UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): April 26, 2022

Bioventus Inc.

(Exact name of registrant as specified in charter)

Delaware	**001-37844**	**81-0980861**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

4721 Emperor Boulevard, Suite 100
Durham, North Carolina 27703
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (919) 474-6700
N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common Stock, $0.001 par value per share	BVS	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☒

Item 2.02. Results of Operations and Financial Condition.

On April 26, 2022, Bioventus Inc. (the "Company") issued a press release announcing its estimated preliminary selected financial results for the quarter ended April 2, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

These estimated preliminary results for the quarter ended April 2, 2022 are derived from the preliminary internal financial records of Bioventus Inc. and are subject to revisions based on our procedures and controls associated with the completion of our financial reporting, including all the customary reviews and approvals. These estimated preliminary results should not be viewed as a substitute for financial statements prepared in accordance with U.S. GAAP. The Company's independent registered public accounting firm has not conducted a review of, and does not express an opinion or any other form of assurance with respect to, these estimated preliminary results. It is possible that the Company or its independent registered public accounting firm may identify items that would require us to make adjustments to the preliminary estimates set forth in Exhibit 99.1 as we finalize the Company's financial statements and that its actual results may differ materially from these preliminary estimates. Accordingly, undue reliance should not be placed on these preliminary estimates.

The information contained in this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

Senior Notes Offering

On April 26, 2022, the Company issued a press release announcing that, subject to market conditions, its subsidiary, Bioventus LLC (the "Issuer"), intends to offer for sale $415 million in aggregate principal amount of its senior notes due 2027 (the "Notes") in a private offering that is exempt from the registration requirements of the Securities Act. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The Issuer intends to use the net proceeds from the offering of the Notes to (i) fund the remaining portion of the purchase price for the acquisition ("Acquisition") of CartiHeal (2009) Ltd. ("CartiHeal") pursuant to an Option and Equity Purchase Agreement, dated as of July 15, 2020 (the "Option Agreement"), among the Issuer, CartiHeal and certain persons listed therein, (ii) repay a portion of outstanding borrowings under our amended and restated credit facilities (the "Amended and Restated Credit Facilities"), and (iii) pay fees and expenses in connection with the offering of the Notes.

If (i) the consummation of the Acquisition does not occur on or before the date that is 75 days after the issue date of the Notes (or such later date if the end date is extended under the Option Agreement) (the "End Date") or (ii) the Issuer determines that the consummation of the Acquisition will not occur on or before the End Date, then the Issuer will be required to redeem all of the outstanding Notes at a redemption price equal to 100% of the principal amount of the outstanding Notes, plus accrued and unpaid interest, if any, prior to, but excluding, the redemption date.

Concurrently with the offering, the Issuer intends to enter into an amendment to its Amended and Restated Credit Facilities, pursuant to which, the Amended and Restated Credit Facilities will be modified to, among other things, permit the incurrence of the notes and the consummation of the CartiHeal Acquisition, modify the financial covenant, modify the capacity for additional unsecured indebtedness and add additional leverage-based step ups in the interest rate applicable to the loans. The Third Amendment to the Credit Agreement is subject to the approval of the requisite lenders under our Amended and Restated Credit Facilities, and the effectiveness of the Third Amendment to the Credit Agreement will be conditioned upon the completion of the offering of the Notes.

Disclosures to Investors

In connection with the offering of the Notes, the Company is disclosing certain information, which has not previously been publicly reported, to prospective investors. Pursuant to Regulation FD, the Company is furnishing the information included as Exhibit 99.3 of this report, which is incorporated by reference herein.

The information included in this Item 7.01 and in Exhibits 99.2 and 99.3 attached hereto is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall any such information or exhibits be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such document.

This Current Report on Form 8-K does not and shall not constitute an offer to sell or the solicitation of an offer to buy the Notes, nor shall there be any offer, solicitation or sale of the Notes in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Legal Notice Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements contained in this Current Report on Form 8-K that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, the expected timing of the closing of the Company's acquisition of CartiHeal and related conditions to closing, the expected private offering of the Notes and the use of proceeds from the Notes and the expected amendment to the Company's Amended and Restated Credit Facilities. 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 in this Current Report on Form 8-K include, but are not limited to, our ability to complete the CartiHeal acquisition on expected timelines or at all; our ability to consummate the Notes financing described above on expected timelines or at all, our ability to recognize the benefits of the investment in CartiHeal; 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; including the potential CartiHeal acquisition; 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 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.

Item 8.01. Other Events.

As previously disclosed, on October 29, 2021, the Company acquired Misonix, Inc. ("Misonix") for merger consideration totaling $526.9 million. The Company is also filing this Form 8-K to provide certain financial statements of Misonix and pro forma financial information with respect to the acquisition of Misonix which were not required to be disclosed by amendment to the Company's Current Report on Form 8-K filed on October 29, 2021. The unaudited condensed financial statements of Misonix, Inc. as of and for each of the three months ended March 31, 2021, June 30, 2021 and September 30, 2021 and for the period from October 1, 2021 to October 29, 2021, and related notes, are filed as Exhibit 99.4 to this report and incorporated herein by reference. The unaudited pro forma condensed combined statements of operations of the Company and Misonix for the year ended December 31, 2021, and related notes, after giving effect to the acquisition of Misonix as if it had occurred on January 1, 2021, is filed as Exhibit 99.5 to this report and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits;

Exhibit No.	Description
99.1*	Earnings Press Release dated April 26, 2022.
99.2*	Launch Press Release dated April 25, 2022.
99.3*	Excerpts from disclosures to investors.
99.4	Unaudited statements of operations of Misonix, Inc. as of and for each of the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021 and for the period from October 1, 2021 to October 29, 2021.
99.5	Bioventus Inc. unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Shall be deemed to be furnished, and not filed

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 hereunto duly authorized.

BIOVENTUS INC.

Date: April 26, 2022

By: /s/ Anthony D'Adamio

Anthony D'Adamio

Senior Vice President and General Counsel

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Bioventus Announces Preliminary First Quarter Net Sales and Adjusted EBITDA

DURHAM, NC – April 26, 2022 – Bioventus Inc. (Nasdaq: BVS) ("Bioventus" or the "Company"), a global leader in innovations for active healing, announced today preliminary financial results for the first quarter ended April 2, 2022.

Preliminary First Quarter Net Sales and Adjusted EBITDA

Preliminary, unaudited net sales for the first quarter of 2022 is expected to be in the range of $116.5 million to $118.5 million, reflecting 42% to 45% growth over the prior-year period.

"The Bioventus team exhibited strong performance during the first quarter amid a challenging macro environment," commented Ken Reali, Bioventus' chief executive officer. "We continued to deliver above-market revenue growth in Pain Treatments and saw monthly sequential improvements in Surgical Solutions revenue growth as elective procedures began to steadily recover in the second half of the quarter."

Preliminary, unaudited net loss and Adjusted EBITDA for the first quarter of 2022 is expected to be in the range of ($19.4) million to ($19.0) million and $6.8 million to $7.3 million, respectively. Preliminary, unaudited Adjusted EBITDA for the first quarter of 2022 does not reflect the estimated impact on Adjusted EBITDA resulting from the Company's acquisition of CartiHeal, which is expected to close in the second quarter of 2022.

See below for a reconciliation of Adjusted EBITDA to the most directly comparable measure calculated in accordance with GAAP, net income (loss). For more information regarding the Company's use of Non-GAAP financial measures, see "Use of Non-GAAP Financial Measures" below.

Adjusted EBITDA - Quarter Ended April 2, 2022

in thousands	Low	High	Quarter Ended April 3, 2021
Net (loss) income	**$ (19,400)**	**$ (19,000)**	**$ 24,528**
Income tax benefit	(800)	(700)	(73)
Interest income, net	(1,600)	(1,600)	(2,876)
Depreciation and amortization (a)	12,500	12,500	7,184
Acquisition and related costs (b)	7,400	7,400	3,916
Restructuring and succession charges (c)	600	600	157
Equity compensation (d)	4,900	4,900	(22,412)
Equity loss in unconsolidated investments (e)	400	400	469
Foreign currency impact (f)	(100)	(100)	(52)
Other items (g)	2,900	2,900	949
Adjusted EBITDA	**$ 6,800**	**$ 7,300**	**$ 11,790**

a. Includes for the quarter ended April 2, 2022 and April 3, 2021, respectively, depreciation and amortization of $9,218 and $5,236 in cost of sales and $3,261 and $1,925 in operating expenses, with the balance in research and development, presented in the consolidated statements of operations and comprehensive (loss) income.

b. Includes acquisition and integration costs related to completed acquisitions, amortization of inventory step up associated with acquired entities, and changes in fair value of contingent consideration.

c. Costs incurred during 2022 were the result of adopting acquisition related restructuring plans to reduce headcount, reorganize management structure and to consolidate certain facilities. Costs in 2021 primarily related to executives transitions.

d. The quarter ended April 2, 2022 includes compensation expense resulting from awards granted under the Company's equity based compensation plan in effect after its IPO. The quarter ended April 3, 2021 primarily includes the change in fair market value of the BV LLC Phantom Profits Interest Plan (Phantom Plan) accrued liability due to expected pricing with our IPO, which resulted in income. The quarter ended April 3, 2021 also includes compensation expense resulting from awards granted under the Company's equity based compensation in effect after its IPO.

e. Includes CartiHeal equity investment losses.

f. Includes realized and unrealized gains and losses from fluctuations in foreign currency.

g. Other items primarily includes charges associated with strategic transactions, such as potential acquisitions, debt retirement and modification costs and public company preparation costs, which primarily includes accounting and legal fees.

Selected preliminary financial results for the first quarter of 2022

This press release presents preliminary results, for the periods presented, of Bioventus Inc., including Bioventus LLC, the predecessor of Bioventus Inc. for financial reporting purposes.

Included above are certain estimated preliminary unaudited financial results for the first quarter of 2022. We have provided ranges, rather than specific amounts, for this period because these results are preliminary and subject to change, and there is a possibility that our actual results may differ materially from these preliminary estimates. These ranges are based on the information available to us as of the date of this announcement.

These estimated preliminary results for the first quarter of 2022 are derived from the preliminary internal financial records of Bioventus Inc. and are subject to revisions based on our procedures and controls associated with the completion of our financial reporting, including the audit of our financial statements and all customary reviews and approvals.

These estimated preliminary results should not be viewed as a substitute for financial statements prepared in accordance with U.S. GAAP. Our independent registered public accounting firm has not audited and does not express an opinion or any other form of assurance with respect to, these estimated preliminary results. It is possible that we or our independent registered public accounting firm may identify items that would require us to make adjustments to the preliminary estimates set forth above as we complete our financial statements and that our actual results may differ materially from these preliminary estimates. Accordingly, undue reliance should not be placed on these preliminary estimates. These preliminary estimates are not necessarily indicative of any future period and should be read together with “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our previous reports filed with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. We define the term “Adjusted EBITDA” as net income from continuing operations before depreciation and amortization, provision of income taxes and interest expense, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include equity compensation, change in fair value of contingent consideration, COVID-19 benefits, succession and transition charges, loss on impairment of intangible assets, losses associated with debt refinancing, restructuring costs, acquisition and integration costs, inventory step-up costs, equity loss in non-consolidated investments, change in fair value of contingent consideration, impairments related to variable interest entity, foreign currency impact and other costs.

We believe that this non-GAAP financial measure, when taken together with its GAAP financial measures, is a useful indicator of our operating performance. Our management uses Adjusted EBITDA principally as a measure of operating performance and believes that Adjusted EBITDA is useful to our investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections.

By providing this non-GAAP financial measure, together with the reconciliation, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our consolidated financial statements as indicators of financial performance. Due to these limitations, Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only supplementally. As noted in the Reconciliation of Non-GAAP metrics table elsewhere in this press release, Adjusted EBITDA includes adjustments to exclude the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance, including equity compensation, change in fair value of contingent consideration, COVID-19 benefits, succession and transition charges, loss on impairment of intangible assets, losses associated with debt refinancing, restructuring costs, acquisition and integration costs, inventory step-up costs, equity loss in non-consolidated investments, change in fair value of contingent consideration, impairments related to variable interest entity, foreign currency impact and other costs. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and may complicate comparisons of our internal operating results and operating results of other companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the Reconciliation of Non-GAAP metrics table elsewhere in this press release help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

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. For more information, visit www.bioventus.com, and follow the Company on LinkedIn and Twitter. 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 Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements concerning our preliminary financial results for the first quarter of 2022, performance of and expectations regarding recent acquisitions, estimated market growth in Pain Treatments and Bone Graft Substitutes, and future growth and strategy. 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 in this press release include, but are not

limited to, the factors discussed in “Selected preliminary financial results for the first quarter of 2022” above, 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 differentiate the hyaluronic acid (“HA”) viscosupplementation therapies we own or distribute from alternative therapies for the treatment of osteoarthritic; the proposed down-classification of non-invasive bone growth stimulators, including our Exogen system, by the U.S. Food and Drug Administration (“FDA”); 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 recognize the benefits of our investments; our ability to complete acquisitions or successfully integrate new businesses, products or technologies in a cost-effective and non-disruptive manner, including the potential CartiHeal acquisition; competition against other companies; the negative impact on our ability to market our HA products due to the reclassification of HA products from medical devices to drugs in the United States by the FDA; our ability to attract, retain and motivate our senior management and qualified personnel; our ability to continue to research, develop and manufacture our products if our facilities are damaged or become inoperable; failure to comply with the extensive government regulations related to our products and operations; enforcement actions if we engage in improper claims submission practices or in improper marketing or promotion of our products; the FDA regulatory process and our ability to obtain and maintain required regulatory clearances and approvals; failure to comply with the government regulations that apply to our human cells, tissues and cellular or tissue-based products; the clinical studies of any of our future products that do not product results necessary to support regulatory clearance or approval in the United States or elsewhere; and the other risks identified in the Risk Factors section of the Company’s public filings with the Securities and Exchange Commission (“SEC”), including Bioventus’ Annual Report on Form 10-K for the period ended December 31, 2021, and as such factors may be further updated from time to time in Bioventus’ other filings with the SEC, which are accessible on the SEC’s website at www.sec.gov and the Investor Relations page of Bioventus’ website at ir.bioventus.com. 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 from those set forth in this press release due to the risks and uncertainties inherent in the Company’s business.

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NEWS

Bioventus Announces $415 Million Offering of Senior Notes

DURHAM, NC – April 26, 2022 – Bioventus Inc. (Nasdaq: BVS) ("Bioventus" or the "Company"), a global leader in innovations for active healing, announced today that, subject to market conditions, its subsidiary Bioventus LLC (the "Issuer") intends to offer for sale $415 million in aggregate principal amount of its senior notes due in 2027 (the "Notes") in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Notes will be guaranteed by each of the Issuer's domestic restricted subsidiaries that guarantee the Issuer's obligations under its senior secured credit facilities.

The Issuer intends to use the net proceeds from the offering of the Notes to (i) fund the remaining portion of the purchase price for the acquisition ("Acquisition") of CartiHeal (2009) Ltd. ("CartiHeal") pursuant to an Option and Equity Purchase Agreement, dated as of July 15, 2020 (the "Option Agreement"), among the Issuer, CartiHeal and certain persons listed therein, (ii) repay a portion of outstanding borrowings under our amended and restated credit facilities (the "Amendment and Restated Credit Facilities") and (iii) pay fees and expenses in connection with the offering of the Notes. Any remaining net proceeds will be used for general corporate purposes.

If (i) the consummation of the Acquisition does not occur on or before the date that is 75 days after the issue date of the Notes (or such later date if the end date is extended under the Option Agreement) (the "End Date") or (ii) the Issuer determines that the consummation of the Acquisition will not occur on or before the End Date, then the Issuer will be required to redeem all of the outstanding Notes at a redemption price equal to 100% of the principal amount of the outstanding Notes, plus accrued and unpaid interest, if any, prior to, but excluding, the redemption date.

Concurrently with this offering, the Issuer intends to enter into an amendment to its Amended and Restated Credit Facilities (the "Third Amendment to the Credit Agreement"), pursuant to which, the Amended and Restated Credit Facilities will be modified to, among other things, permit the incurrence of the notes and the consummation of the CartiHeal Acquisition, modify the financial covenants, modify the capacity for additional unsecured indebtedness and add additional leverage-based step ups in the interest rate applicable to the loans. The Third

Amendment to the Credit Agreement is subject to the approval of the requisite lenders under our Amended and Restated Credit Facilities, and the effectiveness of the Third Amendment to the Credit Agreement will be conditioned upon the completion of the offering of the Notes.

