



Third Quarter 2023 Financial Results

November 7, 2023

Agenda and Speakers



Tony Bihl
Interim Chief Executive Officer

Update on Business Outlook
Review of Q3 2023 Results



Mark Singleton
Senior Vice-President
and Chief Financial Officer

Q3 2023 Results
Financial Guidance

Forward Looking Statements and Use of Estimates

Forward-Looking Statements

This presentation 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 presentation that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements concerning our future financial results and liquidity; our ability to continue as a going concern; the impact of our recent amendment to our Credit Agreement on our financial condition, operations, and liquidity; our business strategy, position and operations; and expected sales trends, opportunities, market position and growth. 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 our actual results to differ materially from those contemplated in this presentation include, but are not limited to, the risk that the previously identified material weaknesses or new material weaknesses could adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner; we might not be able to continue to fund our operations for at least the next twelve months as a going concern; we might not meet certain of our debt covenants under our Credit Agreement and might be required to repay our indebtedness; risks associated with the disposition of our Wound Business and expected impacts on our business; restrictions on operations and other costs associated with our indebtedness; our ability to complete acquisitions or successfully integrate new businesses, products or technologies in a cost-effective and non-disruptive manner; we maintain cash at financial institutions, often in balance that exceed federally insured limits; we are subject to securities class action litigation and may be subject to similar or other litigation in the future, which will require significant management time and attention, result in significant legal expenses and may result in unfavorable outcomes; our ability to maintain our competitive position depends on our ability to attract, retain and motivate our senior management team and highly qualified personnel; we are highly dependent on a limited number of products; our long-term growth depends on our ability to develop, acquire and commercialize new products, line extensions or expanded indications; we may be unable to successfully commercialize newly developed or acquired products or therapies in the United States; demand for our existing portfolio of products and any new products, line extensions or expanded indications depends on the continued and future acceptance of our products by physicians, patients, third-party payers and others in the medical community; the proposed down classification of non-invasive bone growth stimulators, including our Exogen system, by the U.S. Food and Drug Administration (FDA) could increase future competition for bone growth stimulators and otherwise adversely affect the Company’s sales of Exogen; failure to achieve and maintain adequate levels of coverage and/or reimbursement for our products or future products, the procedures using our products, such as our hyaluronic acid (HA) viscosupplements, or future products we may seek to commercialize; pricing pressure and other competitive factors; governments outside the United States might not provide coverage or reimbursement of our products; we compete and may compete in the future against other companies, some of which have longer operating histories, more established products or greater resources than we do; the reclassification of our HA products from medical devices to drugs in the United States by the FDA could negatively impact our ability to market these products and may require that we conduct costly additional clinical studies to support current or future indications for use of those products; our failure to properly manage our anticipated growth and strengthen our brands; risks related to product liability claims; fluctuations in demand for our products; issues relating to the supply of our products, potential supply chain disruptions and the increased cost of parts and components used to manufacture our products due to inflation; our reliance on a limited number of third-party manufacturers to manufacture certain of our products; if our facilities are damaged or become inoperable, we will be unable to continue to research, develop and manufacture certain of our products; economic political, regulatory and other risks related to international sales, manufacturing and operations; failure to maintain contractual relationships; security breaches, unauthorized disclosure of information, denial of service attacks or the perception that confidential information in our possession is not secure; failure of key information technology and communications systems, process or sites; risks related to our debt and future capital needs; failure to comply with extensive governmental regulation relevant to us and our products; we may be subject to enforcement action if we engage in improper claims submission practices and resulting audits or denials of our claims by government agencies could reduce our net sales or profits; the FDA regulatory process is expensive, time-consuming and uncertain, and the failure to obtain and maintain required regulatory clearances and approvals could prevent us from commercializing our products; if clinical studies of our future product candidates do not produce results necessary to support regulatory clearance or approval in the United States or elsewhere, we will be unable to expand the indications for or commercialize these products; legislative or regulatory reforms; our business may continue to experience adverse impacts as a result of the COVID-19 pandemic or similar epidemics; risks related to intellectual property matters; and the other risks identified in our Annual Report on Form 10-K for the year ended December 31, 2022, as updated by Bioventus’ subsequent Quarterly Reports on Form 10-Q for the quarters ended April 1, 2023 and September 30, 2023 and as 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 <https://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 materially from those set forth in the forward-looking statements.

