



Second Quarter 2024 Financial Results

August 6, 2024

Agenda and Speakers



Rob Claypoole
President and
Chief Executive Officer

Update on 2024 Priorities



Mark Singleton
Senior Vice-President
and Chief Financial Officer

**Q2 2024 Results
Update to 2024 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; the impact of the potential divestiture of our Advanced Rehabilitation Business financial condition and operations; 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: we might not meet certain of our debt covenants under our Credit and Guaranty Agreement and might be required to repay our indebtedness; risks associated with the potential divestiture of our Advanced Rehabilitation 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 or costs not covered by our insurers, 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; if our HA products are reclassified from medical devices to drugs in the United States by the FDA, it 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 access to or disclosure of information, cyberattacks, or other incidents or the perception that confidential information in our or our vendors’ or service providers’ possession or control 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 other the other risks identified in our Annual Report on Form 10-K for the year ended December 31, 2023, as such factors may be 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.

Strong Start to the Year - Revenue and Profitability Acceleration

- Second quarter 10% revenue growth and 14% organic revenue growth*
- Third straight quarter of double-digit organic revenue growth*
- Expect to deliver double-digit organic revenue growth* for the full year
- Accelerated growth in Surgical Solutions in both Ultrasonics and BGS
 - Doubled the number of generators sold
 - Opportunity in Ultrasonics for transformational growth in not only spine, but neuro and new geographies
 - Strengthening our commercial execution with both existing and new distributors in Bone Graft Substitutes
 - Received FDA clearance for OSTEOAMP cannula

nexus

bone scalpel®



Strong Start to the Year - Revenue and Profitability Acceleration

- Delivered double-digit growth again in HA business
- Significant volume expansion in Durolane
- Opportunity for sustained growth through our clinical differentiation, dedicated commercial team, private payer coverage and geographic expansion
- Exogen grew for the third straight quarter
- Returned business to growth through focus on medical education, product enhancements and stronger commercial fundamentals
- Made strategic decision to divest our Advanced Rehabilitation business



Strong Start to the Year - Revenue and Profitability Acceleration

- Significantly increased our Adjusted EBITDA* to over \$34 million
- Drove 224 basis point increase in Adjusted EBITDA margin* compared to prior year
- Opportunity to selectively invest in second half of 2024 to drive profitable growth
- Project 2024 Adjusted EBITDA margin* to expand by more than 100 basis points even with increased investments
- Believe this level of annual margin improvement is sustainable
- Further reduced net leverage in the second quarter
- Expect to reduce net leverage to below three times before we exit 2025

Second Quarter Results

Mark Singleton

Senior Vice-President and Chief Financial Officer

Second Quarter Performance

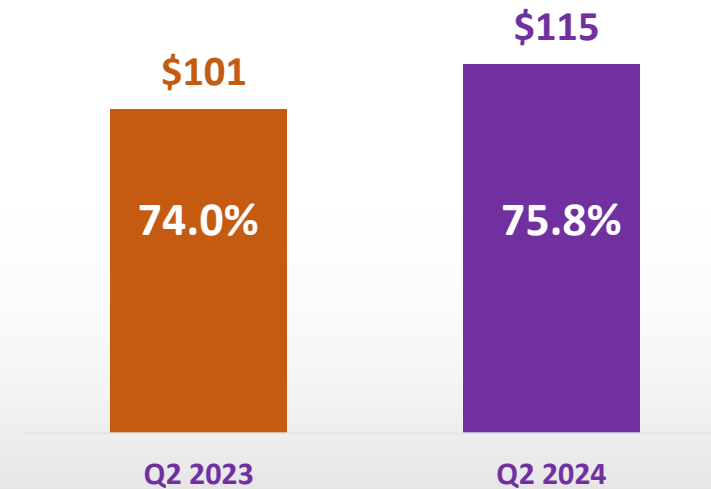
- Sustained improvement throughout our business
- Well positioned to enhance our growth, profitability and cash flow
- Revenue of \$151 million increased 10% compared to the prior year quarter
- Organic revenue growth* increased 14% compared to the prior year quarter when adjusting for the divestiture of our Wound Business
- Generated Adjusted EBITDA* of \$34 million, increased \$6 million or 22% compared to the prior year quarter

* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 15 -18 of this presentation.

