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Innovations For Active Healing

Fourth Quarter 2023 Financial Results

March 12, 2024

Agenda and Speakers

Rob Claypoole
Chief Executive Officer

Initial Impressions as CEO
2024 Priorities

Mark Singleton
Senior Vice-President
and Chief Financial Officer

Q4 2023 Results
2024 Financial Guidance

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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 our recent amendment to our Credit and Guaranty 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 if we are unable to meet our current operating projections or secure other sources of liquidity, substantial doubt about our ability to continue as a going concern may arise; 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 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 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; the risk that new material weaknesses could adversely affect our ability to report our results of operations and financial condition accurately and in timely manner; 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, 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.

Initial Impressions and Learnings Since Joining Bioventus

- Met with many team members from around the globe
  - Participated in each of our national sales meetings
  - Conducted in person customer visits
  - Engaged in one-on-one conversations with key opinion leaders and patients
- Bioventus is well-positioned in large market segments, with excellent technology and a talented team
- Hold a leadership position across roughly two-thirds of our product portfolio
- Growing faster than the market in the remaining one-third
- Built momentum throughout 2023

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2024 Priorities

- Accelerating revenue growth
  - HA volume growth expected to remain above market by leveraging Durolane clinical differentiation and as price dynamics expected to improve
  - Ultrasonics expected to continue double-digit growth
  - Opportunity to build on International segment’s past double-digit growth

- Improving operational efficiency and boosting future profitability
  - Prioritize funding initiatives and plan to start re-allocating resources to maximize return
  - Integrate business processes across functions and streamline work
  - Continue to examine areas to reduce expenses
- Enhancing cash flow and liquidity position
  - Lower costs related to integrations and debt restructuring
  - Amended our term loan in early 2024 to provide additional flexibility

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Fourth Quarter Results

Mark Singleton
Senior Vice-President and Chief Financial Officer

Fourth Quarter Performance

- Sizable improvement in our leverage, cost structure and internal control environment
- Removed going concern
- Revenue of $135 million increased 8% 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 $22 million, increased $5 million compared to prior year quarter

* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 14 - 17 of this presentation.

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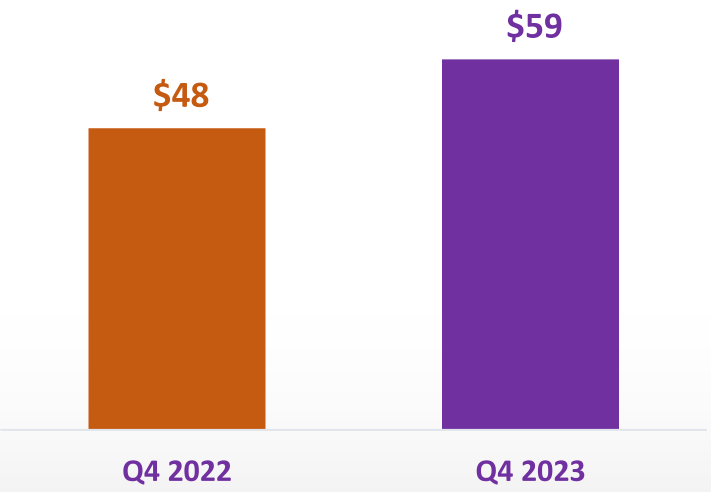
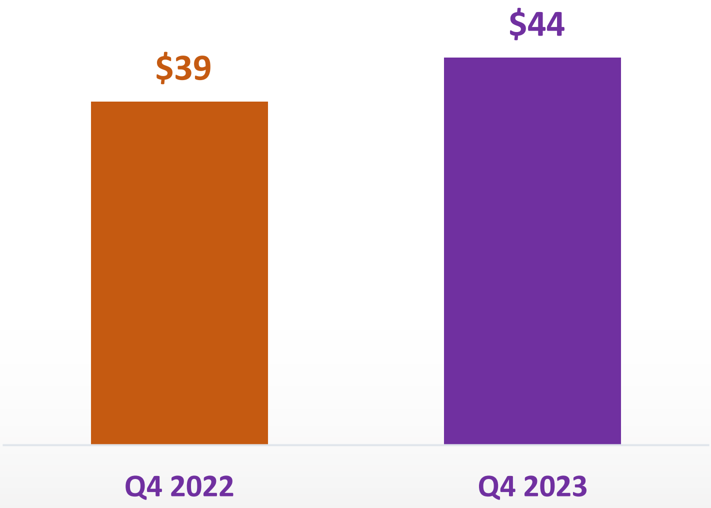
Fourth Quarter Performance