Use of Estimates

Unless otherwise indicated, information contained in this presentation concerning our industry, competitive position and the markets in which Bioventus operates is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions made by the Company upon reviewing such data, and the Company’s experience in, and knowledge of, such industry and markets, which the Company believes to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which the Company operates and its future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in the estimates made by independent parties and by the Company.

Earnings Ahead of our Expectations and Raised Guidance

- Encouraged by the strength of our results
- Return to growth for our HA business one quarter ahead of schedule
- Improving our execution, delivering on our commitments, and enhancing our business controls and processes
- Achieved substantial progress to solidify our financial position
- Demonstrated several positive indicators for our future success including:
 - Continued financial discipline to reduce spending
 - Return to growth for our HA business
 - Achieved double-digit growth across our Ultrasonics business and our International segment which are key long-term growth drivers
- Focused on investing and prioritizing in areas where we can deliver sustainable profitable growth
- Increasing visibility to our key business drivers

Stabilizing our Organization

- Encouraged by results of employee engagement survey
- Improvement in overall employee engagement scores
- 85% of employees participated
- Employees provided over 1,400 comments
- Committed to work together to continually strengthen our culture that is inclusive, engaged and empowered

Third Quarter Results: Revenue Decreased 6% to \$121M

- Adjusted EBITDA¹ of \$22 million was above our expectations primarily due to stringent expense control and significant improvement in our bad debt reserves
- Year-to-date adjusted EBITDA¹ has increased more than \$15 million, representing a 30% increase
- Pain Treatments saw double digit increase in sales volume with significant double-digit volume gain in Durolane supported by clinical differentiation
 - Volumes also higher for Gelsyn and Supartz
 - Continued to be impacted by the decline in our average selling price for Durolane and Gelsyn
 - As expected, Durolane price will increase sequentially in the fourth quarter
 - However, price is expected to temporarily decline sequentially in first quarter of 2024 before rising again throughout the remainder of next year
 - Expect Gelsyn CMS price to rise sequentially starting mid-2024



Third Quarter Results: Revenue Decreased 6% to \$121M

- Surgical Solutions as expected saw a slowdown in revenue growth
 - Ultrasonics grew at its highest double-digit rate of the year
 - Leading technology and small market share allow for continued market penetration and growth
 - Slower growth than expected in Bone Graft Substitutes
 - Seen slower ramp up in sales volumes from new distributors
- Restorative Therapies organic revenue¹ declined double-digits
 - Advanced Rehabilitation impacted from accelerated Vector sales in second quarter
 - U.S. Exogen revenue declined compared to the prior year but increased sequentially
- International net sales grew 18% and constant currency¹ growth was 16%



1. Net sales and international net sales growth on a constant currency basis are non-GAAP measures, which are calculated by translating current and prior year results at the same foreign currency exchange rate. Constant currency can be presented for numerous GAAP measures, but is most commonly used by management to facilitate the comparison sales in foreign currencies to prior periods and analyze net sales performance without the impact of changes in foreign currency exchange rates. See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 16 - 19 of this presentation.

Third Quarter Results

Mark Singleton

Senior Vice-President and Chief Financial Officer

Third Quarter Performance

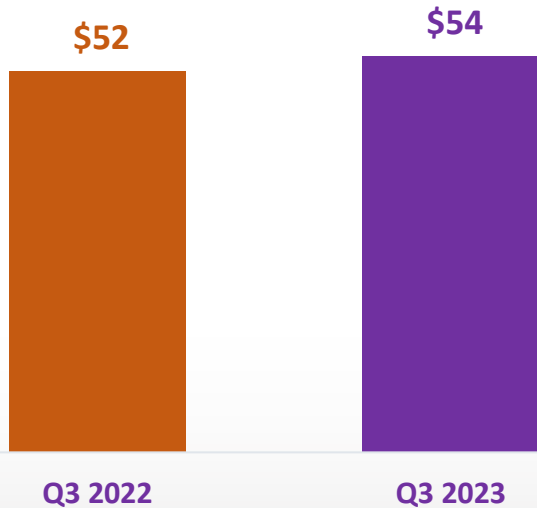
- Sizable improvement in our leverage, cost structure and internal control environment
- Revenue of \$121 million decreased 6% compared to the prior year quarter
- Revenue growth was even with the prior year quarter when adjusting for the divestiture of our Wound Business
- Generated adjusted EBITDA¹ of \$22 million, even compared to prior year quarter
- Lower operating expenses were offset by lower gross profit due to reduction in revenue