Second Quarter Performance

- Adjusted Gross Margin* increased 180 basis points
- Favorable revenue mix from growth of higher margin HA and Surgical Solutions, favorable private payer rebates, and impact from divestiture of Wound Business

Adjusted Gross Profit* Millions Adjusted Gross Margin*

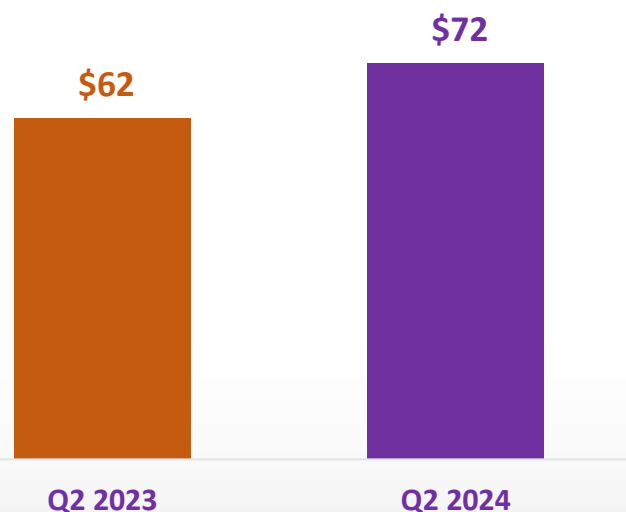


* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on Slides 15 – 18 of this presentation.