The Notes have not been, and will not be, registered under the Securities Act, or any state securities laws, and thus, the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes are being offered to persons reasonably believed to be qualified institutional buyers in an offering exempt from registration pursuant to Rule 144A under the Securities Act and to non-U.S. persons outside of the United States in compliance with Regulation S under the Securities Act. This announcement shall not constitute an offer to sell or a solicitation of an offer to buy any of these Notes or any security, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 expected private offering of the Notes and the use of proceeds from the Notes and the expected amendment to the Company's Amended and Restated Credit Facilities. 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, our ability to complete the CartiHeal acquisition on expected timelines or at all; our ability to consummate the Notes financing described above on expected timelines or at all; our ability to recognize the benefits of the investment in CartiHeal; 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; including the potential CartiHeal acquisition; 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 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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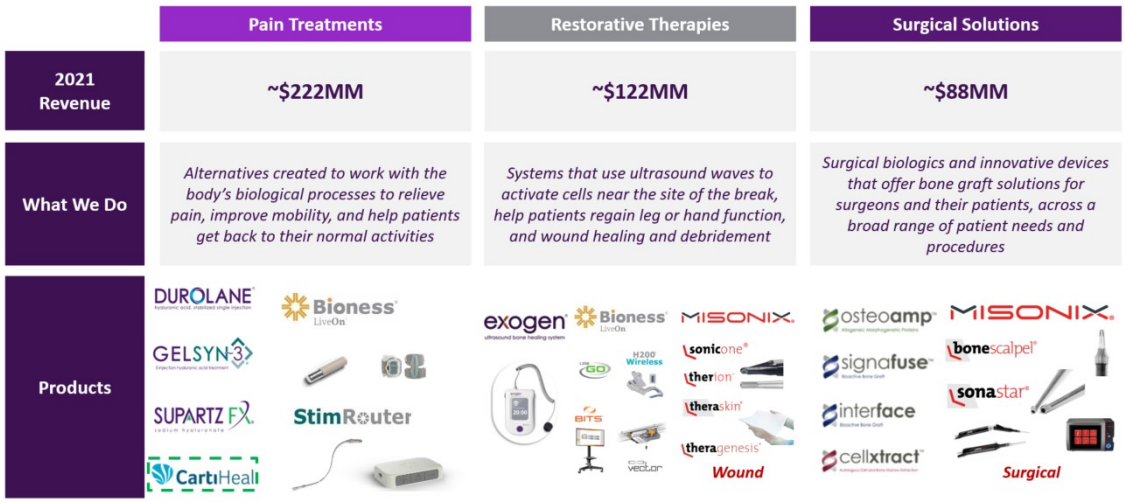
Our Company

We are a global medical device company focused on developing and commercializing clinically differentiated, cost efficient and minimally invasive treatments that engage and enhance the body's natural healing process. We manage our business through two reporting segments, U.S. and International, which accounted for 90% and 10%, respectively, of our total net sales during the fiscal year ended December 31, 2021. Our portfolio of products is grouped into three verticals: Pain Treatments, Restorative Therapies and Surgical Solutions.



Pain Treatments

Our joint Pain Treatment products are non-surgical alternatives created to work with the body's biological processes, providing a natural lubricant into the joint that relieve mild to moderate pain, improve mobility and help patients get back to their normal activities. The current portfolio consists of the following key products:

- **Durolane** is an FDA approved single injection hyaluronate therapy for the symptomatic treatment of OA in the knee in patients who have failed to respond adequately to conservative non-pharmacological therapy and simple analgesics;

- **GELSYN-3** is an FDA approved, three injection HA viscosupplementation therapy indicated for the treatment of pain due to knee OA in patients who have failed to respond adequately to conservative non-pharmacologic therapy and simple analgesics;

- **SUPARTZ FX** is an FDA-approved sterile and viscoelastic solution of HA that is administered as a five injection HA viscosupplementation therapy. It is indicated for the treatment of pain in patients with knee OA who failed to adequately respond to conservative nonpharmacological therapy and simple analgesics;

- **StimRouter** peripheral nerve stimulator (PNS) system is a permanent, implantable option that provides relief for chronic peripheral pain including: nerve pain, neuroma, neuropathic pain, post-stroke shoulder pain and neuralgia. StimRouter is implanted during a minimally invasive outpatient procedure performed under local anesthetic and delivers gentle electrical pulses directly to target peripheral nerve pain at its source; and

- **Agili-C** is the first FDA approved, cartilage repair technology designed for implantation into osteochondral defects in the knee for both non-OA and OA patients, potentially unlocking applications for millions of patients with knee OA and cartilage defects.

Restorative Therapies

Our Restorative Therapies product portfolio is comprised of an Ultrasonic bone healing system and skin allografts and products used to support healing of wounds. Our Restorative Therapies product portfolio is also comprised of Advanced Rehabilitation devices designed to help patients regain leg or hand function due to stroke, multiple sclerosis or other central nervous system disorders. The current portfolio consists of the following key products:

- **EXOGEN** is an ultrasound bone healing system for the non-invasive treatment of established nonunion fractures and certain fresh fractures. EXOGEN has been sold commercially for over 25 years and is the only FDA-approved device on the market for the accelerated healing of fresh, closed posteriorly displaced distal fractures of the radius and fresh, closed or grade I open long bone fractures;

- **TheraSkin** is a biologically active human skin allograft that has all of the relevant characteristics of human skin needed to heal wounds, including living cells, growth factors and a collagen matrix;

- **Therion** is used as a cover and barrier for homologous use for wound care and surgical procedures. Therion is a dehydrated and terminally sterilized chorioamniotic allograft derived from human placental membrane and is an HCT/P;

- **TheraGenesis** is a Bilayer Wound Matrix and Meshed Bilayer Wound Matrix consisting of a porcine collagen sponge layer and a silicone film layer that provides a scaffold for cellular invasion and capillary growth for management of wounds;

- **SonicOne** Ultrasonic Cleansing and Debridement System is utilized for the removal of devitalized or necrotic tissue and fibrin deposits while sparing viable, surrounding cellular structures; and

- **L300 GO** is a functional electrical stimulation that produces measurable mobility improvements for patients living with foot drop and thigh weakness.

Surgical Solutions

Our Surgical Solutions product portfolio is comprised of clinically efficacious and cost effective bone graft solutions to meet a broad range of patient needs and procedures. Bone grafting is a surgical procedure used to fuse spinal vertebrae, replace missing bones, fix bones that are damaged from trauma or problem joints, or to facilitate growing bones around an implanted device, such as a total knee replacement. Our products are designed to improve bone fusion rates following spinal and other orthopedic surgeries, including trauma and reconstructive foot and ankle procedures. Our portfolio is also comprised of minimally invasive surgical ultrasonic medical devices. These products are used for precise bone sculpting, removal of soft and hard tumors and tissue debridement, primarily in the areas of neurosurgery, orthopedic surgery, plastic surgery, wound care and maxillo-facial surgery. The current portfolio consists of the following key products:

- **OSTEOAMP** is an allograft-derived bone graft with growth factors used for orthopedic, neurosurgical and reconstructive bone grafting procedures. In 2021, we launched OSTEOAMP Flowable, which is designed to be moldable and easy to use, with a convenient, ready to use syringe;

- **SIGNAFUSE** contains a synergistic combination of biomaterials that supports new bone formation which is indicated for standalone posterolateral spine, extremities and pelvis, as well as a bone graft extender in the posterolateral spine. SIGNAFUSE is made up of bioglass and a biphasic mineral (60% hydroxyapatite, 40% β-tricalcium phosphate) available in putty and strip formats;

- **INTERFACE** is designed to facilitate a rapid biologic response that stimulates the bone healing process and is used for posterolateral spine when mixed with autograft, extremities and pelvis. INTERFACE's patented particle technology is designed for enhanced bone graft performance through irregularly shaped synthetic bioglass granules that provide an osteoconductive scaffold for new osseous ingrowth and tissue generation;

- **CELLXTRACT** is a bone marrow aspirate without dilution or centrifugation. CELLXTRACT is a single use cannula that extracts bone marrow and autologous cells;

- **BoneScalpel** is a state of the art, ultrasonic bone cutting and sculpting system capable of enabling precise cuts with minimal necrosis, minimal burn artifact, minimal inflammation and minimal bone loss. The device is also capable of preserving surrounding soft tissue structures because of its ability to differentiate soft tissue from rigid bone; and

- The **SonaStar System** provides powerful and precise aspiration following the ultrasonic ablation of soft tissue SonaStar has been used for a wide variety of surgical procedures applying both open and minimally invasive approaches, including neurosurgery and general surgery.

Sales and marketing

Our expansive direct sales and distribution channel across our product portfolio provides us with broad and differentiated customer reach and allows us to serve physicians spanning the orthopedic continuum, including sports medicine, total joint reconstruction, hand and upper extremities, foot and ankle, podiatric surgery, trauma, spine and neurosurgery. We believe our products or procedures using our products are widely reimbursed by both public and private health insurers and are sold in the physician's office or clinic, ambulatory surgical centers ("ASCs") and in the hospital setting in the United States and across approximately 65 countries, which drives demand for our products. Our sales team and distributors work directly with our physician customers on a frequent basis.

Manufacturing and supply

We manufacture and assemble our medical device products largely at our production facilities located in Cordova, TN, Farmingdale, NY, Valencia, CA and Hod Hasharon, Israel.

Some of our products and product components are manufactured exclusively by single-source third-party manufacturers, pursuant to multi-year supply agreements and may include minimum order volumes. We work closely with each

of our manufacturing partners and provide them with a forecast, which enables them to better capacity plan and sequence their production efficiently.

Patents

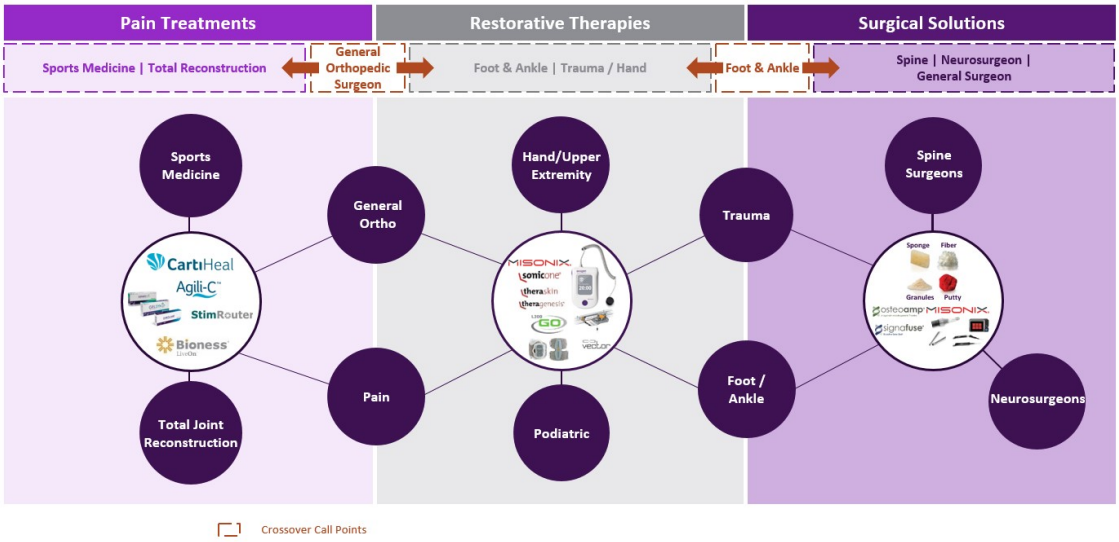
As of December 31, 2021, we owned 45 issued U.S. patents and 12 pending U.S. patent applications relating to our material products. We also owned 75 issued foreign patents and 38 pending foreign patent applications directed to our material products.

Competitive strengths

We believe that we have several key strengths that provide us with a competitive advantage:

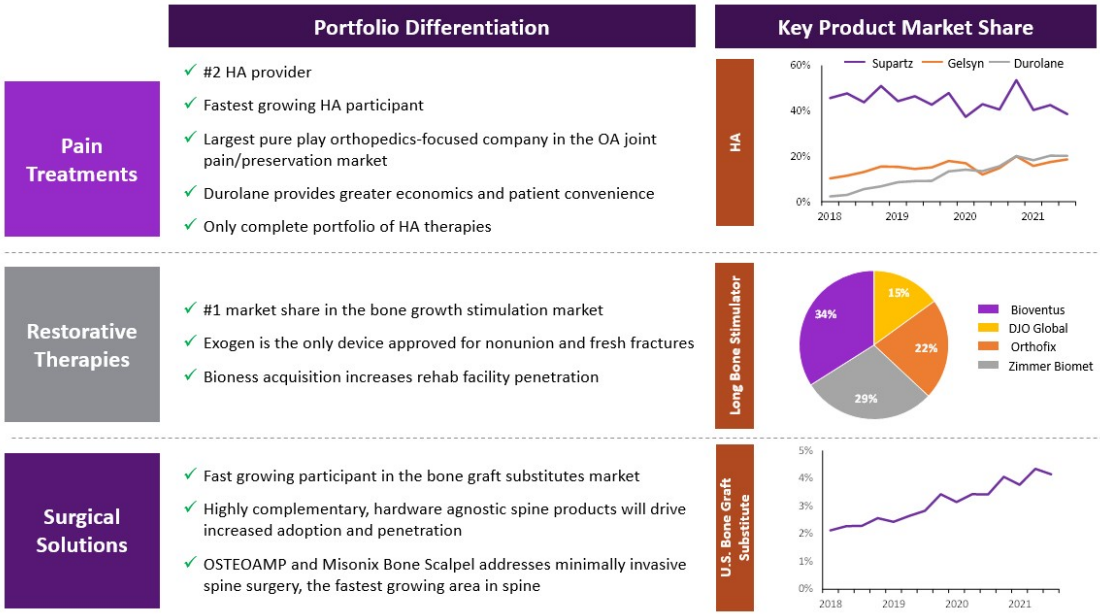
Broad customer reach and market access

We believe we have one of the largest sales organizations in the verticals in which we operate, including a direct sales team and distributors with a dedicated focus on Pain Treatments, Restorative Therapies and Surgical Solutions. We believe that our broad customer reach and market access are key factors contributing to our ability to increase our market share and grow faster than many of our competitors. Our sales organization has a performance culture built on serving our core orthopedic patient customers and delivering our products to a variety of physicians and care settings. We serve physicians spanning the orthopedic continuum, including sports medicine, total joint reconstruction, general orthopedic, pain, hand and upper extremities, podiatric, foot and ankle, trauma and spine. We believe we will continue to be well-positioned in the markets in which we operate given our strong foundation for reimbursement and customer access, coupled with a broad portfolio of clinically differentiated products.



Differentiated, market leading products across three verticals

We believe our portfolio of complementary, market leading products provide patients and physicians alike with greater flexibility in tailoring a treatment regime that best fits the patient's needs and lifestyle. Our products are most often used to delay or replace the need for an elective surgical procedure and are focused on reaching patients early in their treatment paradigm. In 2021, approximately 75% of our $430.9 million in net sales were associated with non-elective procedures. We have the only complete one, three and five injection portfolio in the HA viscosupplementation market in the United States, which we believe gives patients the freedom of choice and appeals to the growing preference among providers to interact with a single vendor when accessing a complete portfolio of care. Our Exogen ultrasound bone healing system is the leader in the long bone stimulation market, offering shorter treatment times compared to competing treatments, superior non-union heal rates and a documented mechanism of action. The Exogen system also has a broad label for patient use, including established nonunions and fresh fractures to the tibia and radius. We also offer a comprehensive, clinically effective and cost efficient portfolio of bone graft substitutes ("BGS") along with the Misonix BoneScalpel to meet a broad range of patient needs and minimally invasive spine surgery procedures. Our BGS products are designed to improve bone fusion rates and avoid the cost and risks associated with autograft following spinal fusion and other orthopedic surgeries and can be used in conjunction with numerous orthopedic fixations and spinal fusion implants.