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Third Quarter Performance

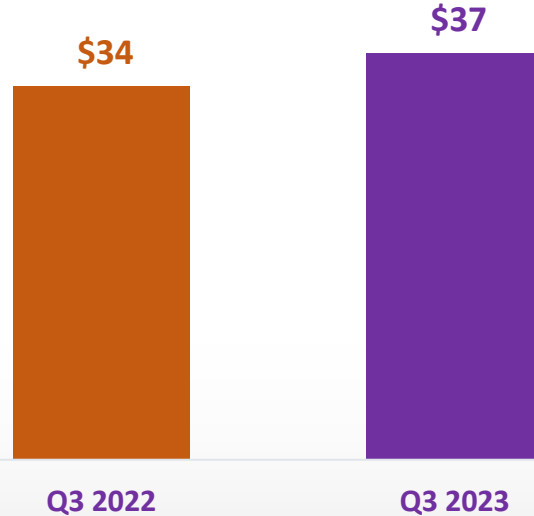
Pain Treatments Revenue

Millions



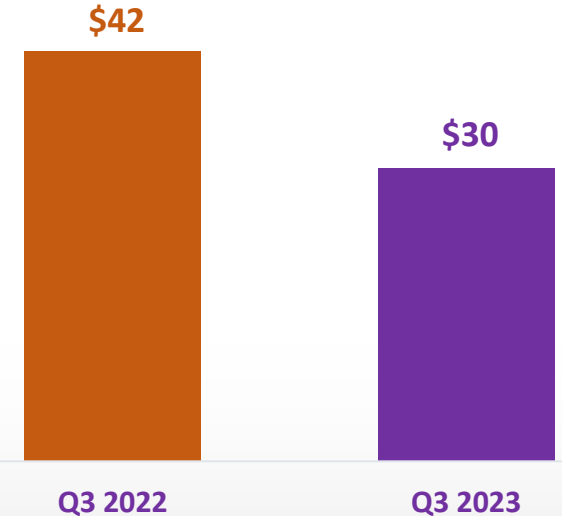
Surgical Solutions Revenue

Millions



Restorative Therapies Revenue

Millions



- Pain Treatments increased 3% compared to prior year
 - Double-digit volume growth driven by Durolane
 - Continued pricing pressure from the move from WAC to ASP
 - Expect growth to accelerate in Q4

- Surgical Solutions grew 7%
 - Ultrasonics maintained strong double-digit growth
 - Slower than expected recovery in Bone Graft Substitutes
 - Excited about continued momentum in Ultrasonics

- Restorative Therapies fell 28%
 - Decrease in growth driven by Wound Business divestiture
 - On an organic basis, Advanced Rehabilitation drove majority of the decline

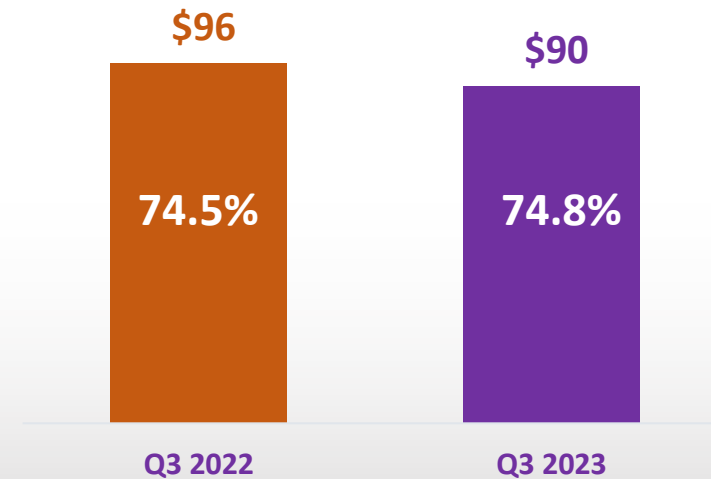
Third Quarter Performance

- Adjusted gross margin* increased 30 basis points
 - Benefited from a favorable comparison due to higher accruals for private payer rebates last year
- Adjusted operating expenses* decreased almost \$9 million due to restructuring benefits, spending discipline, and Wound Business divestiture
- Decline in operating expenses was minimized by significant reduction last year for management incentives