Second Quarter Performance

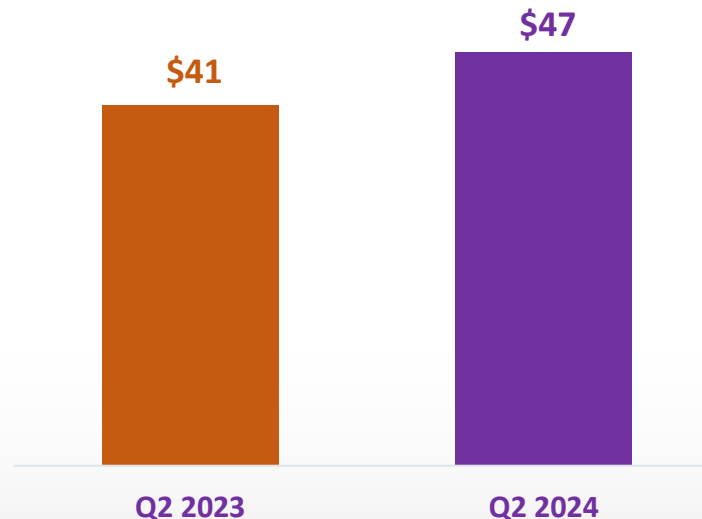
Pain Treatments Revenue

Millions



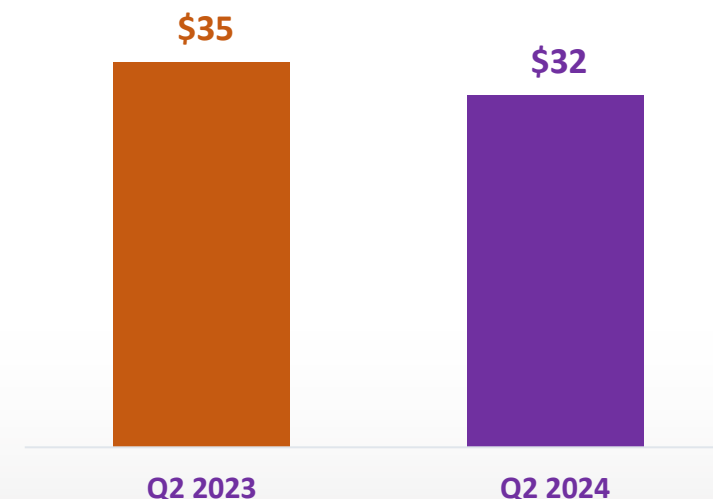
Surgical Solutions Revenue

Millions



Restorative Therapies Revenue

Millions



- Pain Treatments increased 17% compared to prior year quarter
 - Double-digit volume growth driven by Durolane
 - Third consecutive quarter of double-digit growth
 - Now project full-year double-digit growth
- Surgical Solutions grew 16% compared to prior year quarter
 - Ultrasonics and Bone Graft Substitutes maintained strong double-digit growth
 - Successfully navigated recent supply chain challenge
- Restorative Therapies fell 9% compared to prior year quarter
 - Decrease in growth driven by Wound Business divestiture
 - On an organic basis* revenue grew 5% driven by Exogen

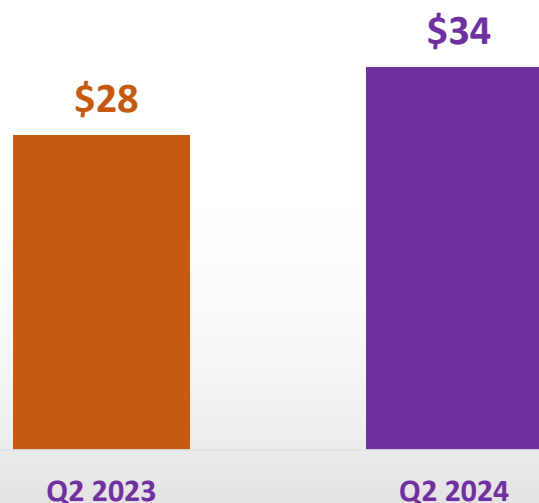
* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 15 - 18 of this presentation.

Second Quarter Performance

\$0.19 Adjusted Earnings Per Share*

Adjusted EBITDA*

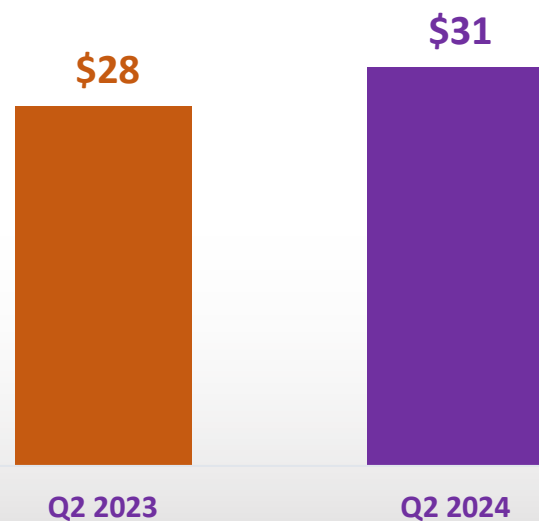
Millions



- 22% Adjusted EBITDA* growth
- Operating expense increase from higher sales commissions resulting from revenue growth and increased employee headcount

Adjusted Operating Income*

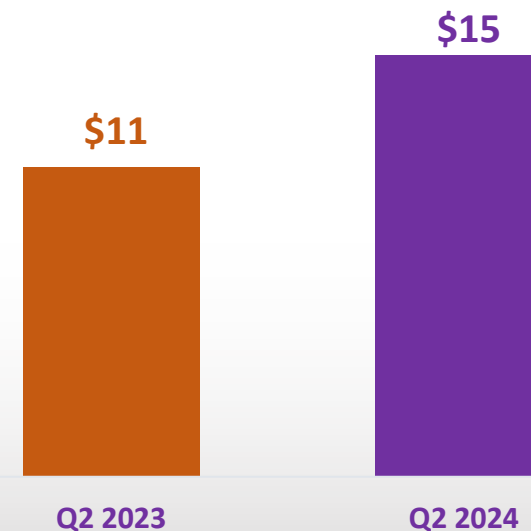
Millions



- 12% increase in Adjusted Operating Income*
- Adjusted Operating Margin* of 21% increased 40 basis points from prior year

Adjusted Net Income*

Millions



- 37% increase in Adjusted Net Income*

* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on Slides 15 – 18 of this presentation.

