Bioventus Amends CartiHeal Acquisition Structure

June 21, 2022

DURHAM, N.C., June 21, 2022 (GLOBE NEWSWIRE) -- Bioventus Inc. (Nasdaq: BVS) (“Bioventus” or the “Company”), a global leader in innovations for active healing, announced today that it has entered into an amendment to the Option and Equity Purchase Agreement for its pending acquisition of CartiHeal (“Amended Acquisition Agreement”).

“CartiHeal represents an important breakthrough for the treatment of osteoarthritis and osteochondral defects of the knee with significant long-term potential, and we are excited to have reached an amendment that we believe will be favorable to our stakeholders and enable us to complete the acquisition,” commented Ken Reali, Bioventus’ chief executive officer. “The ability to defer a significant portion of the upfront cash consideration allows us to continue investing in our near-term strategy for growth while maintaining financial flexibility. Bioventus possesses multiple short- and mid-term growth drivers that are further enhanced by CartiHeal, and we continue to work towards realizing the potential of our portfolio to deliver sustained double-digit growth and margin expansion.”

The Amended Acquisition Agreement reduces the closing payment to $50 million (in addition to $50 million deposited into escrow last year) from the original $315 million that was previously agreed. The remaining $215 million of the purchase price (the “Deferred Amount”) will instead be paid to CartiHeal stockholders upon the earlier of the achievement of certain milestones or the occurrence of certain installment payment dates. The Deferred Amount will be paid in five tranches commencing in 2023 and ending no later than 2027.

Bioventus will pay interest on each tranche of the Deferred Amount, at a rate of at 8% annually, until such tranche is paid. Additionally, the approximately $135 million payable to CartiHeal’s stockholders upon the achievement of $100 million in trailing twelve-month sales will now be payable upon the achievement of $75 million in trailing twelve-month sales.

Bioventus expects the acquisition to close by the end of July 2022, subject to closing conditions, with an up-front payment to CartiHeal’s stockholders of approximately $108 million (inclusive of the $50 million previously deposited into escrow by Bioventus and in addition to approximately $8 million of CartiHeal’s transaction-related fees and expenses that Bioventus has agreed to pay). The Company intends to finance the payment due at closing with additional debt. The Company is finalizing an amendment to its existing Credit and Guaranty Agreement to increase its current Term Loan to facilitate the closing of the acquisition. The payments of the Deferred Amount are anticipated to be made through the Company’s free cash flow and expansion of its existing credit facility.

About Bioventus
Bioventus delivers clinically proven, cost-effective products that help people heal quickly and safely. Its mission is to make a difference by helping patients resume and enjoy active lives. The Innovations for Active Healing from Bioventus include offerings for Pain Treatment, Restorative Therapies and Surgical Solutions. Built on a commitment to high quality standards, evidence-based medicine and strong ethical behavior, Bioventus is a trusted partner for physicians worldwide. Bioventus and the Bioventus logo are registered trademarks of Bioventus LLC.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws. Any statements contained herein that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, the timing and closing of the CartiHeal acquisition, the expected amendment to the Company’s Credit and Guaranty Agreement, the benefits of the CartiHeal acquisition and the potential for the Company’s current portfolio to deliver sustained double-digit growth and margin expansion. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could cause actual results to differ materially from those contemplated herein include, but are not limited to, risk of litigation related to the Option and Equity Purchase Agreement to acquire CartiHeal; the ability to obtain financing for and to complete the CartiHeal Acquisition on expected timelines or at all; our ability to recognize the benefits of the investment in CartiHeal; the adverse impacts of any termination of the CartiHeal acquisition on our business, financial condition and results of operations; the adverse impacts on our business as a result of the COVID-19 pandemic; our dependence on a limited number of products; our ability to develop, acquire and commercialize new products, line extensions or expanded indications; the continued and future acceptance of our existing portfolio of products and any new products, line extensions or expanded indications by physicians, patients, third-party payers and others in the medical community; our ability to achieve and maintain adequate levels of coverage and/or reimbursement for our products, the procedures using our products, or any future products we may seek to commercialize; our ability to complete acquisitions or successfully integrate new businesses, products or technologies in a cost-effective and non-disruptive manner; risk related to the Company’s debt; competition against other companies; and the other risks identified in the Risk Factors section of the Company’s public filings with the Securities and Exchange Commission (“SEC”), including the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 as updated by the Company’s Quarterly Report on Form 10-Q for the quarter ended April 2, 2022 and as such factors may be further updated from time to time in the Company’s other filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. Except to the extent required by law, the Company undertakes no obligation to update or review any estimate, projection, or forward-looking statement. Actual results may differ materially from those set forth in the forward-looking statements.

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