Adjusted Gross Profit*

Millions

Adjusted Gross Margin*



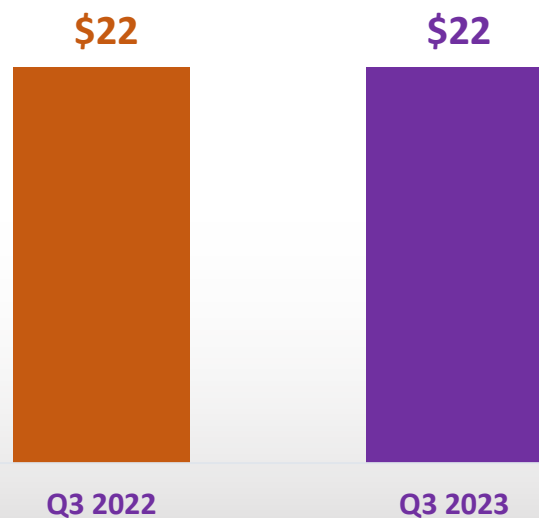
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Third Quarter Performance

\$0.05 Adjusted Earnings Per Share*

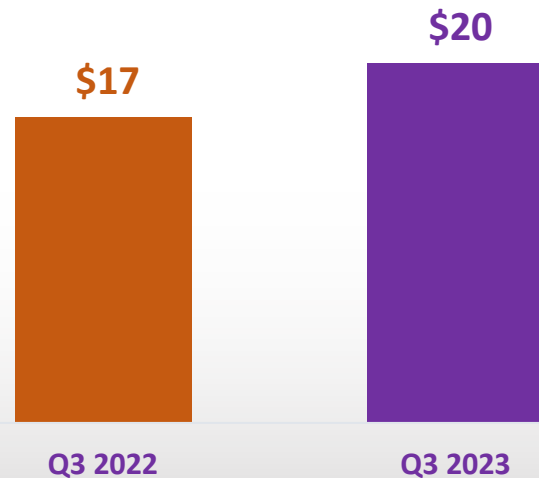
Adjusted EBITDA*

Millions



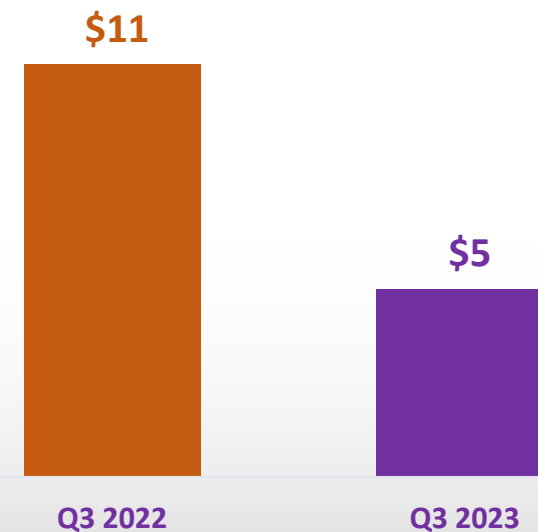
Adjusted Operating Income*

Millions



Adjusted Net Income*

Millions



* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on Slides 16 – 19 of this presentation.

Third Quarter Performance: Balance Sheet and Cash Flow

- Ended quarter with \$27 million of cash
- \$395 million of debt outstanding
 - \$15 million draw on revolving credit facility
- Operating cash outflow of \$8 million due to negotiated delay in payment of rebate claims invoiced in the first quarter
- Forecast a return to positive operating cash flow in the fourth quarter
- Remain well within compliance of our leverage and interest coverage covenants

2023 Guidance

- Updating 2023 sales and earnings guidance
- Now expect 2023 net sales to be in the range of \$498 million to \$505 million
- Now expect 2023 adjusted EBITDA to be in the range of \$84 million to \$87 million
- Now expect 2023 adjusted diluted loss per share to be a loss of \$0.12 to a loss of \$0.09
- Improved visibility in our business
- Remain steadfast in improving financial performance

The Company does not provide U.S. GAAP financial measures, other than net sales, on a forward-looking basis, because the Company is unable to predict with reasonable certainty the impact and timing of acquisition related expenses, accounting fair-value adjustments, and certain other reconciling items without unreasonable efforts. These items of uncertainty depend on various factors and could be material to the Company's results calculated in accordance with U.S. GAAP.