Second Quarter Performance: Balance Sheet and Cash Flow

- Ended quarter with \$32 million of cash
- \$383 million of debt outstanding
 - \$15 million drawn on revolving credit facility
- Cash from operations of \$15 million increased sequentially
- Further reduced net leverage in the second quarter
- Expect to reduce net leverage to below three times before we exit 2025

2024 Updated Financial Guidance

- Increased 2024 net sales to now be in the range of \$557 million to \$567 million
- Increased 2024 Adjusted EBITDA* to now be in the range of \$104 million to \$107 million
- Increased 2024 Adjusted Earnings Per Share* to now be in the range of \$0.36 to \$0.42

* 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		Six Months Ended		Twelve Months Ended
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023	December 31, 2023
Net loss from continuing operations	\$ (32,112)	\$ (4,731)	\$ (38,094)	\$ (104,749)	\$ (121,196)
Interest expense, net	9,924	10,587	20,263	20,281	40,676
Income tax (benefit) expense, net	(7,339)	381	(6,432)	235	85
Depreciation and amortization ^(a)	13,090	14,600	24,875	31,073	57,365
Acquisition and related costs ^(b)	300	1,448	511	2,623	5,694
Shareholder litigation costs ^(c)	12,502	—	13,670	—	—
Restructuring and succession charges ^(d)	(40)	620	13	937	2,331
Equity compensation ^(e)	3,672	(2,732)	6,263	(886)	2,722
Financial restructuring costs ^(f)	(5)	1,257	347	6,587	7,291
Impairment of assets ^(g)	31,870	—	31,870	78,615	78,615
Loss on disposal of a business ^(h)	—	977	—	977	1,539
Other items ⁽ⁱ⁾	2,590	5,751	3,789	9,416	13,740
Adjusted EBITDA	\$ 34,452	\$ 28,158	\$ 57,075	\$ 45,109	\$ 88,862

(a) Includes for the three months ended June 29, 2024 and July 1, 2023 and the six months ended June 29, 2024 and July 1, 2023, respectively, depreciation and amortization of \$11,021, \$12,301, \$21,046 and \$26,640 in cost of sales and \$2,069, \$2,299, \$3,829 and \$4,433 in operating expenses presented in the consolidated statements of operations and comprehensive loss.

The year ended December 31, 2023 includes depreciation and amortization of \$48,503 in cost of sales and \$8,862 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 as a result of certain shareholder litigation unrelated to our ongoing operations.

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

(e) Includes compensation expense resulting from awards granted under our equity-based compensation plans.

The three and six months ended July 1, 2023 and year ended December 31, 2023 includes the reversal of equity compensation expenses totaling \$3,803 related to the transition of our executive leadership.

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

(g) Represents a non-cash impairment charge for intangible assets attributable to our Rehabilitation Business in 2024 due to our decision to divest the business. Activity in 2023 relates to the non-cash impairment charge attributable to our divested Wound Business.

(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 a transformative project to redesign systems and information processing. We incurred \$0.3 million and \$1.2 million, respectively, during the three and six months ended July 1, 2023 related to MOTYS. Other items for the three and six months ended July 1, 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 June 29, 2024	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 103,639	\$ 129,019	\$ 3,988	\$ (29,368)	\$ (32,112)	\$ (0.37)
Reported GAAP margin	68.5 %			(19.4)%		
Depreciation and amortization ^(b)	11,021	2,064	5	13,090	13,090	0.16
Acquisition and related costs ^(c)	—	300	—	300	300	—
Shareholder litigation costs ^(d)	—	12,502	—	12,502	12,502	0.16
Restructuring and succession charges ^(e)	—	(40)	—	(40)	(40)	—
Financial restructuring costs ^(f)	—	(5)	—	(5)	(5)	—
Impairment of assets ^(g)	—	31,870	—	31,870	31,870	0.40
Other items ^(h)	—	2,385	205	2,590	2,590	0.03
Tax effect of adjusting items ⁽ⁱ⁾	—	—	—	—	(13,331)	(0.19)
Non-GAAP measure	\$ 114,660	\$ 79,943	\$ 3,778	\$ 30,939	\$ 14,864	\$ 0.19

