</b> | <b>\$ 100,937</b>               | <b>\$ 38,022</b> |

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, and 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 September 30, |            | Nine Months Ended September 30, |            |
|--|----------------------------------|------------|---------------------------------|------------|
|  | 2023                             | 2022       | 2023                            | 2022       |
| <b>Segment Net Sales</b>                       |                                  |            |                                 |            |
| Codman Specialty Surgical                      | \$ 268,205                       | \$ 249,796 | \$ 787,371                      | \$ 754,967 |
| Tissue Technologies                            | 114,216                          | 135,395    | 357,163                         | 404,677    |
| Total revenues                                 | \$ 382,421                       | \$ 385,191 | \$ 1,144,534                    | 1,159,644  |
| Cost of goods sold                             | 164,076                          | 148,445    | 486,292                         | 439,418    |
| Gross margin on total revenues                 | \$ 218,345                       | \$ 236,746 | \$ 658,242                      | \$ 720,226 |
| Gross margin as a percentage of total revenues | 57.1 %                           | 61.5 %     | 57.5 %                          | 62.1 %     |

### Three Months Ended September 30, 2023 as Compared to Three Months Ended September 30, 2022

#### Revenues

For the three months ended September 30, 2023, total revenues decreased by \$2.8 million to \$382.4 million from \$385.2 million for the same period in 2022. This decrease was primarily driven by the impact of the Boston recall, which was comprised of \$6.8 million of return reserve recorded, as well as a decline in revenue of \$20.5 million. The decrease was also inclusive of a favorable foreign currency impact of \$1.0 million on revenues, as well as a \$4.4 million decrease that impacts both domestic and international revenues related to the divestiture of the TWC business. This also includes an increase of \$2.9 million related to the SIA Acquisition. Excluding the impacts of these items, domestic revenues increased by \$11.2 million, or 4.3% as compared to the prior year period. International revenues increased by \$14.5 million or 14.9% as compared to the prior period. The increase in domestic revenues was primarily driven by our Instruments and Neurosurgery portfolios. The increase in international revenues was primarily driven by increases in our APAC region including China, Japan, and Australia.

In the CSS segment, revenues were \$268.2 million which was an increase of \$18.4 million, or 7.4% as compared to the prior-year period, inclusive of a \$0.9 million favorable foreign currency impact on revenue. Excluding the impact of foreign exchange, Neurosurgery portfolio grew mid single digits primarily due to sales in Dural Access, Neuro Monitoring and CSF Management. Sales in our instruments portfolio increased mid single digits as compared to the same period in the prior year.

In the TT segment, revenues were \$114.2 million which was a decrease of \$21.2 million, or 15.6% from the prior-year period. This decrease is primarily driven by the impact of the Boston recall of \$6.8 million additional return reserve and \$20.5 million decline in revenue. The decrease is also inclusive of a \$0.1 million favorable foreign currency impact on revenue, a \$4.4 million decrease that impacts both domestic and international revenues related to the divestiture of the TWC business, and an increase of \$2.9 million related to the SIA Acquisition. Excluding the impact of these items, the TT segment increased high single digits as compared to the same period in the prior year, attributable to strong sales in MicroMatrix®, Cytal®, Gentrix® and amniotics.

#### Gross Margin

Gross margin was \$218.3 million for the three months ended September 30, 2023, a decrease of \$18.4 million from \$236.7 million for the same period in 2022. Gross margin as a percentage of revenues was 57.1% for the three months ended September 30, 2023 and 61.5% for the same period in 2022. The decrease in gross margin percentage was primarily associated with the Boston recall, which includes a provision for product returns of \$6.8 million and idle capacity at the Boston facility of \$5.1 million for the three months ended September 30, 2023.