Reconciliation of Net (Loss) Income from Continuing Operations to Adjusted EBITDA (unaudited)

(\$, thousands)	Three Months Ended		Nine Months Ended		Twelve Months Ended
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 31, 2022
Net loss from continuing operations	\$ (8,791)	\$ (101,035)	\$ (113,540)	\$ (123,174)	\$ (153,371)
Interest expense, net	10,115	3,604	30,396	4,632	12,021
Income tax expense (benefit), net	600	(29,523)	835	(33,411)	(35,654)
Depreciation and amortization ^(a)	13,827	13,593	44,900	38,456	55,398
Acquisition and related costs ^(b)	1,424	3,455	4,047	17,428	21,731
Restructuring and succession charges ^(c)	(26)	575	911	2,847	7,453
Equity compensation ^(d)	1,833	4,648	947	14,153	17,585
Financial restructuring costs ^(e)	478	—	7,065	—	—
Impairment of assets ^(f)	—	—	78,615	—	10,285
Impairment of goodwill ^(g)	—	124,697	—	124,697	124,697
Loss on disposal of a business ^(h)	340	—	1,317	—	—
Other items ⁽ⁱ⁾	1,935	1,909	11,351	5,796	8,465
Adjusted EBITDA	\$ 21,735	\$ 21,923	\$ 66,844	\$ 51,424	\$ 68,610

(a) Includes for the three months ended September 30, 2023 and October 1, 2022 and the nine months ended September 30, 2023 and October 1, 2022, respectively, depreciation and amortization of \$11,506, \$11,331, \$38,146 and \$30,233 in cost of sales and \$2,321, \$2,262, \$6,754 and \$8,223 in operating expenses presented in the consolidated statements of operations and comprehensive loss.

Includes for the years ended December 31, 2022, depreciation and amortization of \$45,622 in cost of sales and \$9,776 in operating expenses.

(b) Includes acquisition and integration costs related to completed acquisitions, amortization of inventory step-up associated with acquired entities, loss on disposal of fixed assets related to acquired businesses and changes in fair value of contingent consideration.

(c) Costs incurred were the result of adopting restructuring plans to reduce headcount, reorganize management structure, and consolidate certain facilities.

(d) Includes compensation expense resulting from awards granted under our equity-based compensation plans. The nine months ended September 30, 2023 include the reversal of equity compensation expenses totaling \$3.8 million related to the transition of our executive leadership.

(e) Financial restructuring costs include advisory fees and debt amendment related costs.

(f) Represents a non-cash impairment charge for intangible assets attributable to our Wound Business due to our decision to divest the business.

(g) Represents a non-cash impairment charge due to the decline in the Company's market capitalization.

(h) Represents the loss on disposal of the Wound Business.

(i) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or divestitures and costs attributable to MOTYS. During the 2022 fiscal year, prior to obtaining the results from our Phase 2 trial, we elected to discontinue the development of MOTYS, to focus our resources on other priorities, including the integration of our acquisitions and our expanded R&D and product development portfolio we inherited with these acquisitions. We incurred \$1.2 million during the nine months ended September 30, 2023 related to MOTYS. We expect to incur up to \$0.5 million in remaining expenditures. Other items for the nine months ended September 30, 2023 also includes severance costs totaling \$2.3 million related to the transition of our executive leadership.