Non-GAAP margin	75.8 %			20.5 %		
	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 July 1, 2023	Gross Profit	Operating Expenses ^(a)	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 89,123	\$ 78,975	\$ 3,398	\$ 6,750	\$ (4,731)	\$ (0.06)
Reported GAAP margin	65.0 %			4.9 %		
Depreciation and amortization ^(b)	12,301	2,294	5	14,600	14,600	0.19
Acquisition and related costs ^(c)	—	1,448	—	1,448	1,448	0.02
Restructuring and succession charges ^(e)	—	620	—	620	620	0.01
Financial restructuring costs ^(f)	—	1,257	—	1,257	1,257	0.02
Loss on disposal of a business ^(h)	—	977	—	977	977	0.01
Other items ⁽ⁱ⁾	—	1,675	274	1,949	1,949	0.02
Tax effect of adjusting items ^(j)	—	—	—	—	(5,234)	(0.07)
Non-GAAP measure	\$ 101,424	\$ 70,704	\$ 3,119	\$ 27,601	\$ 10,886	\$ 0.14
Non-GAAP margin	74.0 %			20.1 %		
	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

- (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 June 29, 2024 and July 1, 2023 and the six months ended June 29, 2024 and July 1, 2023, respectively, depreciation and amortization of \$11,021, \$12,301, \$21,046 and \$26,640 in cost of sales and \$2,069, \$2,299, \$3,829 and \$4,433 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 as a result of certain shareholder litigation unrelated to our ongoing operations.
- (e) Costs incurred were the result of adopting restructuring plans to reduce headcount, reorganize management structure, and consolidate certain facilities.
- (f) Financial restructuring costs include advisory fees and debt amendment related costs.
- (g) Represents a non-cash impairment charge for intangible assets attributable to our Rehabilitation Business in 2024 due to our decision to sell the business. Activity in 2023 relates to the non-cash impairment charge attributable to our divested Wound Business.
- (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 a transformative project to redesign systems and information processing. We incurred \$0.3 million and \$1.2 million, respectively, during the three and six months ended July 1, 2023 related to MOTYS. Other items for the three and six months ended July 1, 2023 also includes \$2.3 million of severance costs and the reversal of equity compensation of \$3.8 million related to the transition of our executive leadership.
- (j) The three and six months ended June 29, 2024 includes a \$6.2 million tax impact related to the impairment of assets. The six months ended July 1, 2023 includes a \$15.3 million tax impact related to the impairment of assets. An estimated tax impact for the remaining adjustments to Non-GAAP Net Income (Loss) was calculated by applying a rate of 25.1% to those adjustments for the three and six months ended June 29, 2024 and July 1, 2023.
- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 19.5% and 20.1%, respectively, for the three and three and six months ended June 29, 2024 and July 1, 2023.

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

Six Months Ended June 29, 2024	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 192,019	\$ 209,475	\$ 6,585	\$ (24,041)	\$ (38,094)	\$ (0.45)
Reported GAAP margin	68.4 %			(8.6%)		
Depreciation and amortization ^(b)	21,046	3,819	10	24,875	24,875	0.31
Acquisition and related costs ^(c)	—	511	—	511	511	0.01
Shareholder litigation costs ^(d)	—	13,670	—	13,670	13,670	0.17
Restructuring and succession charges ^(e)	—	13	—	13	13	—
Financial restructuring costs ^(f)	—	347	—	347	347	—
Impairment of assets ^(g)	—	31,870	—	31,870	31,870	0.40
Other items ⁽ⁱ⁾	—	3,496	293	3,789	3,789	0.05
Tax effect of adjusting items ^(j)	—	—	—	—	(17,037)	(0.24)
Non-GAAP measure	\$ 213,065	\$ 155,749	\$ 6,282	\$ 51,034	\$ 19,944	\$ 0.25
Non-GAAP margin	75.9 %			18.2 %		
	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