#### Operating Expenses

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

|                                     | Three Months Ended September 30, |        |
|-------------------------------------|----------------------------------|--------|
|                                     | 2023                             | 2022   |
| Research and development            | 7.0 %                            | 6.4 %  |
| Selling, general and administrative | 42.3 %                           | 37.3 % |
| Intangible asset amortization       | 0.8 %                            | 0.8 %  |
| Total operating expenses            | 50.1 %                           | 44.5 % |

Total operating expenses, which consist of research and development, selling, general and administrative, and amortization expenses, increased by \$20.1 million, or 11.7% to \$191.8 million in the three months ended September 30, 2023, compared to \$171.7 million in the same period in 2022. The increase in operating expenses compared to the prior year is primarily a result of the SIA Acquisition combined with higher spend in selling activities as a percentage of revenue.

**Research and Development**

Research and development expenses for the three months ended September 30, 2023 increased by \$1.9 million as compared to the same period in the prior year. This increase in spending resulted from additional spending related to the SIA Acquisition, new product development and clinical studies.

**Selling, General and Administrative**

Selling, general and administrative costs for the three months ended September 30, 2023 increased by \$18.1 million as compared to the same period in the prior year driven primarily due to increased costs associated with SIA Acquisition and higher spend in commercial selling activities. Prior year expenses included a reduction in the fair value of contingent consideration for ACell of \$13.1 million.

**Intangible Asset Amortization**

Amortization expense (excluding amounts reported in cost of product revenues for technology-based intangible assets) for the three months ended September 30, 2023 was \$3.2 million compared to \$3.1 million for the same period in the prior year.

**Non-Operating Income and Expenses**

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

| Dollars in thousands                   | Three Months Ended September 30, |            |
|--|----------------------------------|------------|
|  | 2023                             | 2022       |
| Interest income                        | \$ 4,607                         | \$ 3,264   |
| Interest expense                       | (13,062)                         | (12,809)   |
| Gain (loss) from the sale of business  | —                                | 644        |
| Other income, net                      | 471                              | 2,648      |
| Total non-operating income and expense | \$ (7,984)                       | \$ (6,253) |

**Interest Income**

Interest income for the three months ended September 30, 2023 increased by \$1.3 million as compared to the same period in the prior year due to higher interest rates.

**Interest Expense**

Interest expense for the three months ended September 30, 2023 increased by \$0.3 million as compared to the same period in the prior year.

**Other Income, net**

Other income, net for the three months ended September 30, 2023 decreased by \$2.2 million compared to the same period in the prior year. The decrease is primarily driven by lower Transition Service Agreement ("TSA") income from our recent divestitures.

**Income Taxes**

| Dollars in thousands         | Three Months Ended September 30, |           |
|------------------------------|----------------------------------|-----------|
|                              | 2023                             | 2022      |
| Income before income taxes   | \$ 18,609                        | \$ 58,796 |
| Income tax (benefit) expense | (888)                            | 8,881     |
| Effective tax rate           | (4.8)%                           | 15.1 %    |

Our effective income tax rates for the three months ended September 30, 2023 and 2022 were (4.8)% and 15.1%, respectively.

For the three months ended September 30, 2023, the primary drivers of the lower tax rate relate to a reduction to book income in higher-taxed jurisdictions and a \$3.3 million benefit related to the filing of the prior year tax returns.



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.

Additionally, changes to income tax laws and regulations, in any of the tax jurisdictions in which we operate, could impact the effective tax rate. Various governments, both U.S. and non-U.S., are increasingly focused on tax reform and revenue-raising legislation. Further, legislation in foreign jurisdictions may be enacted, in response to the base erosion and profit-shifting project begun by the Organization for Economic Cooperation and Development ("OECD"). The OECD recently finalized major reform of the international tax system with respect to implementing a global minimum tax rate. Such changes in U.S. and non-U.S. jurisdictions could have an adverse effect on the Company's effective tax rate.

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. Our 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.