Source: SmartTRAK Business Intelligence

Substantial body of peer reviewed clinical evidence

We believe that clinical evidence is critical to demonstrating efficacy, achieving reimbursement coverage and demonstrating the value of medical products. We have invested in building evidence and support for our key offerings and product portfolio. Clinical evidence is vital to physicians as they look to make decisions about which product would best serve their patients. The safety and efficacy of our key offerings within each of our three verticals has been demonstrated by numerous clinical studies, published peer review research and clinical publications. We believe that our significant body of clinical evidence creates a competitive barrier to entry given the time and investment required to amass the amount of published data we have and is an asset that would take years for a competitor to try to replicate.

Strong gross profit margins and free cash flow conversion

We believe that our strong gross profit margins and free cash flow conversion are reflective of the underlying strength, scale and sustainability of our business. The Company has generated Adjusted Gross Profit margins ranging from 78% to 80% from 2019 to 2021. Additionally, management continues to generate predictable and growing Adjusted EBITDA through its focus on growth strategies, cost saving initiatives and manufacturing efficiencies. As a result, the Company has produced cumulative Adjusted Free Cash Flow of $197.8 million from 2019 to 2021 given minimal capital expenditures and working capital needs of the business. See "—Key metrics and non-GAAP financial measures—Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Free Cash Flow" for a definition of Adjusted Free Cash Flow and a reconciliation of Adjusted Free Cash Flow to the most closely comparable financial measure calculated in accordance with GAAP. Management believes our strong Adjusted Free Cash Flow generation will enable us to meaningfully deleverage following the acquisition of CartiHeal.

Experienced management team with a track record of value creation

Our senior leadership team has been involved in growing large and mid-cap businesses, including through major acquisitions and integrations, public and private equity company sale transactions and strategic equity investments, as well as the development, approval and launch of new and transformative active healing products. Our team also has extensive operating experience with respect to active healing products, which includes designing clinical trials, working closely with regulatory agencies on identifying the appropriate path to market, successfully commercializing products, including securing managed care, payer or purchasing committee contracts and effectively managing our direct or distributor sales organizations.

More specifically, our CEO, Ken Reali, has over 25 years of experience in the medical device industry. Ken previously served as Senior Vice President and General Manager within the Biologics and Clinical Therapies business of Smith & Nephew from May 2005 to January 2010, a division which was later spun out to become Bioventus. He has significant experience in product development, global marketing, business development, commercialization and sales of medical devices.

Our business strategy

We intend to pursue the following strategies to continue to build a market-leading and customer-focused company centered on our three verticals, Pain Treatments, Restorative Therapies and Surgical Solutions and to continue to grow our net sales and Adjusted EBITDA while maintaining a healthy balance sheet:

Continue to expand market share in HA viscosupplementation - We intend to increase sales of our HA viscosupplementation therapies and to extend our market leadership in this category by building on our unique positioning as the only company to offer a one, three and five injection treatment regimen. We offer the highest molecular weight single injection product known as Durolane, which provides greater economics and patient convenience.

Introduce new pain treatment products as well as complementary products within sports medicine - We plan to expand our offering beyond HA viscosupplementation and nerve stimulation into sports medicine by building a comprehensive portfolio for pain and sports medicine treatments for launch over the next several years. Our acquisition of CartiHeal represents a compelling opportunity to expand our Pain Treatment product portfolio by offering a clinically superior technology that addresses a significant unmet need in the continuum of care for knee cartilage repair.

Further develop and commercialize our surgical solutions portfolio - We intend to grow our presence in the surgical solutions market and expand our reach into the operating room in both ASCs and hospitals. In the near-term, we plan to maintain and to selectively expand our profitable product lines by adding to our U.S. distributor base in an effort to reach significantly under-penetrated markets. The acquisition of Misonix, and particularly the BoneScalpel product, further extends and expands the breadth and depth of our Surgical Solutions product portfolio across the hospital and ASC settings. Over time, we intend to launch product line enhancements and invest in the development of next-generation surgical solution therapies to continue to grow our market share.

Expand indications for use for our Exogen system - We are focused on generating incremental clinical data and peer-reviewed publications to expand our indications and continue to grow our market leading share. We are currently underway with the B.O.N.E.S. clinical studies, which are aimed at generating data to support label expansion in additional bone types and expanded reimbursement for the treatment of fresh fractures in patients at risk of nonunion due to certain comorbidities, such as diabetes or obesity.

Invest in research and development - We are focused on internal research and development to broaden our portfolio of Pain Treatments, Restorative Therapies and Surgical Solutions. We rely on a team of highly trained individuals to develop new products, conduct clinical investigations and help educate health care providers using our products. We collaborate with academic centers of excellence, leading contract research organizations and other industry groups to complement and expedite execution of our research and development programs and minimize fixed costs.

Enhance margins and improve operating efficiencies - We will continue to focus on realizing up to approximately $22.5 million of estimated synergies from our recent acquisitions and fully integrating Misonix by year-end 2023. From an operating standpoint, our Memphis facilities are targeting doubling current operations in order to realize manufacturing efficiencies which will further grow our Adjusted Gross Margin. Management will continue to be focused on implementing operational efficiencies across legacy and recently acquired businesses. Our new Chief Financial Officer, Mark Singleton, was brought onto the team to drive operating margin improvements given his experience in doing so at Teleflex and Lenovo.

Utilize our significant free cash flow to reduce leverage - We intend to utilize our free cash flow to reduce our level of indebtedness, and we are committed to maintaining high margins, modest capital expenditures and minimal working capital needs, which have resulted in consistent and strong free cash flow generation. As a result, we are committed to maintaining a conservative and well-balanced capital structure. We have identified a deleveraging strategy to meet our stated total net leverage target of 3.0x to 4.0x Adjusted EBITDA. We define total net leverage as the ratio of total funded debt less cash and cash equivalents to Adjusted EBITDA. Our management team is highly focused on deleveraging, and we do not intend to pursue sizable M&A or investment opportunities or engage in material share buybacks or dividends until we have reduced our level of indebtedness.

Recent acquisitions

Acquisition of Misonix

On October 29, 2021, we acquired Misonix, Inc. (“Misonix”) in a cash-and-stock transaction (the “Misonix Acquisition”). Misonix manufactures minimally invasive surgical ultrasonic medical devices used for precise bone sculpting, removal of soft and hard tumors, and tissue debridement, primarily in the areas of neurosurgery, orthopedic surgery, plastic surgery, wound care and maxillo-facial surgery. Misonix also exclusively distributes skin allografts and wound care products used to support healing of wounds.

We strive to have Misonix proprietary procedural solutions become the standard of care and enhance patient outcomes throughout the world. We intend to accomplish this, in part, by utilizing Misonix surgical ultrasonic technology in an effort to improve patient outcomes in neurosurgery, orthopaedic surgery, general surgery, plastic surgery and wound care. These devices primarily serve the following clinical specialties: neurosurgery, orthopaedic surgery, general surgery, plastic surgery, wound care and maxillo-facial surgery.

At the closing of the Misonix Acquisition, we provided merger consideration totaling $525.3 million, including cash of $183.0 million and the issuance of 18,340,790 shares of our Class A common stock and the assumption or settlement of Misonix stock options having a value of $27.6 million. The remaining consideration consisted of Misonix debt and other liabilities that benefited the seller which we repaid in full. The acquisition includes the entire portfolio of Misonix products as well as its research and development pipeline. The cash consideration was funded through taking on additional debt as well as the use of cash on hand.

Acquisition of Bioness

On March 30, 2021, we acquired Bioness, Inc. ("Bioness") in a cash transaction (the "Bioness Acquisition"). Bioness is a global leader in neuromodulation and advanced rehabilitation medical devices through its innovative peripheral nerve stimulator ("PNS") therapy and premium advanced rehabilitation solutions. The Bioness Acquisition gives us access into two large and growing markets: PNS and the advanced rehabilitation market. We estimate Bioness medical devices address total global market opportunities approaching $8 billion per year. We believe both of these markets offer attractive growth opportunities driven by demographic trends and the need for safe and effective treatment options for the many patients suffering from post-surgical pain, stroke, multiple sclerosis, traumatic brain injury, spinal cord injury and cerebral palsy.

Bioness advanced rehabilitation solutions have a broad portfolio of offerings, including proprietary electrical stimulation exoskeletal devices for both the upper and lower extremities, robotic gait and fall safety systems, and high-tech, interactive software learning and recovery assessment platforms. These products play an essential role in helping patients regain mobility due to stroke, traumatic brain injury, multiple sclerosis and osteoarthritis, and are used by physical or occupational therapists in a clinical setting or by the patient at home, with the guidance of a clinician through telemedicine. Bioness PNS Systems are designed to help patients suffering from pain after surgery on an extremity, which affects over 16 million patients each year globally.

As consideration for the Bioness Acquisition, we paid $48.9 million in cash at closing and we expect to pay an additional $15.5 million of contingent consideration related to the achievement of certain key milestones. The acquisition included the entire portfolio of Bioness products as well as its research and development pipeline. The up-front consideration was funded exclusively through the use of cash on hand.

Recent developments

Acquisition of CartiHeal

On July 15, 2020, Bioventus entered into an Option and Equity Purchase Agreement (the "CartiHeal Option Agreement") with CartiHeal (2009) Ltd. ("CartiHeal"), certain of CartiHeal's shareholders (collectively, the "Sellers") and Elron Electronic Industries Ltd., as the Securityholder Representative, and made a $15.0 million equity investment in CartiHeal, a privately held company headquartered in Israel and the developer of the proprietary Agili-C™ implant for the treatment of joint surface lesions in traumatic and osteoarthritic joints. The CartiHeal Option Agreement provides Bioventus with an exclusive option to acquire 100% of CartiHeal's shares under certain conditions (the "Call Option"), and provides CartiHeal with a put option that would require us to purchase 100% of CartiHeal's shares under certain conditions (the "Put Option").

CartiHeal submitted the non-clinical module of a Premarket Approval Application ("PMA") in January 2021 and submitted the final, clinical module of a Modular PMA in August 2021, seeking FDA approval. On August 2, 2021, CartiHeal provided us the required evidence of the Agili-C device clinical trial's success demonstrating the superiority of the Agili-C implant over the surgical standard of care, including microfracture and debridement, for the treatment of cartilage or osteochondral defects, in both osteoarthritic knees and knees without degenerative changes. Thereafter, on August 27, 2021, our board of directors, after our review of the statistical report for CartiHeal's pivotal clinical trial and determination that the results of the statistical report indicated a Pivotal Clinical Trial Success (as contemplated by the CartiHeal Option Agreement), approved our continued pursuit of a potential acquisition of CartiHeal. Bioventus thereafter deposited $50.0 million in escrow in accordance with the terms of the CartiHeal Option Agreement (the "CartiHeal Purchase Price Deposit").

On March 30, 2022, CartiHeal provided us with the required notice of its achievement of FDA approval of the Agili-C device and CartiHeal's achievement of the Regulatory Approval Milestone pursuant to the CartiHeal Option Agreement (the "Pre-Closing Milestone Notice"). Following receipt of the Pre-Closing Milestone Notice, on April 4, 2022, we confirmed in writing to CartiHeal our agreement that FDA approval had been obtained (the "Achievement Response Notice").

Also on April 4, 2022, we delivered to CartiHeal appropriate and timely notice of our intention to exercise the Call Option (the "Call Option Exercise Notice") and acquire all of the remaining shares of CartiHeal, excluding those we already own, for a base purchase price of $314.9 million, inclusive of the CartiHeal Purchase Price Deposit (the "CartiHeal Acquisition"). Subject to satisfaction or waiver of the conditions set forth in the CartiHeal Option Agreement, we expect to close the CartiHeal Acquisition in the second quarter of 2022. Pursuant to the CartiHeal Option Agreement, up to an additional approximately $135.0 million could become payable by us after the closing of the CartiHeal Acquisition if we recognize certain revenues as a result of the CartiHeal Acquisition in excess of $100.0 million over any consecutive 12-calendar month period.

Bioventus and the Sellers have agreed to customary representations, warranties and covenants in the CartiHeal Option Agreement. CartiHeal and the Sellers have also agreed to various covenants related to the conduct of CartiHeal's business during the pendency of the CartiHeal Acquisition, including, among others, an agreement to conduct and operate its business in the ordinary course consistent with past practice during the period prior to the closing of the CartiHeal Acquisition, subject to certain exceptions.

The completion of the CartiHeal Acquisition is subject to the satisfaction or waiver of closing conditions, including, among others, (i) that all requirements, filings, approvals or waiting periods under applicable antitrust laws be satisfied, made, obtained or expired and (ii) the satisfaction of other customary closing conditions under the CartiHeal Option Agreement. The CartiHeal Option Agreement may be terminated by Bioventus, on the one hand, or CartiHeal, on the other hand, under certain circumstances, including if the CartiHeal Acquisition is not consummated by the End Date.

In connection with the entry into the CartiHeal Option Agreement, Bioventus entered into agreements with certain Sellers containing, among other things, non-competition and non-solicitation provisions. Additionally, pursuant to the terms of the CartiHeal Option Agreement, at closing of the CartiHeal Acquisition, Bioventus will enter into a Transition Services Agreement with an entity affiliated with the Sellers, pursuant to which, among other things, Bioventus will obtain the benefit of certain transitional services related to the current conduct of CartiHeal's business.

The representations, warranties and covenants contained in the CartiHeal Option Agreement were made only for purposes of the CartiHeal Option Agreement and as of specific dates, that were made solely for the benefit of the parties to the CartiHeal Option Agreement, may be subject to limitations agreed upon by the parties and qualified by disclosures not reflected in the text of the CartiHeal Option Agreement, and are not intended to provide factual, business or financial information about the parties.

For purposes of this summary, references to the "Transactions" are to the consummation of the CartiHeal Acquisition and the new debt financing and the use of proceeds therefrom, including the payment of fees and expenses related thereto.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth summary consolidated financial data as of and for the periods and dates indicated below. The summary consolidated financial data as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, are derived from, and should be read together with, our audited consolidated financial statements and the accompanying notes included in our periodic reports filed with the Securities and Exchange Commission.

The summary unaudited pro forma condensed combined financial information of Bioventus set forth below for the year ended December 31, 2021 gives effect to the Misonix Acquisition as if it had been completed on January 1, 2021 and the new debt financing.

You should read the information below along with all other financial information and analysis presented in "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes included in our periodic reports filed with the Securities and Exchange Commission.

	Pro Forma	Historical		
		Year ended December 31,		
	2021	2021	2020	2019
		(in thousands)		
Consolidated statements of operations data:				
Net sales[1]	$ 495,672	$ 430,898	$ 321,161	$ 340,141
Cost of sales (including depreciation and amortization of $26,471, $21,169 and $22,399 for the years ended December 31 2021, 2020 and 2019, respectively, and $37,409 for the year ended December 31, 2021 on a pro forma basis)	161,628	128,192	87,642	90,935
Gross profit	334,044	302,706	233,519	249,206
Selling, general and administrative expense	305,527	254,253	193,078	198,475
Research and development expense	23,015	19,039	11,202	11,055
Change in fair value of contingent consideration	829	829	—	—
Restructuring costs	2,487	2,487	563	575
Depreciation and amortization	11,679	8,363	7,439	7,908
Impairment of variable interest entity assets	5,674	5,674	—	—
Operating (loss) income	(15,167)	12,061	21,237	31,193
Interest expense	47,767	1,112	9,751	21,579
Other expense (income)	3,102	3,329	(4,428)	(75)
Other expense	50,869	4,441	5,323	21,504
(Loss) income from continuing operations before income taxes	(66,036)	7,620	15,914	9,689
Income tax (benefit) expense	(13,094)	(1,966)	1,192	1,576
Net (loss) income from continuing operations	(52,942)	9,586	14,722	8,113
Loss from discontinued operations, net of tax	—	—	—	1,815
Net (loss) income	(52,942)	9,586	14,722	6,298
Loss attributable to noncontrolling interest	24,389	9,789	1,689	553
Net (loss) income attributable to Bioventus Inc.	$ (28,554)	$ 19,375	$ 16,411	$ 6,851
Net (loss) income	$ (52,942)	$ 9,586	$ 14,722	$ 6,298
Other comprehensive income (loss), net of tax				
Change in prior service cost and unrecognized gain (loss) for defined benefit plan adjustment	60	60	(54)	(78)
Change in foreign currency translation adjustments	(1,318)	(1,318)	2,126	(322)
Comprehensive (loss) income	(54,200)	8,328	16,794	5,898
Comprehensive loss attributable to noncontrolling interest	24,389	9,789	1,689	553
Comprehensive income attributable to Bioventus Inc.	$ (29,811)	$ 18,117	$ 18,483	$ 6,451

(1) Pro forma net sales does not give effect to approximately $9.5 million of pre-acquisition revenue generated by Bioness prior to the closing of our acquisition of Bioness on March 30, 2021.