Reconciliation of Other Reported GAAP Measures to Non-GAAP Measures (for Three Months Ended)

Three Months Ended September 30, 2023	Gross Profit	Operating Expenses ^(a)	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 78,850	\$ 73,417	\$ 3,015	\$ 2,418	\$ (8,791)	\$ (0.12)
Reported GAAP margin	65.3 %			2.0 %		
Depreciation and amortization ^(b)	11,506	2,317	4	13,827	13,827	0.18
Acquisition and related costs ^(c)	—	1,424	—	1,424	1,424	0.02
Restructuring and succession charges ^(d)	—	(26)	—	(26)	(26)	—
Financial restructuring costs ^(g)	—	478	—	478	478	0.01
Loss on disposal of a business ^(h)	—	340	—	340	340	—
Other items ⁽ⁱ⁾	—	1,901	34	1,935	1,935	0.02
Tax effect of adjusting items ^(j)	—	—	—	—	(4,512)	(0.06)
Non-GAAP measure	\$ 90,356	\$ 66,983	\$ 2,977	\$ 20,396	\$ 4,675	\$ 0.05
Non-GAAP margin	74.8 %			16.9 %		

	Non-GAAP Gross Margin	Non-GAAP Operating Expenses	Non-GAAP R&D	Non-GAAP Operating Income	Non-GAAP Net income Continuing Operations	Adjusted EPS Continuing Operations

Three Months Ended October 1, 2022	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 84,535	\$ 206,760	\$ 4,614	\$ (126,839)	\$ (101,035)	\$ (1.18)
Reported GAAP margin	65.7 %			(98.6)%		
Depreciation and amortization ^(b)	11,331	2,255	7	13,593	13,593	0.18
Acquisition and related costs ^(c)	—	3,455	—	3,455	3,455	0.04
Restructuring and succession charges ^(d)	—	575	—	575	575	0.01
Impairment of goodwill ⁽ⁱ⁾	—	124,697	—	124,697	124,697	1.61
Other items ^(j)	—	151	1,758	1,909	1,909	0.02
Tax effect of adjusting items ^(k)	—	—	—	—	(31,795)	(0.50)
Non-GAAP measure	\$ 95,866	\$ 75,627	\$ 2,849	\$ 17,390	\$ 11,399	\$ 0.18
Non-GAAP margin	74.5 %			13.5 %		

- (a) The "Reported GAAP Measure" under the "Operating Expenses" column is a sum of all GAAP operating expense line items, excluding research and development.
- (b) Includes for the three months ended September 30, 2023 and October 1, 2022 and the nine months ended September 30, 2023 and October 1, 2022, respectively, depreciation and amortization of \$11,506, \$11,331, \$38,146 and \$30,233 in cost of sales and \$2,321, \$2,262, \$6,754 and \$8,223 in operating expenses presented in the consolidated statements of operations and comprehensive loss.
- (c) Includes acquisition and integration costs related to completed acquisitions, amortization of inventory step-up associated with acquired entities, loss on disposal of fixed assets related to acquired businesses and changes in fair value of contingent consideration.
- (d) Costs incurred were the result of adopting restructuring plans to reduce headcount, reorganize management structure, and consolidate certain facilities.
- (e) Represents a non-cash impairment charge for intangible assets attributable to our Wound Business due to our decision to divest the business.
- (f) Represents a non-cash impairment charge due to the decline in the Company's market capitalization.
- (g) Financial restructuring costs include advisory fees and debt amendment related costs.
- (h) Represents the loss on disposal of the Wound Business.
- (i) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or potential divestitures and MOTYS Costs. Other items for nine months ended September 30, 2023 also includes severance costs totaling \$2.3 million and the reversal of equity compensation expenses totaling \$3.8 million related to the transition of our executive leadership.
- (j) Includes (\$15.3) million of tax impact related to the impairment of assets, and an estimated tax impact of the remaining adjustments to Non-GAAP Net Income from continuing operations, calculated by applying a rate of 25.1% and 24.8% to those adjustments for the three and nine months ended September 30, 2023 and October 1, 2022, respectively.
- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.0% and 20.4%, respectively, for the three and three and nine months ended September 30, 2023 and October 1, 2022.