## Nine Months Ended September 30, 2023 as Compared to Nine Months Ended September 30, 2022

### Revenues and Gross Margin

For the nine months ended September 30, 2023, total revenues decreased by \$15.1 million to \$1,144.5 million from \$1,159.6 million for the same period in 2022. This decrease was primarily driven by the impact of the Boston recall, which was comprised of \$19.7 million of return reserve recorded, as well as a decline in revenue of \$42.4 million. The decrease was also inclusive of an unfavorable foreign currency impact of \$7.7 million on revenues, as well as a \$16.3 million decrease that impacts both domestic and international revenues related to the divestiture of the TWC business. This also includes an increase of \$7.2 million related to the SIA Acquisition. Excluding the impacts of these items, domestic revenues increased by \$36.8 million, or 4.7% as compared to the prior year period. International revenues increased by \$30.2 million or 9.8% as compared to the prior period. The increase in domestic revenues was primarily driven by increases in our Instruments and Neurosurgery portfolio. The increase in international revenues was primarily driven by our APAC region including China, Japan, and Australia.

In the CSS Segment, revenues were \$787.4 million an increase of \$32.4 million, or 4.3% from the prior period, inclusive of a \$7.2M unfavorable foreign currency impact on revenue. Excluding the impact of foreign exchange, Neurosurgery portfolio grew mid single digits primarily due to sales in Dural Access, CSF Management, and Advanced Energy. Sales in our instruments portfolio increased high single digits as compared to the same period in the prior year.

In the TT segment, revenues were \$357.2 million, a decrease of \$47.5 million, or 11.7% from the prior-year period, inclusive of a \$0.5 million unfavorable foreign currency impact on revenue, a \$16.3 million decrease that impacts both domestic and international revenues related to the divestiture of the TWC business, and of \$7.2 million related to the SIA Acquisition. This also includes the impact of the Boston recall of \$19.7 million return reserve and \$42.4 million decline in revenue. Excluding the impact of these items, the TT segment increased high single digits as compared to the same period in the prior year, attributable to strong sales in MicroMatrix®, Cytal®, Gentrix® and amniotics.

### Gross Margin

Gross margin was \$658.2 million for the nine months ended September 30, 2023, a decrease of \$62.0 million from \$720.2 million for the same period last year. Gross margin as a percentage of total revenue decreased to 57.5% for the nine months ended September 30, 2023 from 62.1% in the same period last year. The decrease in gross margin percentage was primarily associated with the Boston recall, which includes inventory write-offs of \$24.6 million, a provision for product returns of \$19.7 million, and idle capacity at the Boston facility of \$9.0 million for the nine months ended September 30, 2023.

### Operating Expenses

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

|                                     | Nine Months Ended September 30, |        |
|-------------------------------------|---------------------------------|--------|
|                                     | 2023                            | 2022   |
| Research and development            | 7.0 %                           | 6.4 %  |
| Selling, general and administrative | 43.1 %                          | 40.0 % |
| Intangible asset amortization       | 0.8 %                           | 0.9 %  |
| Total operating expenses            | 50.9 %                          | 47.4 % |

Total operating expenses, which consist of selling, general and administrative expenses, research and development expenses, and amortization expenses, increased by \$33.6 million, or 6.1% to \$582.8 million in the nine months ended September 30, 2023, compared to \$549.1 million in the same period in 2022.

### **Research and Development**

Research and development expenses for the nine months ended September 30, 2023 increased by \$5.5 million as compared to the same period in the prior year. This increase in spending resulted from additional spending related to the SIA Acquisition, new product development and clinical studies.

### **Selling, General and Administrative**

Selling, general and administrative costs increased by \$29.1 million as compared to the same period in the prior year driven primarily due to increased costs associated with SIA Acquisition and higher spend in commercial selling activities. Prior year expenses included a reduction in the fair value of contingent consideration for ACell of \$13.1 million.

### **Intangible Asset Amortization**

Amortization expense (excluding amounts reported in cost of product revenues for technology-based intangible assets) for the nine months ended September 30, 2023 was \$9.3 million compared to \$10.3 million for the same period in prior year.

We expect total annual amortization expense to be approximately \$20.7 million for the remainder of 2023, \$82.2 million in 2024, \$82.1 million in 2025, \$82.0 million in 2026, \$80.0 million in 2027, \$78.5 million in 2028 and \$477.1 million thereafter.