	As of December 31,	
	2021	2020
	(in thousands)	
Consolidated balance sheet data:		
Cash and cash equivalents	$ 43,933	$ 86,839
Property and equipment, net	22,985	6,879
Total current assets	263,103	211,794
Long-term debt, less current portion	339,644	173,378
Total stockholders' and members equity	533,789	144,160

	Year Ended December 31,		
	2021	2020	2019
	(in thousands)		
Consolidated cash flow data:			
Net cash from operating activities	$ 22,991	$ 71,799	$ 40,713
Net cash from investing activities[(1)]	(283,760)	(20,500)	(7,912)
Net cash from financing activities	273,371	(29,569)	(10,951)
Effect of exchange rate changes on cash	(228)	589	(104)
Net change in cash, cash equivalents and restricted cash	$ 12,374	$ 22,319	$ 21,746

(1) Net cash from investing activities includes capital expenditures of approximately $7.4 million, $4.1 million, and $2.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

	As of December 31, 2021
	(dollars in thousands, except for ratios)
Pro forma and as adjusted financial data[(1)]:	
Total debt	$ 360,750
Pro forma total debt[(2)]	643,268
Total net debt[(3)]	316,817
Pro forma total net debt[(4)]	599,335
Total secured debt	360,750
Pro forma secured debt[(5)]	228,268
Total net secured debt[(6)]	316,817
Pro forma net secured debt[(7)]	184,335
Ratio of total debt to Acquisition Adjusted EBITDA[(8)(9)]	3.8x
Ratio of pro forma total debt to Acquisition Adjusted EBITDA[(2)(8)(10)]	6.9x
Ratio of total net debt to Acquisition Adjusted EBITDA[(3)(8)(11)]	3.4x
Ratio of pro forma total net debt to Acquisition Adjusted EBITDA[(4)(8)(12)]	6.4x
Ratio of total secured debt to Acquisition Adjusted EBITDA[(8)(13)]	3.8x
Ratio of pro forma secured debt to Acquisition Adjusted EBITDA[(5)(8)(14)]	2.4x
Ratio of total net secured debt to Acquisition Adjusted EBITDA[(6)(8)(15)]	3.4x
Ratio of pro forma net secured debt to Acquisition Adjusted EBITDA[(7)(8)(16)]	2.0x

(1) Balance sheet data is shown as adjusted to give effect to the Transactions. Debt amounts reflect the aggregate principal amounts outstanding without giving effect to unamortized debt issuance costs, and exclude expected finance lease obligations related to future maturities of a lease entered into during November 2021 in which the Company agreed to lease a facility to expand its manufacturing operations and relocate from its current leased facilities in Memphis, Tennessee. Expected payments (in thousands) of the Memphis lease are as follows for the next five years beginning in July 2022 and thereafter: $769, $1,554, $1,585, $1,617, $1,649 and $9,671.

(2) Pro forma total debt represents total debt as adjusted to give effect to the Transactions.

(3) Total net debt represents total debt less unrestricted cash and cash equivalents.

(4) Pro forma total net debt represents pro forma total debt less unrestricted cash and cash equivalents.

(5) Pro forma secured debt represents total secured debt as adjusted to give effect to the Transactions.

(6) Total net secured debt represents total secured debt less unrestricted cash and cash equivalents.

(7) Pro forma net secured debt represents pro forma secured debt less unrestricted cash and cash equivalents

(8) See "—Key metrics and non-GAAP financial measures—Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Free Cash Flow" for the definitions of Adjusted EBITDA and Acquisition Adjusted EBITDA and a reconciliation of Adjusted EBITDA and Acquisition Adjusted EBITDA to the most closely comparable financial measure calculated in accordance with GAAP.

(9) The ratio of total debt to Acquisition Adjusted EBITDA is determined by dividing (a) total debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(10) Ratio of pro forma total debt to Acquisition Adjusted EBITDA is determined by dividing (a) pro forma total debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(11) The ratio of total net debt to Acquisition Adjusted EBITDA is determined by dividing (a) total net debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(12) The ratio of pro forma total net debt to Acquisition Adjusted EBITDA is determined by dividing (a) pro forma total net debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(13) The ratio of total secured debt to Acquisition Adjusted EBITDA is determined by dividing (a) total secured debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(14) The ratio of pro forma secured debt to Acquisition Adjusted EBITDA is determined by dividing (a) pro forma secured debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(15) The ratio of total net secured debt to Acquisition Adjusted EBITDA is determined by dividing (a) total net secured debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

(16) The ratio of pro forma net secured debt to Acquisition Adjusted EBITDA is determined by dividing (a) pro forma net secured debt as of December 31, 2021 by (b) Acquisition Adjusted EBITDA for the year ended December 31, 2021.

Key metrics and non-GAAP financial measures

We monitor the following unaudited key metrics and financial measures, some of which are not calculated in accordance with GAAP to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions.

	Pro Forma	Historical		
		Years Ended December 31,		
	2021	2021	2020	2019
		(dollars in thousands)		
Adjusted EBITDA	$ 74,367	$ 80,759	$ 72,443	$ 79,188
Adjusted EBITDA Margin	15.0%	18.7%	22.6%	23.3%
Acquisition Adjusted EBITDA	93,867			
Acquisition Adjusted EBITDA Margin	18.9%			
Adjusted Gross Profit		334,087	254,688	271,605
Adjusted Gross Profit Margin		77.5%	79.3%	79.9%
Adjusted Free Cash Flow		48,939	87,111	61,782

Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Profit Margin and Adjusted Free Cash Flow

We define Adjusted EBITDA as net income (loss) from continuing operations before depreciation and amortization, provision of income taxes and interest expense (income), adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include acquisition related costs, restructuring and succession charges, impairments related to variable interest entity, equity compensation, COVID-19 benefits, net, equity loss in unconsolidated investments, foreign currency impact and other costs. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by pro forma net sales (which gives effect to the Misonix Acquisition but does not give effect to approximately $9.5 million of pre-acquisition revenue generated by Bioness prior to the closing of our acquisition of Bioness on March 30, 2021). We define Acquisition Adjusted EBITDA for the year ended December 31, 2021 as Adjusted EBITDA, giving pro forma effect to our acquisition of Misonix and as further adjusted to give effect to management estimates of cost synergies relating to the Misonix Acquisition, management estimates of estimated annual run-rate cost savings relating to the Bioness Acquisition and the estimated Adjusted EBITDA impact of the CartiHeal Acquisition. We define Acquisition Adjusted EBITDA Margin as Acquisition Adjusted EBITDA divided by pro forma net sales (which gives effect to the Misonix Acquisition but does not give effect to approximately $9.5 million of pre-acquisition revenue generated by Bioness prior to the closing of our acquisition of Bioness on March 30, 2021). There can be no assurance that we will be able to achieve these transaction synergies. We define Adjusted Gross Profit as revenue minus cost of sales plus depreciation and amortization costs and acquisition costs reported in cost of sales. We define Adjusted Gross Profit Margin as the ratio of gross profit as presented on our statement of operations, adjusted for depreciation and amortization and acquisition and related costs, to net sales. We define Adjusted Free Cash Flow as net cash provided by operating activities from continuing operations as presented on our consolidated statement of cash flow plus interest expense as presented on our consolidated statement of operations less purchases of property and equipment and other on our consolidated statement of cash flow and certain one-time and non-recurring items.

Our Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Profit Margin and Adjusted Free Cash Flow are not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. We present Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Profit Margin because we believe each is a useful indicator that management uses as a measure of operating performance as well as for planning purposes, including the preparation of our annual operating budget and financial projections. We believe that Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Profit Margin are useful to our investors because they are frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. We believe that the inclusion of certain adjustments in presenting Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Gross Profit Margin is appropriate to provide additional information to investors because Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Gross Profit Margin exclude certain items that we believe are not indicative of our core operating performance and that are not excluded in the calculation of EBITDA. Adjusted EBITDA and Acquisition Adjusted EBITDA are also similar to the measures used under the debt covenants included in our credit facilities. Accordingly, we believe that Adjusted EBITDA, Adjusted EBITDA Margin, Acquisition Adjusted EBITDA, Acquisition Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Gross Profit Margin provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making. We present Adjusted Free Cash Flow because we believe this metric is a useful indicator to understand and evaluate our liquidity and to generate future operating plans. You should consider Adjusted Free Cash Flow alongside our other GAAP-based financial performance measures, such as cash provided by operating activities from continuing operations, and our other GAAP financial results. Our non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. Non-GAAP financial measures may not provide information directly comparable to measures provided by other companies in our industry, as those other companies may calculate their non-GAAP financial measures differently. In addition, the non-GAAP financial measures exclude certain recurring expenses that have been and will continue to be significant expenses of our business.

The following table sets forth a reconciliation of our net (loss) income to Adjusted EBITDA:

	Pro Forma	Historical		
	Years Ended December 31,			
	2021	2021	2020	2019
	(in thousands)			
Net (loss) income	**$ (52,942)**	**$ 9,586**	**$ 14,722**	**$ 8,133**
Income tax (benefit) expense	(13,094)	(1,966)	1,192	1,576
Interest expense	47,767	1,112	9,751	21,579
Depreciation and amortization[(a)]	56,449	34,875	28,643	30,316
Acquisition and related costs[(b)]	9,070	21,978	—	—
Restructuring and succession charges[(c)]	3,717	3,717	6,172	575
Impairments related to variable interest entity[(d)]	7,043	7,043	—	—
Equity compensation[(e)]	7,431	(4,512)	10,103	10,844
COVID-19 benefits, net[(f)]	—	—	(4,123)	—
Equity loss in unconsolidated investments[(g)]	1,868	1,868	467	—
Foreign currency impact[(h)]	132	132	(117)	8
Other items[(i)]	6,926	6,926	5,633	6,177
Adjusted EBITDA	**$ 74,367**	**$ 80,759**	**$ 72,443**	**$ 79,188**
Adjusted EBITDA Margin	15.0%	18.7%	22.6%	23.3%
Acquisition synergies[(j)]	22,500			
CartiHeal acquisition adjustments[(k)]	(3,000)			
Acquisition Adjusted EBITDA	**$ 93,867**			
Acquisition Adjusted EBITDA Margin[(l)]	18.9%			

(a) Actual results include depreciation and amortization of $26,471, $21,169 and $22,399 in cost of sales and $37,409 on a pro forma basis, and $8,363, $7,439 and $7,908 in operating expenses, with the balance in research and development, presented in the consolidated statements of operations and comprehensive income.

(b) Actual results include acquisition and integration costs related to completed acquisitions, amortization of inventory step-up associated with acquired entities, and changes in fair value of contingent consideration.

(c) Costs incurred during 2021 were the result of adopting acquisition related restructuring plans to reduce headcount, reorganize management structure, consolidate certain facilities, and costs related to executive transitions. Costs incurred during 2020 related to a shift from direct to an indirect distribution model in our International business to improve performance. Various international subsidiaries were dissolved and/or merged into other Bioventus entities.

(d) Represents loss on impairment of Harbor's long-lived assets and the Company's investment in Harbor.

(e) The year ended December 31, 2021 includes compensation expense resulting from awards granted under the Company's equity based compensation plans in effect after its IPO. These expenses were entirely offset and resulted in income due to the change in fair market value of the Bioventus Phantom Profits Interest Plan (Phantom Plan) accrued liability due to expected pricing with our IPO. The year ended December 31, 2020 includes compensation expense resulting from the Bioventus management incentive plan and Phantom Plan as well as the change in fair market value of the associated liability due to the impact of the COVID-19 pandemic on our business.

(f) Includes income resulting from the CARES Act offset by additional cleaning and disinfecting expenses and contract termination fees for canceled events.

(g) Includes CartiHeal equity investment losses.

(h) Includes realized and unrealized gains and losses from fluctuations in foreign currency.

(i) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions, debt retirement and modification costs and public company preparation costs, which primarily includes accounting and legal fees.

(j) Represents management estimates of the realization of up to approximately $18.0 million in unrealized cost synergies relating to the Misonix Acquisition and up to approximately $4.5 of run-rate cost savings in connection with the Bioness Acquisition.

(k) Represents management estimates of the run-rate Adjusted EBITDA impact of the CartiHeal Acquisition during the first full fiscal year following the date of acquisition (fiscal year 2023), as if the CartiHeal Acquisition had occurred on January 1, 2021.

(l) Gives effect to the Misonix Acquisition but does not give effect to approximately $9.5 million of pre-acquisition revenue generated by Bioness prior to the closing of our acquisition of Bioness on March 30, 2021.

The following table sets forth a reconciliation of gross profit to Adjusted Gross Profit:

	Years Ended December 31,		
	2021	2020	2019
	(in thousands)		
Gross profit	**$ 302,706**	**$ 233,519**	**$ 249,206**
Depreciation and amortization included in cost of goods sold	26,471	21,169	22,399
Acquisition costs in costs of goods sold	4,910	—	—
Adjusted Gross Profit	**$ 334,087**	**$ 254,688**	**$ 271,605**
Adjusted Gross Profit Margin[a]	77.5%	79.3%	79.9%

(a) Gives effect to the Misonix Acquisition but does not give effect to approximately $9.5 million of pre-acquisition revenue generated by Bioness prior to the closing of our acquisition of Bioness on March 30, 2021.

The following table sets forth a reconciliation of net cash provided by operating activities from continuing operations to Adjusted Free Cash Flow:

	Years Ended December 31,		
	2021	2020	2019
	(in thousands)		
Net cash from operating activities—continuing operations	**$ 22,991**	**$ 72,199**	**$ 42,545**
Purchase of property and equipment	(7,370)	(4,093)	(2,342)
Interest expense	1,112	9,751	21,579
Free Cash Flow	**16,733**	**77,857**	**61,782**
Cash payments to former CEO for redemption of equity awards[a]	10,802	9,254	—
Acquisition and related costs[b]	16,239	—	—
Redemption of equity participation unit[c]	3,327	—	—
IPO related expenses[d]	1,838	—	—
Adjusted Free Cash Flow	**$ 48,939**	**$ 87,111**	**$ 61,782**

(a) Cash payments to former CEO for redemption of equity awards represents payment to the Company's former CEO subsequent to his retirement pursuant to the Company's equity incentive plans.

(b) Acquisition and related costs represents costs incurred in connection with the acquisition and integration of Bioness and Misonix.

(c) Redemption of equity participation unit represents a one-time redemption payment made to the Continuing LLC Owner (as defined herein) in connection with the Company's initial public offering.

(d) IPO-related expenses represents accounting, legal, consulting and tax advisory services costs in connection with the Company's initial public offering.