Reconciliation of Other Reported GAAP Measures to Non-GAAP Measures (for Six Months Ended)

<i>Nine Months Ended September 30, 2023</i>	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 241,892	\$ 314,598	\$ 10,184	\$ (82,890)	\$ (113,540)	\$ (1.45)
Reported GAAP margin	64.2 %			(22.0%)		
Depreciation and amortization ^(b)	38,146	6,740	14	44,900	44,900	0.57
Acquisition and related costs ^(c)	—	4,047	—	4,047	4,047	0.05
Restructuring and succession charges ^(d)	—	911	—	911	911	0.01
Impairment of assets ^(e)	—	78,615	—	78,615	78,615	1.01
Financial restructuring costs ^(g)	—	7,065	—	7,065	7,065	0.09
Loss on disposal of a business ^(h)	—	1,317	—	1,317	1,317	0.02
Other items ⁽ⁱ⁾	—	6,262	1,286	7,548	7,548	0.10
Tax effect of adjusting items ^(j)	—	—	—	—	(31,790)	(0.47)
Non-GAAP measure	\$ 280,038	\$ 209,641	\$ 8,884	\$ 61,513	\$ (927)	\$ (0.07)

Non-GAAP margin	74.3 %			16.3 %		
	Non-GAAP Gross Margin	Non-GAAP Operating Expenses	Non-GAAP R&D	Non-GAAP Operating Income	Non-GAAP Net loss Continuing Operations	Adjusted EPS Continuing Operations

<i>Nine Months Ended October 1, 2022</i>	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 256,891	\$ 390,580	\$ 17,908	\$ (151,597)	\$ (123,174)	\$ (1.48)
Reported GAAP margin	66.5 %			(39.2%)		
Depreciation and amortization ^(b)	30,233	8,205	18	38,456	38,456	0.50
Acquisition and related costs ^(c)	5,607	11,821	—	17,428	17,428	0.23
Restructuring and succession charges ^(d)	—	2,847	—	2,847	2,847	0.04
Impairment of goodwill ^(f)	—	124,697	—	124,697	124,697	1.62
Other items ⁽ⁱ⁾	—	3,254	2,542	5,796	5,796	0.08
Tax effect of adjusting items ^(j)	—	—	—	—	(42,967)	(0.65)
Non-GAAP measure	\$ 292,731	\$ 239,756	\$ 15,348	\$ 37,627	\$ 23,083	\$ 0.34

Non-GAAP margin	75.8 %			9.7 %		
	Non-GAAP Gross Margin	Non-GAAP Operating Expenses	Non-GAAP R&D	Non-GAAP Operating Income	Non-GAAP Net Income Continuing Operations	Adjusted EPS Continuing Operations

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- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.0% and 20.4%, respectively, for the three and three and nine months ended September 30, 2023 and October 1, 2022.

Use of Non-GAAP Financial Measures

Organic Revenue Growth

The Company defines the term “organic revenue” as revenue in the stated period excluding the impact from business acquisitions and divestitures. The Company uses the related term “organic revenue growth” to refer to the financial performance metric of comparing the stated period’s organic revenue with the comparable reported revenue of the corresponding period in the prior year. The Company believes that these non-GAAP financial measures, when taken together with GAAP financial measures, allow the Company and its investors to better measure the Company’s performance and evaluate long-term performance trends. Organic revenue growth also facilitates easier comparisons of the Company’s performance with prior and future periods and relative comparisons to its peers. The Company excludes the effect of acquisitions and divestitures because these activities can have a significant impact on the Company’s reported results, which the Company believes makes comparisons of long-term performance trends difficult for management and investors.

Adjusted EBITDA, Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expenses, Non-GAAP R&D, Non-GAAP Operating Margin, Non-GAAP Net Income, and Non-GAAP Earnings per share of Class A Common Stock