Six Months Ended July 1, 2023	Gross Profit	Operating Expenses ^(a)	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations ^(k)
Reported GAAP measure	\$ 163,042	\$ 241,181	\$ 7,169	\$ (85,308)	\$ (104,749)	\$ (1.34)
Reported GAAP margin	63.7 %			(33.3%)		
Depreciation and amortization ^(b)	26,640	4,423	10	31,073	31,073	0.40
Acquisition and related costs ^(c)	—	2,623	—	2,623	2,623	0.03
Restructuring and succession charges ^(e)	—	937	—	937	937	0.01
Financial restructuring costs ^(f)	—	6,587	—	6,587	6,587	0.08
Impairment of assets ^(g)	—	78,615	—	78,615	78,615	1.01
Loss on disposal of a business ^(h)	—	977	—	977	977	0.01
Other items ⁽ⁱ⁾	—	4,460	1,154	5,614	5,614	0.07
Tax effect of adjusting items ^(j)	—	—	—	—	(27,278)	(0.40)
Non-GAAP measure	\$ 189,682	\$ 142,559	\$ 6,005	\$ 41,118	\$ (5,601)	\$ (0.13)
Non-GAAP margin	74.1 %			16.1 %		
	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

- (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 June 29, 2024 and July 1, 2023 and the six months ended June 29, 2024 and July 1, 2023, respectively, depreciation and amortization of \$11,021, \$12,301, \$21,046 and \$26,640 in cost of sales and \$2,069, \$2,299, \$3,829 and \$4,433 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 as a result of certain shareholder litigation unrelated to our ongoing operations.
- (e) Costs incurred were the result of adopting restructuring plans to reduce headcount, reorganize management structure, and consolidate certain facilities.
- (f) Financial restructuring costs include advisory fees and debt amendment related costs.
- (g) Represents a non-cash impairment charge for intangible assets attributable to our Rehabilitation Business in 2024 due to our decision to sell the business. Activity in 2023 relates to the non-cash impairment charge attributable to our divested Wound Business.
- (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 a transformative project to redesign systems and information processing. We incurred \$0.3 million and \$1.2 million, respectively, during the three and six months ended July 1, 2023 related to MOTYS. Other items for the three and six months ended July 1, 2023 also includes \$2.3 million of severance costs and the reversal of equity compensation of \$3.8 million related to the transition of our executive leadership.
- (j) The three and six months ended June 29, 2024 includes a \$6.2 million tax impact related to the impairment of assets. The six months ended July 1, 2023 includes a \$15.3 million tax impact related to the impairment of assets. An estimated tax impact for the remaining adjustments to Non-GAAP Net Income (Loss) was calculated by applying a rate of 25.1% to those adjustments for the three and six months ended June 29, 2024 and July 1, 2023.
- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 19.5% and 20.1%, respectively, for the three and three and six months ended June 29, 2024 and July 1, 2023.

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” or “organic 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 (or Adjusted) 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, all non-GAAP financial measures, to supplement our GAAP financial reporting, because we believe these measures are useful indicators of our operating performance. We define Adjusted EBITDA as net loss from continuing operations before depreciation and amortization, provision of income taxes and interest expense, 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, certain shareholder litigation costs, 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 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 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, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, 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 income (loss) and operating margin to Non-GAAP Operating Income and Non-GAAP Operating Margin. We define Non-GAAP Operating Expenses 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, certain shareholder litigation costs, impairment of assets, 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, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, financial restructuring costs, other items and the tax effect of adjusting items. See the table below for a reconciliation of Net loss from continuing operations to Non-GAAP Net Income from continuing operations. We define Non-GAAP Earnings per Class A share 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, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, 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. In the first quarter of 2024, we included certain shareholder litigation costs as a new item within our calculation of certain Non-GAAP financial measures as set forth above since it was the first period in which costs related to this type of litigation were material to our business. Costs related to this shareholder litigation are unrelated to our ongoing operations and were nominal in prior periods.

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 14. Discontinued operations in the Company’s Form 10-Q for the period ended March 30, 2024, filed on May 7, 2024, for further details regarding the deconsolidation of CartiHeal.

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 presentation, 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.