Exhibit 99.4

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Misonix, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2021	June 30, 2021
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 22,586,573	$ 31,045,935
Accounts receivable, less allowance for doubtful accounts of $2,267,869 and $2,573,968	12,397,934	11,349,976
Inventories, net	16,118,605	15,752,155
Prepaid expenses and other current assets	1,044,262	1,118,492
Total current assets	52,147,374	59,266,558
Property, plant and equipment, net of accumulated amortization and depreciation of $16,347,300 and $12,715,917, respectively	10,212,289	9,253,479
Patents, net of accumulated amortization of $1,527,611 and $1,341,976, respectively	806,234	789,800
Goodwill	108,234,664	108,234,664
Intangible assets	19,368,030	19,740,492
Lease right-of-use asset	1,086,760	1,288,812
Other assets	264,917	286,413
Total assets	$ 192,120,268	$ 198,860,218
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 7,630,317	$ 4,486,737
Accrued expenses and other current liabilities	8,760,813	11,184,656
Current portion of lease liabilities	487,106	571,227
Current portion of notes payable	7,699,487	6,449,487
Total current liabilities	24,577,723	22,692,107
Non-current liabilities		
Notes payable	36,795,761	39,345,761
Lease liabilities	729,453	762,894
Deferred tax liabilities	72,812	72,812
Other non-current liabilities	846,424	787,015
Total liabilities	63,022,173	63,660,589
Commitments and contingencies		
Shareholders' equity		
Common stock, $.0001 par value; shares authorized 40,000,000; 17,426,670 and 17,425,045 shares issued and outstanding in each period	1,743	1,741
Additional paid-in capital	190,189,828	188,982,484
Accumulated deficit	(61,093,476)	(53,784,596)
Total shareholders' equity	129,098,095	135,199,629
Total liabilities and shareholders' equity	$ 192,120,268	$ 198,860,218

See Accompanying Notes to Condensed Consolidated Financial Statements

Misonix, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended September 30,	
	2021	**2020**
Revenue	$ 20,205,649	$ 17,735,342
Cost of revenue	5,952,842	5,110,601
Gross Profit	14,252,807	12,624,741
Operating expenses:		
Selling expenses	12,402,581	10,969,678
General and administrative expenses	7,053,537	4,452,328
Research and development expenses	1,150,792	1,250,174
Total operating expenses	20,606,910	16,672,180
Loss from operations	(6,354,103)	(4,047,439)
Other income (expense):		
Interest income	1,332	1,092
Interest expense	(872,091)	(933,722)
Other	(84,018)	1,417
Total other expense	(954,777)	(931,213)
Loss from operations before income taxes	(7,308,880)	(4,978,652)
Income tax (expense) benefit	—	—
Net loss	$ (7,308,880)	$ (4,978,652)
Net loss per share:		
Basic	$ (0.42)	$ (0.29)
Diluted	$ (0.42)	$ (0.29)
Weighted average shares - Basic	17,413,620	17,213,686
Weighted average shares - Diluted	17,413,620	17,213,686

See Accompanying Notes to Condensed Consolidated Financial Statements

Misonix, Inc. and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total shareholders' equity
	Number of shares	Amount			
Balance, June 30, 2020	17,369,435	$ 1,737	$ 185,961,104	$ (39,311,271)	$ 146,651,570
Net loss	—	—	—	(4,978,652)	(4,978,652)
Proceeds from exercise of stock options	8,313	1	23,941	—	23,942
Stock-based compensation	—	—	766,133	—	766,133
Balance, September 30, 2020	17,377,748	$ 1,738	$ 186,751,178	$ (44,289,923)	$ 142,462,993

	Common Stock		Additional paid-in capital	Accumulated deficit	Total shareholders' equity
	Number of shares	Amount			
Balance, June 30, 2021	17,410,045	$ 1,741	$ 188,982,484	$ (53,784,596)	$ 135,199,629
Net loss	—	—	—	(7,308,880)	(7,308,880)
Proceeds from exercise of stock options	16,625	2	118,597	—	118,599
Stock-based compensation	—	—	1,088,747	—	1,088,747
Balance, September 30, 2021	17,426,670	$ 1,743	$ 190,189,828	$ (61,093,476)	$ 129,098,095

See Accompanying Notes to Condensed Consolidated Financial Statements

Misonix, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended September 30,	
	2021	**2020**
Operating activities		
Net loss	$ (7,308,880)	$ (4,978,652)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	1,250,295	1,123,380
Rent expense from operating lease right-of-use asset	235,135	147,956
Bad debt expense	(30,650)	1,729,462
Stock-based compensation	1,088,747	766,133
Changes in operating assets and liabilities:		
Accounts receivable	(695,351)	(1,986,055)
Inventories	(1,849,912)	(777,334)
Prepaid expenses and other current assets	74,230	376,963
Operating leases and other assets	(133,555)	(136,111)
Accounts payable, accrued expenses and other	461,729	(31,923)
Net cash used in operating activities	(6,908,212)	(3,766,181)
Investing activities		
Acquisition of property, plant and equipment	(320,975)	(77,995)
Additional patents	(44,233)	(16,091)
Net cash (used in) provided by investing activities	(365,208)	(94,086)
Financing activities		
Proceeds from notes payable	9,200,000	9,200,000
Repayments of notes payable	(10,500,000)	(8,400,000)
Proceeds from exercise of stock options	118,599	23,942
Payments of finance lease	(4,541)	—
Net cash (used in) provided by financing activities	(1,185,942)	823,942
Net (decrease) increase in cash and cash equivalents	(8,459,362)	(3,036,325)
Cash and cash equivalents at the beginning of the period	31,045,935	37,978,809
Cash and cash equivalents at the end of the period	$ 22,586,573	$ 34,942,484
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	763,458	855,493
Income taxes	35,700	—
Transfer of inventory to property, plant and equipment for consignment of product	1,483,462	993,299

See Accompanying Notes to Condensed Consolidated Financial Statements

Misonix, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
For the Three Months Ended September 30, 2021 and 2020
(Unaudited)

1. Basis of Presentation, Organization and Business and Summary of Significant Accounting Policies

Basis of Presentation

These Condensed Consolidated Financial Statements of Misonix, Inc. ("Misonix" or the "Company") include the accounts of Misonix and its subsidiaries, each of which is 100% owned. All intercompany balances and transactions have been eliminated.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, these Condensed Consolidated Financial Statements do not include all the information and footnotes required by U.S. GAAP for complete financial statements. As such, they should be read with reference to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "2021 Form 10-K"), which provides a more complete explanation of the Company's accounting policies, financial position, operating results, business properties and other matters. In the opinion of management, these Condensed Consolidated Financial Statements reflect all adjustments, which are of a normal recurring nature, considered necessary for a fair statement of interim results.

Merger with Bioventus, Inc.

On July 29, 2021, we entered into an Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement") with Bioventus Inc., a Delaware corporation ("Bioventus"), Oyster Merger Sub I, Inc., a Delaware corporation, and a direct, wholly owned subsidiary of Bioventus ("Merger Sub I"), and Oyster Merger Sub II, LLC, a Delaware limited liability company, and a direct, wholly owned subsidiary of Bioventus ("Merger Sub II") under which, subject to the satisfaction or waiver of the conditions specified therein, Merger Sub I shall be merged with and into Misonix, with Misonix surviving as a wholly owned subsidiary of Bioventus (the "First Merger") and following the First Merger, Misonix shall be merged with and into Merger Sub II, with Merger Sub II surviving as Misonix, LLC (the "Second Merger" and together with the First Merger, the "Merger"). At the effective time of the First Merger (the "First Effective Time"), each share of our common stock issued and outstanding immediately prior to the First Effective Time (other than the shares that are owned by Bioventus, Misonix, Merger Sub I or Merger Sub II and shares of any dissenting holders who are entitled to and have properly asserted appraisal rights) will be converted into the right to receive, either an amount in cash equal to $28.00 or 1.6839 validly issued, fully paid and non-assessable shares of Class A common stock of Bioventus, $0.001 par value per share (each share, a "Bioventus Share"), based on the election of the holder thereof in accordance with the terms of, and subject to election, proration and adjustment procedures set forth in, the Merger Agreement.

For additional information regarding the Merger, including associated risks and uncertainties, see "Item 1A - Risk Factors – Risks Related to the Transaction" and Note 15 in our consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "2021 Form 10-K").

The merger was fully consummated on October, 29, 2021.

Organization and Business

Misonix designs, manufactures, markets, sells and distributes minimally invasive surgical ultrasonic medical devices and markets, sells and distributes skin allografts and wound care products used to support healing of wounds, and which complement Misonix's ultrasonic medical devices. Misonix's ultrasonic products are used for precise bone sculpting, removal of soft and hard tumors and tissue debridement, primarily in the areas of neurosurgery, orthopedic surgery, general surgery, plastic surgery, wound care and maxillo-facial surgery.

The Company strives to have its proprietary procedural solutions become the standard of care and enhance patient outcomes throughout the world. The Company intends to accomplish this, in part, by utilizing its best-in-class surgical ultrasonic technology to improve patient outcomes in spinal surgery, neurosurgery and wound care. The Company's neXus generator combines the capabilities of its three legacy ultrasonic products into a single system that can be used to perform soft and hard tissue resections. The Company continues to market and sell these legacy ultrasonic products, which are:

- BoneScalpel Surgical System, or BoneScalpel, which is used for surgical procedures involving the precise cutting and sculpting of bone while sparing soft tissue. BoneScalpel is now recognized by many surgeons globally as a critical surgical tool enabling improved patient outcomes in the spine surgery arena.

- SonaStar Surgical Aspirator, or SonaStar, which is used to emulsify and remove soft and hard tumors, primarily in the neuro and general surgery fields.
- SonicOne Wound Debridement System, or SonicOne, which offers tissue specific debridement and cleansing of wounds and burns for effective removal of devitalized tissue and fibrin deposits while sparing viable cells.

Each of the Company's medical device systems consist of a proprietary console and handpiece that function to convert electrical current into ultrasonic energy, ultimately delivered via a disposable titanium tip, to produce a therapeutic effect.

neXus®

neXus is a next generation integrated ultrasonic surgical platform that combines all the features of the Company's existing solutions, including BoneScalpel, SonicOne and SonaStar, into a single fully integrated platform that will also serve to power future solutions. The neXus platform is driven by a new proprietary digital algorithm that results in more power, efficiency, and control. The device incorporates Smart Technology that allows for easier setup and use.

neXus' increased power improves tissue resection rates for both soft and hard tissue removal making it a unique surgical platform for a variety of different surgical specialties. In addition, neXus' ease of use enables physicians to fully leverage neXus' impressive set of capabilities via its digital touchscreen display and smart system setup. The Company's current ultrasonic applications; BoneScalpel, SonaStar and SonicOne all work on the neXus generator. This allows a hospital to access all of the Company's product offerings on this all in one console. neXus received FDA 510(k) clearance in June 2019 and received its CE mark clearance in July 2019 for sale in Europe. neXus is principally sold in the United States.

BoneScalpel®

The BoneScalpel is a state of the art, ultrasonic bone cutting and sculpting system capable of enabling precise cuts with minimal necrosis, minimal burn artifact, minimal inflammation and minimal bone loss. The device is also capable of preserving surrounding soft tissue structures because of its ability to differentiate soft tissue from rigid bone. This device can make precise linear or curved cuts, on any plane, with precision not normally associated with powered instrumentation. The Company believes BoneScalpel offers the speed and convenience of a powered instrument without the dangers associated with conventional rotary devices. The effect on surrounding soft tissue is minimal due to the elastic and flexible structure of healthy tissue. This is a significant advantage in anatomical regions like the spine where patient safety is of primary concern. In addition, the linear motion of the blunt, tissue-impacting tips avoids accidental 'trapping' of soft tissue while largely eliminating the high-speed spinning and tearing associated with rotary power instruments. The BoneScalpel allows surgeons to improve on existing surgical techniques by creating new approaches to bone cutting and sculpting and removal, leading to substantial time-savings and increased operation efficiencies.

SonaStar®

The SonaStar System provides powerful and precise aspiration following the ultrasonic ablation of soft tissue. The SonaStar has been used for a wide variety of surgical procedures applying both open and minimally invasive approaches, including neurosurgery and general surgery. The SonaStar may also be used with OsteoSculpt® probe tips, which enable the precise shaping or shaving of bony structures that prevent open access to partially or completely hidden soft tissue masses.

SonicOne®

The SonicOne Ultrasonic Cleansing and Debridement System is a highly innovative, tissue specific approach for the effective removal of devitalized or necrotic tissue and fibrin deposits while sparing viable, surrounding cellular structures. The tissue specific capability is, in part, due to the fact that healthy and viable tissue structures have a higher elasticity and flexibility than necrotic tissue and are more resistant to destruction from the impact effects of ultrasound. The ultrasonic debridement process separates devitalized tissue from viable tissue layers, allowing for a more defined treatment and, usually, a reduced pain sensation. The Company believes SonicOne establishes a new standard in wound bed preparation, the essential first step in the healing process, while contributing to a faster patient healing.

TheraSkin®

TheraSkin is a biologically active human skin allograft that has all of the relevant characteristics of human skin needed to heal wounds, including living cells, growth factors, and a collagen matrix. TheraSkin is derived from human skin tissue from consenting and highly screened donors and is regulated by the FDA as a Human Cells, Tissues, and Cellular and Tissue-Based Product. LifeNet processes and supplies TheraSkin to the Company under a supply and distribution agreement that gives the Company exclusive rights to sell TheraSkin in the United States. TheraSkin is indicated for use on all external skin tissue wounds, including but not limited to difficult to heal diabetic foot ulcers, venous leg ulcers, dehisced surgical wounds, necrotizing fasciitis, burns, Mohs and wounds with exposed structures.

Therion®

Therion is indicated for use as a cover and barrier for homologous use for wound care and surgical procedures. Therion is a dehydrated and terminally sterilized chorioamniotic allograft derived from human placental membrane and is regulated by the FDA as a Human Cells, Tissues, and Cellular and Tissue-Based Product. CryoLife processes and supplies Therion to the Company under a supply and distribution agreement that gives the Company exclusive rights to distribute the product in the United States. CryoLife processes Therion using a proprietary process that removes the maternal-derived decidua cells from the placental membrane, leaving the amnion and chorion layers in their native configuration.

TheraGenesis®

TheraGenesis is a Bilayer Wound Matrix and Meshed Bilayer Wound Matrix consisting of a porcine collagen sponge layer and a silicone film layer that provides a scaffold for cellular invasion and capillary growth for management of wounds including partial and full-thickness wounds, chronic wounds, surgical wounds, trauma wounds and draining wounds. The Company obtains TheraGenesis under an exclusive supply and distribution agreement with Gunze Limited that gives the Company exclusive rights to distribute the product in the United States.

Sales and Distribution; Reportable Segments

In the United States, the Company sells its products through its direct sales force, in addition to a network of commissioned agents assisted by Misonix personnel. Outside of the United States, the Company sells BoneScalpel and SonaStar through distributors who then resell the products to hospitals. The Company sells to all major markets in the Americas, Europe, Middle East, Asia Pacific, and Africa.

The Company manufactures and sells its products in two global reportable business segments: the Surgical segment and the Wound segment. The Company's sales force also operates as two segments, Surgical and Wound Care.

Risks and Uncertainties

The Company's business is subject to material risks and uncertainties as a result of the coronavirus ("COVID-19") pandemic. The extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict, as the response to the pandemic continues to rapidly evolve. As a result of COVID-19, the Company's customers diverted resources to treat COVID-19 patients and deferred elective surgical procedures, both of which have and are likely to continue to impact demand for the Company's products. While we expect to see gradual improvement during the remainder of fiscal 2021 as elective surgical procedure volumes return to pre-COVID-19 levels in some jurisdictions, we could experience further variable impacts on our business if a resurgence of the virus emerges and/or elective procedures continue to be deferred. The Company is also monitoring news reports that indicate that several jurisdictions are experiencing new increases in the rate of infection by COVID-19 which could result in further mitigation efforts. Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a local and/or global economic recession. Such economic disruption could have a material adverse effect on the Company's business as hospitals and surgery centers curtail and reduce capital and overall spending. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these actions and the Company's ability to benefit from them remains uncertain.

The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Company's customers, all of which are uncertain and cannot be predicted. The Company's future results of operations and liquidity could be materially and adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain disruptions and uncertain demand, and the impact of any initiatives or programs that the Company may undertake to address financial and operations challenges faced by its customers. As of the date of issuance of these Condensed Consolidated Financial Statements, the extent to which the COVID-19 pandemic may materially impact the Company's financial condition, liquidity, or results of operations is uncertain.

Major Customers and Concentration of Credit Risk

For the three months ended September 30, 2021 and 2020, the Company did not have any customers exceeding 10% of total revenue.

At September 30, 2020 and June 30, 2021, $0.5 million and $1.3 million, respectively, of accounts receivable were past 90 days old.

At September 30, 2021 and June 30, 2021, the Company's accounts receivable with customers outside the United States were approximately $1.6 million and $1.1 million, respectively.

If one or more of the Company's major customers continues to be adversely affected by COVID-19 or otherwise as a result of the current market environment, that may result in a material decline in the Company's business received from them. Additionally, the Company may face an increased risk of its customers' inability to make payments or remain solvent.

Earnings Per Share

Earnings per share ("EPS") is calculated using the two-class method, which allocates earnings among common stock and participating securities to calculate EPS when an entity's capital structure includes either two or more classes of common stock or common stock and participating securities. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities. As such, unvested restricted stock awards of the Company are considered participating securities. The dilutive effect of options and their equivalents (including non-vested stock issued under stock-based compensation plans), is computed using the "treasury" method.