We present Adjusted EBITDA, Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expense, Non-GAAP Operating Margin, Non-GAAP R&D, Non-GAAP Net Income from continuing operations, and Non-GAAP Earnings per share of Class A common stock from continuing operations, all non-GAAP financial measures, to supplement our GAAP financial reporting, because we believe these measures are useful indicators of our operating performance. Beginning in the first quarter of 2023, we revised our presentation of Non-GAAP measures to remove the foreign exchange adjustment and include financial restructuring costs. The prior year has been recast to conform to the current period. We define Adjusted EBITDA as net loss from continuing operations before depreciation and amortization, provision of income taxes and interest expense (income), net, 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 and related costs, impairments of goodwill, impairment of assets, restructuring and succession charges, equity compensation expense, financial restructuring costs and other items. See the table below for a reconciliation of net (loss) income from continuing operations to Adjusted EBITDA. Our management uses Adjusted EBITDA principally as a measure of our 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. Our management uses Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expense, Non-GAAP Operating Margin and Non-GAAP Net Income from continuing operations principally as measures of our operating performance and believes that these non-GAAP financial measures are useful to better understand the long term performance of our core business and to facilitate comparison of our results to those of peer companies. Our management also uses these non-GAAP financial measures for planning purposes, including the preparation of our annual operating budget and financial projections. We define Non-GAAP Gross Profit as gross profit, 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 depreciation and amortization included in the cost of goods sold and acquisition and related costs in the cost of goods sold. We define Non-GAAP Gross Margin as Non-GAAP Gross Profit divided by net sales. See the table below for a reconciliation of gross profit and gross margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define Non-GAAP Operating Income as operating 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 depreciation and amortization, acquisition and related costs, impairments of goodwill, impairment of assets, restructuring and succession charges, loss on disposals, financial restructuring costs, and other items. Non-GAAP Operating Margin is defined as Non-GAAP Operating Income divided by net sales. See the table below for a reconciliation of operating (loss) income and operating margin to Non-GAAP Operating Income and Non-GAAP Operating Margin. We define Non-GAAP Operating Expense as operating expenses, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, impairments of goodwill, impairment of assets, loss on disposals, restructuring and succession charges, financial restructuring costs and other items. See the table below for a reconciliation of operating expenses to Non-GAAP Operating Expenses. We define Non-GAAP R&D as research and development, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, restructuring and succession charges, and other items. See the table below for a reconciliation of operating expenses to Non-GAAP R&D. We define Non-GAAP Net Income from continuing operations as Net Income from continuing operations, 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 depreciation and amortization, acquisition and related costs, restructuring and succession charges, impairments of goodwill, impairment of assets, loss on disposals, financial restructuring costs, other items and the tax effect of adjusting items. See the table below for a reconciliation of Net (Loss) Income from continuing operations to Non-GAAP Net Income from continuing operations. We define Non-GAAP Earnings per Class A share from continuing operations as Earnings per Class A share, 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 depreciation and amortization, acquisition and related costs, restructuring and succession charges, impairments of goodwill, impairment of assets, loss on disposals, financial restructuring costs, other items and the tax effect of adjusting items divided by weighted average number of shares of Class A common stock outstanding during the period. See the table below for a reconciliation of loss per Class A share to Non-GAAP Earnings per Class A share.

Prior Period Recast for Discontinued Operations

On February 27, 2023, the Company ceased to control CartiHeal for accounting purposes, and therefore, deconsolidated CartiHeal effective February 27, 2023. CartiHeal was part of the Company’s international reporting segment. The Company treated the deconsolidation of CartiHeal as a discontinued operation. Refer to Note 3. Acquisitions and divestitures and Note 14. Discontinued operations in the Company’s Form 10-Q for the period ended September 30, 2023, filed on November 7, 2023, for further details regarding the deconsolidation of CartiHeal. The Company’s prior period non-GAAP measures presented have been recast for the effect of the discontinued operations accounting.

Net Sales, International Net Sales Growth and Constant Currency Basis

Net Sales, International Net Sales Growth and Constant Currency Basis are non-GAAP measures, which are calculated by translating current and prior year results at the same foreign currency exchange rate. Constant currency can be presented for numerous GAAP measures, but is most commonly used by management to facilitate the comparison sales in foreign currencies to prior periods and analyze net sales performance without the impact of changes in foreign currency exchange rates.

Limitations of the Usefulness of Non-GAAP Measures

Non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for, or as superior to, the financial information prepared and presented in accordance with GAAP. These measures might exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of the Company’s performance and should be reviewed in conjunction with the GAAP financial measures. Additionally, other companies might define their non-GAAP financial measures differently than we do. Investors are encouraged to review the reconciliation of the non-GAAP measures provided in this press release, including in the tables below, to their most directly comparable GAAP measures. Additionally, the Company does not provide U.S. GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the impact and timing of acquisitions related expenses, accounting fair-value adjustments and certain other reconciling items without unreasonable efforts. These items are uncertain, depend on various factors, and could be material to the Company’s results computed in accordance with U.S. GAAP.