### **Non-Operating Income and Expenses**

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

| Dollars in thousands                   | Nine Months Ended September 30, |             |
|--|---------------------------------|-------------|
|  | 2023                            | 2022        |
| Interest income                        | \$ 12,653                       | \$ 6,606    |
| Interest expense                       | (37,626)                        | (36,700)    |
| Gain from the sale of business         | —                               | 644         |
| Other income, net                      | 1,705                           | 8,056       |
| Total non-operating income and expense | \$ (23,268)                     | \$ (21,394) |

### **Interest Income**

Interest income for the nine months ended September 30, 2023 increased by \$6.0 million as compared to the same period last year due to higher interest rates.

### **Interest Expense**

Interest expense for the nine months ended September 30, 2023 increased by \$0.9 million as compared to the same period last year.

### **Other Income, net**

Other income, net for the nine months ended September 30, 2023, decreased by \$6.4 million primarily due to lower Transition Service Agreement ("TSA") income from our recent divestitures.

### **Income Taxes**

| Dollars in thousands         | Nine Months Ended September 30, |            |
|------------------------------|---------------------------------|------------|
|                              | 2023                            | 2022       |
| Income before income taxes   | \$ 52,211                       | \$ 149,686 |
| Income tax (benefit) expense | 4,304                           | 22,082     |
| Effective tax rate           | 8.2 %                           | 14.8 %     |

The Company's effective income tax rates for the nine months ended September 30, 2023 and 2022 were 8.2% and 14.8%, respectively.

For the nine months ended September 30, 2023, the primary drivers of the lower tax rate relate to a reduction to book income in higher-taxed jurisdictions and a \$3.8 million benefit related to the filing of the prior year tax returns. The lower rate from the nine months ended September 30, 2022 was primarily due to a \$5.5 million benefit related to excess tax benefits from stock compensation.

## GEOGRAPHIC PRODUCT REVENUES AND OPERATIONS

We attribute 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 September 30, |            | Nine Months Ended September 30, |              |
|----------------------|----------------------------------|------------|---------------------------------|--------------|
|                      | 2023                             | 2022       | 2023                            | 2022         |
| United States        | \$ 269,838                       | \$ 282,016 | \$ 817,622                      | \$ 832,714   |
| Europe               | 41,524                           | 38,301     | 120,040                         | 128,907      |
| Asia Pacific         | 48,777                           | 42,774     | 146,956                         | 133,856      |
| Rest of World        | 22,282                           | 22,100     | 59,916                          | 64,167       |
| Total Revenues       | \$ 382,421                       | \$ 385,191 | \$ 1,144,534                    | \$ 1,159,644 |

We generate 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 our products in foreign countries. Local economic conditions, regulatory compliance or political considerations, the effectiveness of our sales representatives and distributors, local competition and changes in local medical practice all may combine to affect our sales into markets outside the U.S.

Domestic revenues decreased by \$12.2 million for the three months ended September 30, 2023 compared to the same period last year. European sales increased by \$3.2 million for the three months ended September 30, 2023 compared to the same period last year. Sales to customers in Asia Pacific increased by \$6.0 million for the three months ended September 30, 2023. Sales to customers in the Rest of World for the three months ended September 30, 2023 increased by \$0.2 million compared to the same period last year. The international revenues were impacted by \$1.0 million of favorable foreign exchange impact, with the larger impact in Europe. The decrease in global revenues is primarily the result of the Boston recall which affected both Domestic and International markets. Sales in China, Japan, and Australia led to continued growth in our Asia Pacific market.

Domestic revenues decreased by \$15.1 million for the nine months ended September 30, 2023 compared to the same period last year. European sales decreased by \$8.9 million for the nine months ended September 30, 2023 compared to the same period last year. Sales to customers in Asia Pacific increased by \$13.1 million for the nine months ended September 30, 2023. Sales to customers in the Rest of World for the nine months ended September 30, 2023 decreased by \$4.3 million compared to the same period last year.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

The Company's working capital as of September 30, 2023 and December 31, 2022 was \$671.5 million and \$840.6 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 \$273.7 million and \$456.7 million at September 30, 2023 and December 31, 2022 respectively, which are valued based on Level 1 measurements in the fair value hierarchy. At September 30, 2023, our non-U.S. subsidiaries held approximately \$247.7 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..