Basic income per common share is based on the weighted average number of common shares outstanding during the period. Diluted income per common share includes the dilutive effect of potential common shares outstanding. The following table sets forth the reconciliation of the Company's basic and diluted earnings per share calculation:

	For the Three Months Ended September 30,	
	2021	2020
Basic weighted average shares outstanding	17,413,620	17,213,686
Dilutive effect of restricted stock awards (participating securities)	—	—
Denominator for basic earnings per share	17,413,620	17,213,686
Dilutive effect of stock options	—	—
Diluted weighted average shares outstanding	17,413,620	17,213,686

Diluted EPS for the three months ended September 30, 2021 as presented is the same as basic EPS as the inclusion of the effect of common share equivalents then outstanding would be anti-dilutive. Accordingly, excluded from the calculation of basic and diluted EPS are the dilutive effect of options to purchase 744,913 and 295,694 shares of common stock for the three months ended September 30, 2021 and 2020, respectively. Also excluded from the calculation of earnings per share for the three months ended September 30, 2020 are the unvested restricted stock awards that were issued in December 2016. The restricted stock awards fully vested as of September 30, 2021.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instrument ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for SEC small business filers for fiscal years beginning after December 15, 2022. Management is currently assessing the impact that ASU 2016-13 will have on the Company.

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

Critical Accounting Policies and Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to, establishing the allowance for doubtful accounts, valuation of inventory, depreciation, valuation of assets acquired and liabilities assumed in business combinations, asset impairment evaluations, establishing deferred tax assets and related valuation allowances, and stock-based compensation accounting. Actual results could differ from those estimates.

2. Revenue Recognition

The Company has made the following accounting policy elections and elected to use certain practical expedients, as permitted by the FASB, in applying Accounting Standards Codification ("ASC") Topic 606 "Revenue from Contracts with Customers, as amended" ("ASC Topic 606"): 1) the Company accounts for amounts collected from customers for sales and other taxes net of related amounts remitted to tax authorities; 2) the Company expenses costs to obtain a contract as they are incurred if the expected period of benefit, and therefore the amortization period, is one year or less; 3) the Company accounts for shipping and handling activities that occur after control transfers to the customer as a fulfillment cost rather than an additional promised service and these fulfillment costs fall within selling, general and administrative expenses; 4) the Company does not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer; 5) the Company utilizes the right-to-invoice practical expedient with regard to the recognition of revenue upon the purchase of consumable goods in connection with a product placement/consignment arrangement.

Recognition of Revenue

The Company generates revenue from the sale and leasing of medical equipment, from the sale of consumable products used with medical equipment in surgical procedures, from the sale of TheraSkin, Therion and TheraGenesis, and from product supply and licensing arrangements. In the United States, the Company's products are marketed primarily through a hybrid sales approach that includes direct sales representatives, managed by regional sales managers, along with independent distributors. Outside the United States, the Company sells BoneScalpel, SonaStar, and SonicOne to specialty distributors who purchase products to resell to their clinical customer bases. The Company sells to all major markets in the Americas, Europe, Middle East, Asia Pacific, and Africa. Revenue is disaggregated from contracts between products under ship and bill arrangements and licensing agreements, and by geography, which the Company believes best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.

The Company satisfies performance obligations either over time, or at a point in time, upon which control transfers to the customer.

Revenue derived from the shipping and billing of product is recorded upon shipment, when transfer of control occurs for products shipped freight on board ("F.O.B.") shipping. Products shipped F.O.B. destination are recorded as revenue when received at the point of destination when the transfer of control is completed. Shipments under agreements with distributors are not subject to return, and payment for these shipments is not contingent on sales by the distributor. Accordingly, the Company recognizes revenue on shipments to distributors in the same manner as with other customers under the ship and bill process.

Revenue derived from the rental of equipment is recorded on a monthly basis over the term of the lease. Shipments of consumable products to these rental customers is recorded as orders are received and shipments are made F.O.B. destination or F.O.B. shipping.

Revenue derived from consignment agreements is earned as consumables product orders are fulfilled. Therefore, revenue is recognized as control passes to the customer, which is typically when shipments are made F.O.B shipping or F.O.B destination.

Revenue derived from service and maintenance contracts is recognized evenly over the life of the service agreement as the services are performed.

The following table disaggregates the Company's product revenue by sales channel and geographic location:

	For the Three Months Ended September 30,	
	2021	2020
Total		
Surgical	10,722,714	9,099,464
Wound	9,482,935	8,635,878
Total	20,205,649	17,735,342
Domestic:		
Surgical	7,225,847	6,215,171
Wound	9,391,571	8,528,240
Total	16,617,418	14,743,411
International:		
Surgical	3,496,867	2,884,293
Wound	91,364	107,638
Total	3,588,231	2,991,931

The Company's international sales include a concentration in China, aggregating $0.4 million for the three months ended September 30, 2021, and $0.4 million for the three months ended September 30, 2020.

3. Fair Value of Financial Instruments

The Company follows a three-level fair value hierarchy that prioritizes the inputs to measure the fair value of the Company's financial instruments. This hierarchy requires entities to maximize the use of "observable inputs" and minimize the use of "unobservable inputs." The three levels of inputs that the Company uses to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect assumptions that market participants would use in pricing an asset or liability.

At September 30, 2021 and June 30, 2021, all of the Company's cash and cash equivalents, trade accounts receivable and trade accounts payable were short term in nature, and their carrying amounts approximate fair value. The Company's current and long-term debt arrangements are classified as level 2 financial instruments.

4. Inventories

Inventories are summarized as follows:

	For the Three Months Ended September 30,	
	2021	2020
Raw material	$ 8,124,023	$ 6,980,121
Work-in-process	603,609	941,812
Finished goods	7,991,888	8,378,751
	16,719,520	16,300,684
Less obsolescence reserve	(600,915)	(548,529)
Inventory, net	$ 16,118,605	$ 15,752,155

5. Property, Plant and Equipment

Depreciation and amortization of property, plant and equipment was $0.9 million and $0.7 million for the three months ended September 30, 2021 and 2020, respectively. Inventory items used for demonstration purposes, subject to a rental agreement or provided on consignment are included in property, plant and equipment and are depreciated using the straight-line method over estimated useful lives of 3 to 5 years. Depreciation of generators that are consigned to customers is expensed over a 5-year period, and depreciation is charged to selling expenses.

6. Goodwill

Under accounting guidelines, goodwill is not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying amount. The Company reviews goodwill for impairment annually and whenever events or changes indicate that the carrying value of an asset may not be recoverable. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of significant assets or products. Application of these impairment tests requires significant judgments, including estimation of cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company's business, the useful lives over which cash flows will occur and determination of the Company's weighted average cost of capital. The Company also compares its market capitalization to the value of its goodwill to review for evidence of impairment. The Company completes its annual goodwill impairment tests as of March 31 of each year. There were no goodwill impairments recorded during the three months ended September 30, 2021 and 2020.

	Surgical	Wound	Total
Balance as of June 30, 2020	$ 1,701,094	$ 106,609,256	$ 108,310,350
Purchase price accounting adjustments	—	(75,686)	(75,686)
Goodwill (gross)	1,701,094	106,533,570	108,234,664
Accumulated impairment losses	—	—	—
Balance as of September 30, 2020	$ 1,701,094	$ 106,533,570	$ 108,234,664
Balance as of June 30, 2021	$ 1,701,094	$ 106,533,570	$ 108,234,664
Accumulated impairment losses	—	—	—
Balance as of September 30, 2021	$ 1,701,094	$ 106,533,570	$ 108,234,664

7. Patents

The costs of acquiring or processing patents are capitalized at cost. These amounts are being amortized using the straight-line method over the estimated useful lives of the underlying assets, which is approximately 17 years. Patents, net of accumulated amortization, totaled $0.8 million and $0.8 million at September 30, 2021 and June 30, 2021, respectively. Amortization expense for the three months ended September 30, 2021 and 2020 was $28,000 and $35,000, respectively. The following is a schedule of estimated future patent amortization expenses by fiscal year as of September 30, 2021:

2022	$ 83,668
2023	109,996
2024	97,517
2025	89,622
2026	75,642
Thereafter	349,789
	$ 806,234

8. Intangible Assets

In connection with the Solsys Acquisition, the Company acquired intangible assets primarily consisting of customer relationships, trade names and non-competition agreements. Amortization expense for the three months ended September 30, 2021 and 2020 were $0.4 million and $0.4, respectively. The table below summarizes the intangible assets acquired:

	June 30, 2021	June 30, 2020	Amortization Period
Customer relationships	$ 9,500,000	$ 9,500,000	15 years
Trade names	12,800,000.00	12,800,000.00	15 years
Non-competition agreements	200,000	200,000	1 year
Total	22,500,000	22,500,000	
Less accumulated amortization	(3,131,970)	(1,218,864)	
Net intangible assets	$ 19,368,030	$ 21,281,136	

The following is a schedule of estimated future intangible asset amortization expense by fiscal year as of September 30, 2021:

2022	$ 1,117,386
2023	1,489,848
2024	1,489,848
2025	1,489,848
2026	1,489,848
Thereafter	12,291,252
	$ 19,368,030

9. Accrued Expenses and Other Current Liabilities

The following summarizes accrued expenses and other current liabilities:

	September 30, 2021	June 30, 2021
Accrued payroll, payroll taxes and vacation	$ 2,663,564	$ 3,024,249
Accrued bonus	400,075	1,252,824
Accrued commissions	1,352,351	2,616,331
Professional fees	813,045	482,696
Vendor, tax and other accruals	3,531,778	3,808,556
Accrued expenses and other current liabilities	$ 8,760,813	$ 11,184,656

10. Stock-based Compensation Plans

Stock Options Awards

For the three months ended September 30, 2021 and 2020, the compensation cost relating to stock option awards that has been charged against income for the Company's stock option plans, excluding the compensation cost for restricted stock, was $0.9 million and $0.6 million, respectively.

As of September 30, 2021, there was approximately $9.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements to be recognized over a weighted-average period of 3.0 years.

In October, 2021, all stock-options outstanding vested due to the acquisition of Misonix, Inc. by Bioventus. As a result, the remaining $9.5 million of unrecognized compensation cost at September 30, 2021 was fully expensed in October 2021.

All options were granted at fair market value, as defined in the applicable plans.

The fair value of each option award was estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. The expected volatility represents the historical price changes of the Company's stock over a period equal to that of the expected term of the option. The Company uses the simplified method for determining the option term. The risk- free rate was based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is based upon historical and projected dividends. The Company has historically not paid dividends, and it does not expect to do so in the near term.

There were options to purchase 206,500 and 18,000 shares granted during the three months ended September 30, 2021 and 2020, respectively. The fair value was estimated based on the weighted average assumptions of:

	For the Three Months Ended September 30,	
	2021	2020
Risk-free interest rates	0.90 %	3.40 %
Expected option life in years	5.79	6.02
Expected stock price volatility	60.05 %	60.37 %
Expected dividend yield	— %	— %

A summary of option activity under the Company's equity plans as of September 30, 2021 and 2020, and changes during the three months ended September 30, 2021 and 2020 is presented below:

	Options		
	Outstanding Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of June 30, 2020	1,778,070	$ 11.81	$ 5,164,938
Vested and exercisable at June 30, 2020	683,442	$ 9.16	$ 3,156,051
Granted	18,000	12.88	
Exercised	(8,313)	2.88	
Forfeited	(14,499)	10.31	
Expired	—	—	
Outstanding as of September 30, 2020	1,773,258	$ 11.87	$ 3,027,014
Vested and exercisable at September 30, 2020	763,593	$ 9.60	$ 2,095,613
Outstanding as of June 30, 2021	1,996,289	$ 13.44	$ 17,439,822
Vested and exercisable at June 30, 2020	1,005,890	$ 10.50	$ 11,747,466
Granted	206,500	22.49	
Exercised	(16,625)	7.13	
Forfeited	(1,321)	14.22	
Expired	—	—	
Outstanding as of September 30, 2021	2,184,843	$ 14.35	$ 23,931,859
Vested and exercisable at September 30, 2021	1,095,663	$ 10.95	$ 15,728,229

The number and weighted-average grant-date fair value of stock options which vested during the three months ended September 30, 2021 was 107,719 and $7.93, respectively. The number and weighted-average grant-date fair value of non-vested stock options at September 30, 2021 was 1,089,180 and $9.55, respectively.

Restricted Stock Awards

On December 15, 2016, the Company issued 400,000 shares of restricted stock to its Chief Executive Officer. The awards were valued using a Monte Carlo valuation model using a stock price at the date of grant of $9.60, a term of 3 to 5 years, a risk-free interest rate of 1.6% to 2.1% and a volatility factor of 66.5%. These awards vest over a period of up to five years, subject to meeting certain service, performance and market conditions. These awards were valued at approximately $3.6 million at the date of grant. Compensation expense recorded in the three months ended September 30, 2021 and 2020 related to these awards was $0.2 million and $0.1 million, respectively.

The awards contain a combination of vesting terms that include time vesting, performance vesting relating to revenue achievement, and market vesting related to obtaining certain levels of Company stock prices.

These awards fully vested as of September 30, 2021.

11. Commitments and Contingent Leases

The Company has entered into operating leases primarily for real estate and to a lesser extent for office copiers. The Company has entered into one finance lease for manufacturing equipment. The Company does not expect finance leases to become material. All leases generally have terms that range from 1 year to 6 years. Operating leases are included in "Lease right-of-use assets" and Finance leases are included in "Other assets" on the Company's Condensed Consolidated Balance Sheets and represent the Company's right to use the underlying asset for the lease term. The Company's obligation to make lease payments on operating leases are included in "Current portion of lease liabilities" and "Lease liabilities". The Company's obligation to make lease payments on finance leases are included in "Accrued expenses and other current liabilities" and "Other non-current liabilities" on the Company's Condensed Consolidated Balance sheets. Lease right-of- use assets and liabilities are recognized at their commencement date based on the present value of lease payments over the lease term. The Company has entered into various short-term operating leases with an initial term of 12 months or less. These leases are not recorded on the Company's Condensed Consolidated Balance Sheets. Lease expense for operating leases is recognized on a straight-line basis over the lease term, within "Operating expenses" in the Company's Condensed Consolidated Statements of Operations. Lease expense for finance leases is recorded as Depreciation expense within "Operating expenses", and in "Interest expense".

During the three months ended September 30, 2021 and 2020, the Company recognized approximately $0.2 million and $0.1 million, respectively, in total operating lease costs for right-of-use assets.

Because the rate implicit in each operating lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments. The weighted average incremental borrowing rate for operating leases was 10.2% as of September 30, 2021. The finance lease contains a stated rate of 3.0%, and therefore the rate explicit in the lease was used for the finance lease.

Information related to the Company's right-of-use assets and related lease liabilities were as follows:

Classification		2021	2020
Right-of-use assets			
Operating leases	Lease right-of-use assets	$ 1,086,760	$ 1,098,830
Finance leases	Other assets	71,967	—
		$ 1,158,727	$ 1,098,830
Short-term Lease Liabilities			
Operating leases	Current portion of lease liabilities	$ 487,106	$ 414,058
Finance leases	Accrued expenses and other current liabilities	16,675	—
		$ 503,781	$ 414,058
Long-term Lease Liabilities			
Operating leases	Lease liabilities	$ 729,453	$ 723,553
Finance leases	Other non-current liabilities	53,083	—
		$ 782,536	$ 723,553

	2021	2020
Cash paid for lease liabilities		
Operating leases	$ 150,645	$ 144,916
Finance leases	$ 4,542	$ —
Right-of-use assets obtained in exchange for new lease obligations		
Operating leases	$ —	$ 1,541,727
Finance leases	$ —	$ —
Weighted-average remaining lease term (in years)		
Operating leases	2.57	3.13
Finance leases	4.08	—
Weighted-average remaining lease term (in years)		
Operating leases	10.2 %	10.6 %
Finance leases	3.0 %	— %

Maturities of lease liabilities as of September 30, 2021 were as follows:

	Operating Leases	Finance Leases
2022	$ 428,577	$ 13,627
2023	557,686	18,169
2024	274,512	18,169
2025	129,211	18,169
2026	1,643	6,056
Thereafter	—	—
	1,391,629	74,190
	(175,070)	(4,432)
	$ 1,216,559	$ 69,758

Former Chinese Distributor – Litigation

On March 23, 2017, the Company's former distributor in China, Cicel (Beijing) Science & Technology Co., Ltd., filed a lawsuit against the Company and certain of its officers and directors in the United States District Court for the Eastern District of New York, alleging that the

Company improperly terminated its contract with the former distributor. The complaint sought various remedies, including compensatory and punitive damages, specific performance and preliminary and post judgment injunctive relief, and asserted various causes of action, including breach of contract, unfair competition, tortious interference with contract, fraudulent inducement, and conversion. On October 7, 2017, the court granted the Company's motion to dismiss each of the tort claims asserted against the Company, and also granted the individual defendants' motion to dismiss all claims asserted against them. On January 23, 2020, the Court granted Cicel's motion to amend its complaint, to include claims for alleged defamation and theft of trade secrets in addition to the breach of contract claim. The Company believes that it has various legal and factual defenses to the allegations in the complaint and intends to defend the action vigorously. Fact discovery in the case is ongoing, and there is no trial date currently set.

12. Financing Arrangements

Notes payable consists of the following as of September 30, 2021 and June 30, 2021:

	September 30, 2021	June 30, 2021
Revolving credit facility	$ 9,200,000	$ 10,500,000
PPP Note Payable	5,199,487	5,199,487
Term loans	30,095,761	30,095,761
	44,495,248	45,795,248
Less current portion of notes payable	(7,699,487)	(6,449,487)
Notes payable	36,795,761	39,345,761

Following are the scheduled maturities of the notes payable for the twelve-month periods ending June 30:

2022	$ 6,449,487
2023	14,200,000
2024	5,000,000
2025	18,845,761
	$ 44,495,248

Revolving Credit Facility

Through the Solsys Acquisition, the Company became party to a $5.0 million revolving line of credit loan agreement with Silicon Valley Bank, originally effective January 22, 2019 (as amended and supplemented, the "Prior Solsys Credit Agreement"). The line of credit had an original maturity date of January 22, 2021.

On December 26, 2019 (the "Effective Date"), the Company entered into a Loan and Security Agreement (the "New Loan and Security Agreement") among the Company, Misonix OpCo, Inc. and Solsys, as borrowers, and Silicon Valley Bank. The New Loan and Security Agreement provides for a revolving credit facility (the "New Credit Facility") in an aggregate principal amount of up to $20.0 million, including borrowings and letters of credit. The New Loan and Security Agreement replaces the $5.0 million Prior Solsys Credit Agreement. The Company did not incur any early termination penalties in connection with the termination of the Prior Solsys Credit Agreement.

Borrowings under the New Credit Facility were used in part to repay the amount of $3.75 million outstanding under the Prior Solsys Credit Agreement, and the balance may be used by the Company for general corporate purposes and working capital. The New Credit Facility matures on December 26, 2022. Interest on outstanding indebtedness under the New Credit Facility accrues at a rate equal to the greater of the "Prime Rate" and 5.25%. In addition, on each year anniversary of the Effective Date, the Company is required to pay an anniversary fee of $0.1 million.

The New Loan and Security Agreement contains representations and warranties and covenants that the Company believes are customary for agreements of this type, including covenants applicable to the Company and its subsidiaries limiting indebtedness, liens, substantial asset sales and mergers as well as financial maintenance covenants and other provisions. The New Loan and Security Agreement contains customary events of default. Upon the occurrence of an event of default, the lender may accelerate the indebtedness under the New Credit Facility, provided, that in the case of certain bankruptcy or insolvency events of default, the indebtedness under the New Credit Facility will automatically accelerate. If the New Credit Facility or the New Loan and Security Agreement terminates before the maturity date of December 26, 2022, then the Company must pay the then-owing amounts, in addition to a termination fee equal to 1% of the New Credit Facility at that time. The termination fee would not apply if the New Credit Facility or the New Loan and Security Agreement terminates before the maturity date for either of the following reasons: (1) the New Credit Facility is replaced with another new credit facility from Silicon Valley Bank or (2) Silicon Valley Bank sells, transfers, assigns or negotiates its obligations, rights and benefits under the New Loan and Security Agreement and related loan documentation to another person or entity that is not an affiliate of Silicon Valley Bank and the Company terminates the New Loan and Security Agreement or the New Credit Facility within sixty days thereof (unless the Company consented to that sale, transfer, assignment or negotiation).

As of September 30, 2021, the outstanding principal balance of the New Credit Facility is $9.2 million.

In October 2021, Misonix, Inc. was acquired by Bioventus. As part of the acquisition, the Company's debt was fully paid off in October 2021.

Notes Payable

On September 27, 2019, the Company entered into an amended and restated credit agreement ("SWK Credit Agreement") with SWK Holdings Corporation ("SWK") pursuant to a commitment letter whereby SWK (a) consented to the Solsys Acquisition and (b) agreed to provide financing to the Company. Through the Solsys Acquisition, the Company became party to a $20.1 million note payable to SWK. The SWK credit facility originally provided an additional $5.0 million in financing, totaling approximately $25.1 million, a maturity date of June 30, 2023, and an interest rate that varied between LIBOR plus 7.00% and LIBOR plus 10.25% (depending on the Company's consolidated EBITDA or market capitalization).

On December 23, 2019 the parties amended the SWK Credit Agreement (as so amended, the "Amended SWK Credit Agreement") to, among other things, provide an additional $5 million of term loans, for total aggregate borrowings of up to approximately $30.1 million, to modify the interest payable to between LIBOR plus 7.50% and LIBOR plus 10.25% (depending on the Company's consolidated EBITDA or market capitalization), and to amend the financial covenants thereunder.

On December 16, 2020 the parties further amended the SWK Credit Agreement to, among other things, (1) modify the interest payable to accrue interest at a variable rate of the greater of 2.0% or the three-month LIBOR, with a maximum variable rate of 3%, plus a margin of between 7.5% and 10.25% (depending on the Company's EBITDA or market capitalization), (2) extend the interest only period such that quarterly principal payments of $1.25 million will begin in May, 2022, (3) extend the maturity date to June 30, 2024, (4) increase the exit fee to 2.0% of the principal amount of all loans advanced to the Company, and (5) extend the period during which the Company is obligated to pay a prepayment penalty to March, 2023.

The Company may prepay the loans subject to a prepayment fee of (a) 3.2% of the amount prepaid if such prepayment is made prior to September 27, 2021, (b) 1.00% of the amount prepaid if such prepayment is made on or after September 27, 2021 and prior to March 31, 2023 or (c) $0 if such prepayment is made on or after March 31, 2023.

As of September 30, 2021, the outstanding principal balance of the term loans under the Amended SWK Credit Agreement is approximately $30.1 million.

Under the terms of the Amended SWK Credit Agreement, the Company is required to meet certain additional financial covenants requiring, among other things, (a) a minimum amount of unencumbered liquid assets that varies based on the Company's market capitalization, (b) minimum aggregate revenue of specified amounts for the three month period ending September 30, 2021, and for the 12 month period ending on the last day of the subsequent fiscal quarters and (c) minimum EBITDA at levels that will vary based on the Company's market capitalization. The Company's obligations under the Amended SWK Credit Agreement are (i) guaranteed by Misonix OpCo, Inc., and (ii) secured by a first lien on substantially all assets of the Company, Solsys and Misonix OpCo, Inc. and a second lien position on accounts receivable and inventory of the same entities.

In October 2021, Misonix, Inc. was acquired by Bioventus. As part of the acquisition, the Company's debt was fully paid off in October 2021.

Paycheck Protection Program Loan

On April 5, 2020, the Company applied for an unsecured $5.2 million loan under the Paycheck Protection Program (the "PPP Loan"). The Paycheck Protection Program (or "PPP") was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration ("SBA"). On April 10, 2020, the PPP loan was approved and funded. Misonix entered into a promissory note with JP Morgan Chase evidencing the unsecured $5.2 million loan. In accordance with the requirements of the CARES Act, the Company used the proceeds from the PPP Loan primarily for payroll costs.

The PPP Loan has a maturity date of April 4, 2022 and accrues interest at an annual rate of 0.98%. In October 2020, the SBA released guidance that allows borrowers an additional ten months of deferral of the start of principal and interest payments. Therefore, interest and principal payments are now deferred for the first sixteen months of the loan. Thereafter, monthly interest and principal payments are due until the loan is fully satisfied at the end of 24 months. The promissory note evidencing the PPP Loan contains customary events of default relating to, among other things, payment defaults and provisions of the promissory note. The PPP permits borrowers to apply for forgiveness for some or all of the loans based on meeting certain criteria. As of September 30, 2021, the Company has applied for forgiveness of the PPP Loan. There can be no assurance whether such application for forgiveness will be approved by the SBA.

13. Related Party Transactions

Minoan Medical (Pty) Ltd. ("Minoan") (formerly Applied BioSurgical) is an independent distributor for the Company in South Africa. The chief executive officer of Minoan is also the brother of Stavros G. Vizirgianakis, the Company's Chief Executive Officer.

Set forth below is a table showing the Company's net revenues for the three months ended September 30, 2021 and 2020 and accounts receivable at September 30, 2021 and 2020 with Minoan:

	For the Three Months Ended September 30,	
	2021	2020
Sales	$ 327,105	$ 359,486
Accounts Receivable	$ 270,146	$ 631,115

14. Income Taxes

There was no income tax expense or benefit for the three months ended September 30, 2021 and 2020. For the three months ended September 30, 2021 and 2020, the effective tax rate was 0% and 0%, respectively. The effective tax rate varied from the U.S. federal statutory rate primarily due to the recording of a full valuation allowance on the deferred tax assets, and the business combination related to the Solsys Acquisition.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act contains various corporate tax provisions; however, these benefits do not impact Company's current tax provision.

15. Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision-maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance of the segment. The Company operates in two segments – the Surgical and the Wound segment. The Surgical segment consists of the Company's neXus, BoneScalpel, and SonaStar products and the Wound segment consists of the Company's SonicOne, TheraSkin, Therion and TheraGenesis products. The Company has concluded that its Chief Executive Officer is the CODM as he is the ultimate decision maker for key operating decisions, determining the allocation of resources and assessing the financial performance of the Company. The CODM evaluates the segments using gross profit and gross profit margin. The Company does not allocate its assets by segment, and therefore does not disclose assets by segment.

Segment gross profit include:

	Surgical	Wound	Total
For the three months ended September 30, 2021			
Total revenue	$ 10,722,714	$ 9,482,935	$ 20,205,649
Gross profit	$ 7,257,016	$ 6,995,791	$ 14,252,807
For the three months ended September 30, 2020			
Total revenue	$ 9,099,464	$ 8,635,878	$ 17,735,342
Gross profit	$ 6,311,403	$ 6,313,338	$ 12,624,741

Worldwide revenue for the Company's products is categorized as follows:

All of the Company's long-lived assets are located in the United States. The Company's international revenue includes a concentration in China, aggregating $0.4 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively.

16. Acquisitions Solys Medical, LLC

On September 27, 2019, the Company completed the Solsys Acquisition. The purchase price was approximately $108.6 million, based on the Company's issuance of 5,703,082 shares of Misonix common stock as acquisition consideration, valued at $19.05 per share. In addition, the Company incurred business transaction costs in connection with the acquisition of $4.5 million. Of these transaction costs, $3.1 million were charged to general and administrative expenses on the Condensed Consolidated Statement of Operations and $1.4 million of the transaction costs were capitalized to additional paid in capital, in connection with the registration of the underlying stock issued in the transaction. For the six months ended December 31, 2019, transaction costs expensed in general and administrative expenses were $1.8 million. As of December 31, 2019, transaction costs capitalized to additional paid in capital were $1.4 million.

The transaction was accounted for using the acquisition method of accounting in accordance with FASB ASC Topic 805. U.S. GAAP requires that one of the companies in the transactions be designated as the acquirer for accounting purposes based on the evidence available. Misonix was treated as the acquiring entity for accounting purposes.

The purchase price allocation of the Solsys acquisition was completed as of September 30, 2020, and is shown in the following table:

Cash	$	5,525,601
Accounts receivable		6,173,371
Inventory		98,911
Prepaid expenses		88,863
Indemnified asset - sales tax		150,000
Property and equipment		673,353
Lease assets		946,617
Customer relationships		9,500,000
Trade names		12,800,000
Non-compete agreements		200,000
Accounts payable and other current liabilities		(4,694,878)
Lease liabilities		(860,490)
Deferred tax liability		(4,575,507)
Notes payable		(23,915,701)
Total identifiable net assets		2,110,140
Goodwill		106,533,570
Total consideration	$	108,643,710

The fair values of the Solsys assets and liabilities were determined based on estimates and assumptions that management believes are reasonable. The goodwill from the acquisition of Solsys, which is fully deductible for tax purposes, consists largely of synergies and economies of scale expected from combining the operations of Solsys and the Company's existing business.

The estimate of fair value of the Solsys identifiable intangible assets was determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows either through the use of the multi-period excess earnings method or the relief-from- royalty method. Some of the more significant assumptions inherent in the development of intangible asset values include: the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows, the assessment of the intangible asset's life cycle, revenue growth rates and EBITDA margins, as well as other factors. The following table summarizes key information underlying intangible assets related to the Solsys Acquisition:

	June 30, 2021	June 30, 2020	Amortization Period
Customer relationships	$ 9,500,000	$ 9,500,000	15 years
Trade names	12,800,000	12,800,000	15 years
Non-competition agreements	200,000	200,000	1 year
Total	22,500,000	22,500,000	
Less accumulated amortization	(3,131,970)	(1,218,864)	
Net intangible assets	$ 19,368,030	$ 21,281,136	

17. Subsequent Events

On July 29, 2021, we entered into an Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement") with Bioventus Inc., a Delaware corporation ("Bioventus"), Oyster Merger Sub I, Inc., a Delaware corporation, and a direct, wholly owned subsidiary of Bioventus ("Merger Sub I"), and Oyster Merger Sub II, LLC, a Delaware limited liability company, and a direct, wholly owned subsidiary of Bioventus ("Merger Sub II") under which, subject to the satisfaction or waiver of the conditions specified therein, Merger Sub I shall be merged with and into Misonix, with Misonix surviving as a wholly owned subsidiary of Bioventus (the "First Merger") and following the First Merger, Misonix shall be merged with and into Merger Sub II, with Merger Sub II surviving as Misonix, LLC (the "Second Merger" and together with the First Merger, the "Merger"). At the effective time of the First Merger (the "First Effective Time"), each share of our common stock issued and outstanding immediately prior to the First Effective Time (other than the shares that are owned by Bioventus, Misonix, Merger Sub I or Merger Sub II and shares of any dissenting holders who are entitled to and have properly asserted appraisal rights) will be converted into the right to receive, either an amount in cash equal to $28.00 or 1.6839 validly issued, fully paid and non-assessable shares of Class A common stock of Bioventus, $0.001 par value per share (each share, a "Bioventus Share"), based on the election of the holder thereof in accordance with the terms of, and subject to election, proration and adjustment procedures set forth in, the Merger Agreement.

For additional information regarding the Merger, including associated risks and uncertainties, see "Item 1A - Risk Factors – Risks Related to the Transaction" and Note 15 in our consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "2021 Form 10-K").

The merger was fully consummated on October, 29, 2021. Misonix, Inc.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(Dollar amounts presented in millions, except share data)

On January 30, 2018, the Company purchased 337,397 shares of Series F Convertible Preferred Stock of CartiHeal (2009) Ltd. (CartiHeal), a privately held entity, for $2,500. On January 22, 2020, the Company made an additional $152 investment in CartiHeal, through a Simple Agreement for Future Equity (SAFE). On July 15, 2020, CartiHeal completed the future equity financing and the Company received 12,825 in Series G-1 Preferred Shares resulting in the SAFE being terminated. In addition, on July 15, 2020, the Company entered into an Option and Equity Purchase Agreement with CartiHeal (Option Agreement). Under the terms of the agreement, the Company purchased 1,014,267 shares of CartiHeal Series G Preferred Shares for $15,000. The CartiHeal investment totaled $16,579, including capitalized transaction costs of $1,427, and the Company's equity ownership in CartiHeal increased to 10.03% of its fully diluted shares. The investment does not have a readily determinable fair value and is included within investments and other assets on the consolidated balance sheets. Beginning in July 2020, the Company was able to exercise significant influence over CartiHeal but did not have control and as a result the investment was recognized as an equity method investment. Net losses from CartiHeal for the years ended December 31, 2021 and 2020 totaled $1,868 and $467, respectively, which are included in other expense (income) on the consolidated statement of operations and comprehensive income. The CartiHeal investment carrying value was $16,771 and $18,689 as of December 31, 2021 and 2020, respectively.