### Cash Flows

| Dollars in thousands                         | Nine Months Ended September 30, |            |
|--|---------------------------------|------------|
|  | 2023                            | 2022       |
| Net cash provided by operating activities    | \$ 81,205                       | \$ 179,135 |
| Net cash used in investing activities        | (36,949)                        | (3,760)    |
| Net cash used in financing activities        | (223,035)                       | (154,254)  |
| Effect of exchange rate fluctuations on cash | (4,150)                         | (22,632)   |

### **Cash Flows Provided by Operating Activities**

Operating cash flows for the nine months ended September 30, 2023 decreased by \$97.9 million compared to the same period in 2022. Within operating cash flows, net income less non-cash adjustments decreased for the nine months ended September 30, 2023 by approximately \$55.9 million as compared to the same period in 2022 primarily due to lower revenues attributable to the Boston recall along with higher selling expenses.

The changes in assets and liabilities for the nine months ended September 30, 2023, net of business acquisitions, decreased cash flows by \$91.7 million, mainly attributable to increases in inventory, other current assets, and decreases in accrued expenses and other current liabilities due to reduced payments processed during the year.

The changes in assets and liabilities for the nine months ended September 30, 2022, net of business acquisitions, decreased cash flows by \$49.7 million, primarily due to increases in inventory to support increased sales.

### **Cash Flows Used in Investing Activities**

Uses of cash from investing activities for the nine months ended September 30, 2023 related to \$42.3 million paid for capital expenditures to support operations improvement initiatives at a number of our manufacturing facilities and other information technology investments.

Sources of cash from investing activities for the nine months ended September 30, 2023 were \$5.4 million in proceeds from settlement of our net investment hedges.

Uses of cash from investing activities during the nine months ended September 30, 2022 related to \$27.9 million paid for capital expenditures to support operations improvement initiatives at a number of our manufacturing facilities and other information technology investments as well as the final \$4.7 million payment related to the final developmental milestone for Rebound Therapeutics Corporation.

Sources of cash from investing activities during the nine months ended September 30, 2022 included proceeds from the sale of the TWC business of \$24.0 million. The proceeds from the sale of the TWC business of \$27.8 million is presented net of cash transferred of \$3.5 million and other transaction fees. Additionally, the Company also received \$4.9 million proceeds on cross-currency swaps designated as net investment hedge.

### **Cash Flows Used in Financing Activities**

Uses of cash from financing activities in the nine months ended September 30, 2023 related to the repurchase of shares of treasury stock of \$275.0 million under the January and August 2023 accelerated share repurchase agreements, as well as repayments of \$85.9 million under our Senior Credit Facility and Securitization Facility. We also had \$7.6 million in payment of debt issuance costs. In addition, the Company had \$5.5 million in cash taxes paid for net equity settlements.

Sources of cash from financing activities for the nine months ended September 30, 2023 were \$146.9 million borrowing under our Senior Credit Facility and Securitization Facility and \$4.1 million proceeds from the exercise of stock options.

Uses of cash from financing activities in the nine months ended September 30, 2022 related to the repurchase of treasury stock of \$125.0 million under the 2022 accelerated share repurchase agreement, repayments of \$40.8 million under our Senior Credit Facility and Securitization Facility. In addition, we had \$24.3 million in cash taxes paid for net equity settlements.

Sources of cash from financing activities for the nine months ended September 30, 2022 were \$34.3 million borrowing under our Senior Credit Facility and Securitization Facility and \$1.6 million proceeds from the exercise of stock options.

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

See Note 6, *Debt*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for a discussion of our Amended and Restated Senior Credit Agreement, the 2025 Notes and Securitization Facility and Note 7, *Derivative Instruments*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for discussion of our hedging activities. We are forecasting that sales and earnings for the next twelve months will be sufficient to remain in compliance with our financial covenants under the terms of the March 2023 Amendment to the Senior Credit Facility.