In August 2021, CartiHeal achieved pivotal clinical trial success, as defined in the Option Agreement, for a CartiHeal product, which provides the Company with an exclusive option to acquire 100% of CartiHeal's shares (Call Option), and provides CartiHeal with a put option that would require the Company to purchase 100% of CartiHeal's shares under certain conditions (Put Option). In order to preserve the Company's Call Option, in accordance with the Option Agreement and upon approval of the BOD, the Company deposited $50,000 into escrow in August 2021 for the potential acquisition of CartiHeal, which is included in restricted cash on the consolidated balance sheet. Consideration for the acquisition of all of the remaining shares of CartiHeal, excluding those the Company already owns, pursuant to the Call Option or Put Option would be $314,895, inclusive of the existing deposit, all of which would be payable at closing, with an additional $134,955 payable upon achievement of certain sales milestones related to Agili-C. Such closing would be subject to customary closing conditions.

On April 4, 2022, Bioventus Inc. (the "Company") announced that it has exercised its call option to acquire CartiHeal Ltd., excluding the ownership interest already owned by the Company, for approximately $315 million, with an additional approximately $135 million payable contingent upon the achievement of $100 million in trailing twelve month sales. The Company plans to finance the acquisition with additional debt. The Company's decision to exercise this option follows the U.S. Food and Drug Administration's March 29, 2022 premarket approval of CartiHeal's Agili-C™ implant.

The transaction is expected to close during the second fiscal quarter subject to certain customary closing conditions, and the Company plans a limited market release of CartiHeal in the United States during the third quarter of 2022.

On February 16, 2021, the Company closed an Initial Public Offering (IPO) and the net proceeds were used to purchase membership interests from Bioventus LLC (BV LLC). The Company is the sole managing member and owned 72.2% of BV LLC at the date of the IPO, and 79.0% at December 31, 2021. The Company has a majority economic interest, the sole voting interest in, and controls the management of BV LLC. As a result, the Company consolidates the financial results of BV LLC and reports a non-controlling interest representing a 21.0% interest at December 31, 2021 not held by the Company. The amended and restated certificate of incorporation of the Company and the BV LLC agreement requires that the Company and BV LLC, at all times, maintain a one-to-one ratio between the number of shares of Class A common stock issued by the Company and the number of LLC interests the Company. As a result, the Company contributed the Merger Sub II interests owned by the Company to BV LLC. Subsequent to the Misonix Merger and other equity award transactions, the Company owns 79.0% of BV LLC with a noncontrolling interest of 21.0% as of December 31, 2021.

On July 29, 2021, Bioventus Inc. (the Company), entered into an Agreement and Plan of Merger (the Merger Agreement) to acquire Misonix, Inc. (Misonix) in a cash-and-stock transaction (the Misonix Merger). On October 29, 2021, the Company completed the Misonix Merger. Consideration provided to Misonix common stockholders included a right to receive $28.00 per share or 1.6839 shares of fully paid and non-assessable Bioventus Class A common stock. Cash consideration per share was capped at $10.50 per share or $182,800. The remaining portion of consideration was settled in the Company's Class A common stock. The Company also assumed each outstanding and non-exercised option held by each Misonix employee to purchase shares of Misonix common stock, which were converted into options for Company Class A common stock. All outstanding options to purchase Misonix common stock were cancelled and terminated without any payment and no fractional shares were issued in connection with the Misonix Merger and the Company paid cash to any such fractional shares. The Company also settled in cash any outstanding and non-exercised option for non-employee Misonix option holders.

The unaudited pro forma condensed combined financial information ("Unaudited Pro Forma Financial Information") has been prepared to illustrate the estimated effects of the Misonix Merger and the financing arrangements necessary to complete the CartiHeal acquisition (together, the Pro Forma Transactions). The unaudited pro forma condensed combined statements of operations for the fiscal year ended December 31, 2021 has been prepared utilizing period ends that differ by more than 93 days, as permitted by Regulation S-X, as the Company's year end is December 31 and Misonix's year end is June 30. The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under U.S. generally accepted accounting principles (U.S. GAAP). Under the acquisition method, the assets and liabilities of Misonix are generally recorded by Bioventus at their respective fair values as of the date the acquisition was completed based upon preliminary valuation using information known and knowable as of the date of this filing. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 give effect to Bioventus' results of operations as if the acquisition had occurred on January 1, 2021.

The following unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 has been derived from and should be read in conjunction with the historical audited consolidated financial statements of Bioventus contained in its Annual Report on Form 10-K for the year ended December 31, 2021 and the historical audited consolidated financial statements of Misonix contained in its Annual Report on Form 10-K for the year ended December 31, 2021, as well as the historical condensed consolidated financial statements of Misonix contained in its Form 10-Q for the period ended March 31, 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been realized had the Pro Forma Transactions occurred as of the date indicated, nor is it meant to be indicative of any future results of operations that the Company will experience. The unaudited pro forma condensed combined statements of operations are based on currently available data and assumptions that the Company believes are reasonable. In addition, the accompanying unaudited pro forma condensed combined statement of operations does not include any expected cost savings, operating synergies, or revenue enhancements, which may be realized subsequent to the acquisition. No material transactions existed between the Company and Misonix during the pro forma periods.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2021

	Historical								
	Bioventus	Misonix							
	Year ended December 31, 2021	Three Months Ended March 31, 2021	Three Months Ended June 30, 2021	Three Months Ended September 30, 2021	October 1, 2021 to October 29, 2021	Reclassification Adjustments (Note 2)	Financing Adjustments (Note 3)	Misonix Merger Adjustments, Income Taxes & NCI (Note 4)	Pro Forma Combined for the Year Ended December 31, 2021
Net sales	$ 430,898	$ 18,347	$ 19,685	$ 20,206	$ 6,536	$ —	$ —	$ —	$ 495,672
Cost of sales	128,192	5,403	5,610	5,953	2,001	3,590	—	10,880	161,629
Gross profit	302,706	12,944	14,075	14,253	4,535	(3,590)	—	(10,880)	334,043
Selling, general and administrative expense	254,253	—	—	—	—	70,589	(1,893)	(17,422)	305,527
Selling expense	—	10,891	11,803	12,403	7,804	(42,901)	—	—	—
General and administrative expense	—	3,631	4,553	7,054	18,678	(33,916)	—	—	—
Research and development expense	19,039	1,317	1,494	1,151	703	(18)	—	(670)	23,016
Restructuring costs	2,487	—	—	—	—	—	—	—	2,487
Change in fair value of contingent consideration	829	—	—	—	—	—	—	—	829
Depreciation and amortization	8,363	—	—	—	—	2,656	—	660	11,679
Impairment of variable interest entity assets	5,674	—	—	—	—	—	—	—	5,674
Operating (loss) income	12,061	(2,895)	(3,775)	(6,355)	(22,650)	—	1,893	6,552	(15,169)
Interest expense	1,112	866	870	872	1,033	—	43,012	—	47,765
Other expense (income)	3,329	(5)	(304)	83	(1)	—	—	—	3,102
Other expense (income)	4,441	861	566	955	1,032	—	43,012	—	50,867
(Loss) income before income taxes	7,620	(3,756)	(4,341)	(7,310)	(23,682)	—	(41,119)	6,552	(66,036)
Income tax (benefit) expense	(1,966)	—	132	—	—	—	—	(11,260)	(13,094)
Net (loss) income	9,586	(3,756)	(4,473)	(7,310)	(23,682)	—	(41,119)	17,812	(52,942)
Loss attributable to noncontrolling interest	9,789	—	—	—	—	—	—	14,600	24,389
Net (loss) income attributable to Bioventus Inc.	$ 19,375	$ (3,756)	$ (4,473)	$ (7,310)	$ (23,682)	$ —	$ (41,119)	$ 32,412	$ (28,553)
Earnings per share of Class A common stock[1]:									
Basic and diluted	$ (0.15)								$ (0.52)
Weighted-average shares of Class A common stock outstanding[1]:									
Basic and diluted	45,472,483								54,792,241

Notes to the Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations
(Amounts in thousands except share amounts)

Note 1. Basis of Presentation

Financial statements of Bioventus issued after the completion of the mergers may be different than the estimated values included in this Unaudited Pro Forma Financial Information. The financial statements of Bioventus issued after the completion of the mergers will not be retroactively restated to reflect the historical financial position or results of operations of Misonix.

The Unaudited Pro Forma Statement of Operations for the year ended December 31, 2021 gives effect to the Pro Forma Transactions as if they occurred on January 1, 2021. The Company performed a preliminary analysis of Misonix's accounting policies during the preparation of the Unaudited Pro Forma Statement of Operation and is not aware of any material differences, other than those shown in Note 2. The Company will continue to review Misonix's accounting policies in order to determine if differences require adjustment or reclassification of Misonix's results of operations or reclassification of assets or liabilities to conform to the Company's accounting polices and classifications. The Company's subsequent reviews may identify differences that, when adjusted or reclassified, could have a material impact on this Unaudited Pro Forma Financial Information.

Note 2. Accounting Policies and Reclassification Adjustments

The accounting policies used in the preparation of this Unaudited Pro Forma Financial Information are those discussed in the Company's 2021 Annual Report on Form 10-K. The Company has determined that no significant adjustments are necessary to conform Misonix's financial statements to the accounting policies used by the Company in the preparation of the Unaudited Pro Forma Financial Information. The reclassification adjustments presented in the Unaudited Pro Forma Financial Information relate to: (1) aggregating financial statement line items, (2) reclassifying Misonix's wound shipping expenses to cost of sales, and (3) reclassifying certain depreciation and amortization from Selling expense and Research and development expense to Depreciation and amortization.

Note 3. Financing Adjustments

In order to finance the CartiHeal acquisition expected to take place during the second quarter of 2021, the Company launched a bond offering on April 25, 2021 for $415 million aggregate principal amount of Senior Notes due 2027. Proceeds from the offering will be used as follows:

Remaining CartiHeal consideration	$	265,000
Partial repayment of Term Loan Facility		127,900
Repayment of Revolving Credit Facility		15,000
Estimated fees and expenses		7,100
	$	415,000

The following adjustments gives effect to interest expense as if the bond offering had occurred on January 1, 2021:

Remove historical Bioventus Inc. interest expense	$	(5,552)
Remove historical Misonix, Inc. interest expense		(2,878)
Remove loss on historical debt retirement and modification		(2,162)
Add interest on Term Loan due 2026		7,207
Add estimated interest on Senior Notes due 2027		39,578
Add amortization of debt issuance costs and third party fees		4,926
	$	41,119

Note 4. Misonix Merger Adjustments, Income Taxes and Noncontrolling Interest Adjustments

A summary of merger adjustments, income taxes and noncontrolling interest adjustments are as follows:

	Misonix Merger Adjustments		Impact of the Pro Forma Transactions on Income Taxes and Noncontrolling Interest		Misonix Merger Adjustments, Income Taxes and Noncontrolling Interest Adjustments
Net sales	$ —		$ —		$ —
Cost of sales	10,880	(a)(c)	—		10,880
Gross profit	(10,880)		—		(10,880)
Selling, general and administrative expense	(17,422)	(a)(b)(c)	—		(17,422)
Research and development expense	(670)	(a)(c)	—		(670)
Restructuring costs	—		—		—
Change in fair value of contingent consideration	—		—		—
Depreciation and amortization	660	(a)	—		660
Impairment of variable interest entity assets	—		—		—
Operating (loss) income	6,552		—		6,552
Interest (income) expense	—		—		—
Other expense (income)	—		—		—
Other expense (income)	—		—		—
(Loss) income before income taxes	6,552		—		6,552
Income tax (benefit) expense	—		(11,260)	(d)	(11,260)
Net (loss) income	6,552		11,260		17,812
Loss attributable to noncontrolling interest	—		14,600	(e)	14,600
Net (loss) income attributable to Bioventus Inc.	$ 6,552		$ 25,860		$ 32,412

Merger Related Adjustments

The unaudited pro forma condensed combined financial statements reflect the following adjustments related to the Misonix Merger:

(a) Relates to: i) the fair value adjustment to acquired inventory, which is recognized in cost of sales and for the purpose of this pro forma financial statement is assumed to occur within the first year of the Misonix Merger and ii) the increase to historical Misonix amortization expense due to the fair market value adjustment to intangible assets as a result of the Purchase Accounting. The estimated fair value was determined using an income approach, a valuation technique that estimates the fair value of an asset based on market participant expectations of the cash flows that an asset would generate over its remaining useful life.

Inventory step-up and intangible amortization	Pro Forma Twelve Months Ended December 31, 2021
Cost of sales	
Remove the inventory fair value step-up	$ (2,804)
Remove historical intangible amortization	(1,344)
Add full year inventory fair value step-up	8,411
Add increase to Misonix amortization expense due to fair value adjustment	6,675
Total adjustment to cost of sales	$ 10,938
Selling, general and administrative	
Remove historical Misonix intangible amortization	$ (1,242)
Add increase to Misonix amortization expense due to fair value adjustment	8,066
Total adjustment to selling, general and administrative	$ 6,824
Research and development	
Remove historical Misonix intangible amortization	$ (123)
Total adjustment to research and development	$ (123)
Depreciation and amortization	
Remove historical Misonix intangible amortization	$ (132)
Add increase to Misonix amortization expense due to fair value adjustment	792
Total adjustment to depreciation and amortization	$ 660

(b) Removal of $12,908 in transaction costs from the Misonix historical financial statements associated with the Misonix Merger.

(c) Removal of historical Misonix share-based compensation expense that would have fully vested prior to the acquisition.

Share-based compensation	Pro Forma Twelve Months Ended December 31, 2021
Cost of sales	$ (58)
Selling, general and administrative expense	(11,338)
Research and development expenses	(547)
Total adjustment for share-based compensation expense	(11,943)

Impact of Merger Related Adjustments to Income Taxes and Noncontrolling Interest

(d) Tax expense was adjusted to record the income tax impacts of the Pro Forma Transactions using an estimated tax rate of 25.1% and a non-controlling interest of 21%, which reflects the ownership percentage after the Misonix acquisition. This rate does not reflect the combined company's effective tax rate, which includes other items and may be significantly different than the rates assumed for purposes of preparing this statement.

(e) As described in the Company's 2021 Annual Report on Form 10-K, following the completion of the IPO and other transactions on February 16, 2021, the Company owned 72.2% of Bioventus LLC, a wholly-owned subsidiary of the Company, with a noncontrolling interest of 27.8%. The Bioventus LLC Agreement requires that the Company, at all times, maintain a one-to-one ratio between the number of shares of Bioventus Class A common stock issued and LLC interests owned by the Company. As a result, the issuance of Bioventus Class A common stock in connection with the Misonix Merger will decrease the noncontrolling interest.

The computation of the noncontrolling interest before and after the Misonix Merger are as follows:

	Before		After	
Noncontrolling interest ownership	Units	Percentage	Units	Percentage
BV LLC interest held by Bioventus Inc.	$ 41,062,652	72.2 %	$ 59,385,636	79.0 %
BV LLC noncontrolling interest	15,786,737	27.8	15,786,737	21.0
	$ 56,849,389	100.0 %	$ 75,172,373	100.0 %

5. Combined Company Earnings Per Share Information

The unaudited pro forma condensed combined financial statements reflect the following adjustments related to the mergers:

	Pro Forma Twelve Months Ended December 31, 2021
Numerator for basic and diluted earnings per share calculation:	
Pro forma net loss	$ (52,942)
Pro forma loss attributable to noncontrolling interest	24,389
Pro forma net loss attributable to the combined company	$ (28,553)
Denominator for basic and diluted earnings per share calculation:	
Weighted-average Bioventus Inc.'s outstanding common stock	54,792,241
Common Stock issued in connection with the Misonix Merger	—
Pro forma weighted average shares (basic and diluted)	54,792,241
Pro forma net loss per share - basic and diluted	$ (0.52)

Shares of Bioventus Inc. Class B common stock do not share in the losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted losses per share of Class B common stock under the two-class method is not presented.

The potential shares of Bioventus common stock that were excluded from the computation of diluted net less per share attributable to combined company common stockholders for the periods presented, because including them would have been anti-dilutive were as follows for the year ended December 31, 2021:

BV LLC noncontrolling interest	15,786,737
Stock options	5,373,442
Restricted stock units	966,673
Unvested shares of Class A common stock	30,056
Total	22,156,908