## Share Repurchase Plan

On August 15, 2023, the Company entered into a \$125.0 million accelerated share repurchase ("August 2023 ASR") and received 2.3 million shares of the Common stock at inception of the August 2023 ASR, which represented approximately 80% of the expected total shares under the August 2023 ASR. On October 18, 2023 the early exercise provision was exercised by the August 2023 ASR counterparty. The Company received an additional 0.9 million shares determined using the volume-weighted average price of the Company's common stock during the term of the August 2023 ASR.

On January 26, 2023, the Company entered into a \$150.0 million accelerated share repurchase ("January 2023 ASR") and received 2.1 million shares of the common stock at inception of the January 2023 ASR, which represented approximately 80% of the expected total shares under the January 2023 ASR. The settlement of the ASR agreement was completed in two separate transactions on April 26, 2023 and May 4, 2023, where the Company received an additional 0.30 million and 0.31 million shares respectively, determined using the volume-weighted average price of the Company's common stock during the term of the January 2023 ASR.

On January 12, 2022, we entered into a \$125.0 million accelerated share repurchase ("2022 ASR") and received 1.48 million shares of our common stock at inception of the 2022 ASR, which represented approximately 80% of the expected total shares under the 2022 ASR. On March 24, 2022, the early exercise provision under the 2022 ASR was exercised by 2022 ASR counterparty. Upon settlement of the 2022 ASR on March 24, 2022, we received an additional 0.46 million shares determined using the volume-weighted average price of our common stock during the term of the 2022 ASR.

See *Note 11. Treasury Stock*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for further details.

## Dividend Policy

We have 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 nine months ended September 30, 2023 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

We will continue to have cash requirements to support seasonal working capital needs and capital expenditures, to pay interest, to service debt, and to fund acquisitions. As part of our ongoing operations, we enter into contractual arrangements that obligate us to make future cash payments.

Our primary obligations include principal and interest payments on the revolving portion and term loan component of the Senior Credit Facility, Securitization Facility and 2025 Notes. See *Note 6. Debt*, to the Notes to Unaudited Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for details. We also lease some of our manufacturing facilities and office buildings which have future minimum lease payments associated. See *Note 10. Leases and Related Party Leases*, to the Notes to Unaudited Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for a schedule of our future minimum lease payments. Amounts related to our other obligations, including employment agreements and purchase obligations were not material.

The Company has contingent consideration obligations related to prior and current year acquisitions and future pension contribution obligations. See *Note 9. Retirement Plans*, and *Note 16. Commitments and Contingencies*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for details. The associated obligations are not fixed. We also have a liability for uncertain tax benefits including interest and penalties. We cannot make a reliable estimate of the period in which the uncertain tax benefits may be realized.

## OTHER MATTERS

### Critical Accounting Estimates

We based the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in conformity with GAAP. The preparation of these financial statements requires us 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. The critical accounting estimates discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 did not materially change in the nine months ended September 30, 2023.

### Recently Issued Accounting Standards

Information regarding new accounting pronouncements is included in *Note 1. Basis of Presentation*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report), and is applicable to the current period's unaudited 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, British pounds, Swiss francs, 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*, to Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) 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 September 30, 2023 would impact interest income by approximately \$2.7 million on an annual basis. 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 SOFR-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 SOFR-indexed floating-rate borrowings. These interest rate swaps were designated as cash flow hedges as of September 30, 2023. The total notional amounts related to the Company's interest rate swaps were \$1.5 billion with \$775.0 million effective as of September 30, 2023. Based on our outstanding borrowings at September 30, 2023, a 100 basis points change in interest rates would have impacted interest expense on the unhedged portion of the debt by \$1.7 million on an annualized basis. See *Note 7. Derivative Instruments*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for further information regarding interest rate swaps.

**ITEM 4. CONTROLS AND PROCEDURES****Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act report is recorded, processed, summarized and reported within the time periods specified in the SEC'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), we have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 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 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In response to business integration activities, we have 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**

Please refer to *Note 16, Commitments and Contingencies*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I of this Quarterly Report) for further details on current legal proceedings.

**ITEM 1A. RISK FACTORS**

There have been no material changes in our risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and subsequent periodic reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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

The following table provides information about purchases by the Company during the quarter ended September 30, 2023 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act. Subject to applicable law, share repurchases may be made from time to time in open market transactions, privately negotiated transactions including accelerated share repurchase agreements, or pursuant to instruments and plans complying with Rule 10b5-1 under the Exchange Act, among other types of transactions and arrangements.

| Issuer purchases of equity securities |   |                              |   |   |
|---------------------------------------|---|------------------------------|---|---|
| Period                                | Total number of shares purchased by month | Average price paid per share | Total number of shares purchased by month as part of publicly announced repurchase programs | Approximate dollar value of shares that may yet be purchased under the plans or program |
| 07/01/23 - 07/31/23                   | —   | \$ —                         | —   | \$ —  |
| 08/01/23 - 08/31/23                   | 2,296,739                                 | \$ 54.42                     | 2,296,739   | 25,000,000  |
| 09/01/23 - 09/30/23                   | —   | \$ —                         | —   | 25,000,000  |
|                                       | <u>2,296,739</u>                          | <u>\$ —</u>                  | <u>2,296,739</u>  |   |

On August 15, 2023, the Company entered into a \$125 million accelerated share repurchase ("August 2023 ASR") and received 2.3 million shares of the Common stock at inception of the August 2023 ASR, which represented approximately 80% of the expected total shares under the August 2023 ASR. The remaining purchase transactions are expected to be completed in the fourth quarter of 2023.

See *Note 11, Treasury Stock*, to the Notes to Unaudited Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report) for additional information regarding our share repurchase program and the 2023 ASRs.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

**Rule 10b5-1 Trading Plans**

During the quarter ended September 30, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."



## ITEM 6. EXHIBITS

### Exhibits

|           |   |
|-----------|---|
| 3.1(a)    | <a href="#">Amended and Restated Certificate of Incorporation of the Company dated February 16, 1993 (Incorporated by reference to Exhibit 3.1(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005)</a>  |
| 3.1(b)    | <a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated May 22, 1998 (Incorporated by reference to Exhibit 3.1(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998)</a>                           |
| 3.1(c)    | <a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated May 17, 1999 (Incorporated by reference to Exhibit 3.1(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004)</a>                           |
| 3.1(d)    | <a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company dated December 21, 2016 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 22, 2016)</a>  |
| 3.2       | <a href="#">Second Amended and Restated Bylaws of Integra LifeSciences Holdings Corporation, effective as of December 11, 2018 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-k filed on December 12, 2018)</a>  |
| 3.3       | <a href="#">Third Amended and Restated Bylaws of Integra LifeSciences Holdings Corporation, effective as of February 21, 2023 (Incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed on February 22, 2023)</a> |
| *31.1     | <a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| *31.2     | <a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| *32.1     | <a href="#">Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| *32.2     | <a href="#">Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| *†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  |
| 104       | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)  |

\* 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 September 30, 2023 filed on October 25, 2023 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.

**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: October 25, 2023

/s/ Jan De Witte

Jan De Witte  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: October 25, 2023

/s/ Lea Knight

Lea Knight  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: October 25, 2023

/s/ Jeffrey A. Mosebrook

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

**Certification of Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jan De Witte, 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 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: October 25, 2023

/s/ Jan De Witte

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Jan De Witte

*President and Chief Executive Officer*

**Certification of Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lea Knight, 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 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: October 25, 2023

/s/ Lea Knight

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Lea Knight

*Executive Vice President and Chief Financial Officer*

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

In connection with the Quarterly Report of Integra LifeSciences Holdings Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities Exchange Commission on the date hereof (the "Report"), I, Jan De Witte, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. 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: October 25, 2023

/s/ Jan De Witte

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Jan De Witte

*President and Chief Executive Officer*

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

In connection with the Quarterly Report of Integra LifeSciences Holdings Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities Exchange Commission on the date hereof (the "Report"), I, Lea Knight, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. 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: October 25, 2023

/s/ Lea Knight

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Lea Knight

*Executive Vice President and Chief Financial Officer*