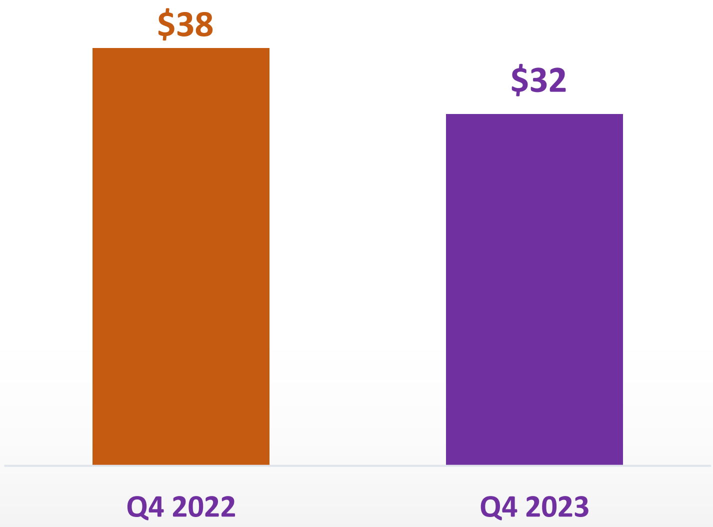
Pain Treatments Revenue
Millions



Surgical Solutions Revenue
Millions



Restorative Therapies Revenue
Millions



- Pain Treatments increased 23% compared to prior year
  - Double-digit volume growth driven primarily by Durolane
  - Favorable pricing driven by last year's catch-up in rebates
  - Expect mid to high-single digit growth in 2024

- Surgical Solutions grew 12%
  - Ultrasonics maintained strong double-digit growth
  - Faster than expected recovery in Bone Graft Substitutes
  - Expect high-single to double digit growth in 2024

- Restorative Therapies fell 16%
  - Decrease in growth driven by Wound Business divestiture
  - On an organic basis*, revenue grew 4% driven by Exogen

* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 14 - 17 of this presentation.

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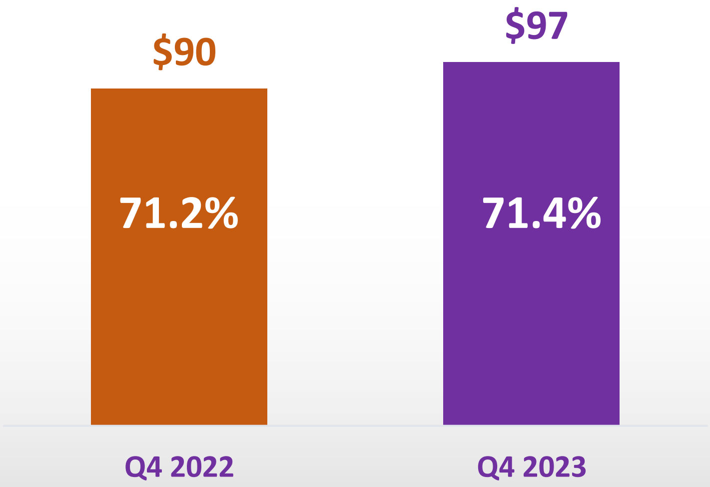
Fourth Quarter Performance

- Adjusted gross margin* increased 20 basis points
  - Benefited from a favorable comparison due to higher accruals for private payer rebates last year
- Adjusted operating expenses* were similar to last year as restructuring benefits and Wound Business divestiture were offset by increased commissions related to revenue growth
- Reduction in operating expenses was minimized by reduction last year for management incentives

Adjusted Gross Profit*
Millions
Adjusted Gross Margin*



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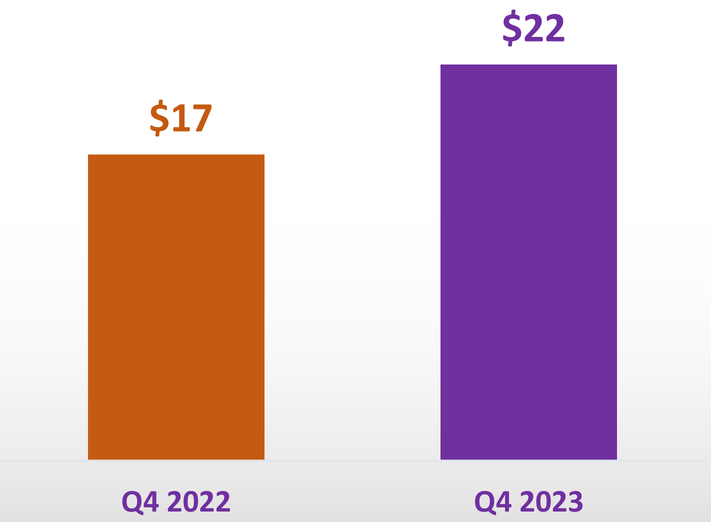
Fourth Quarter Performance

$0.07 Adjusted Earnings Per Share*

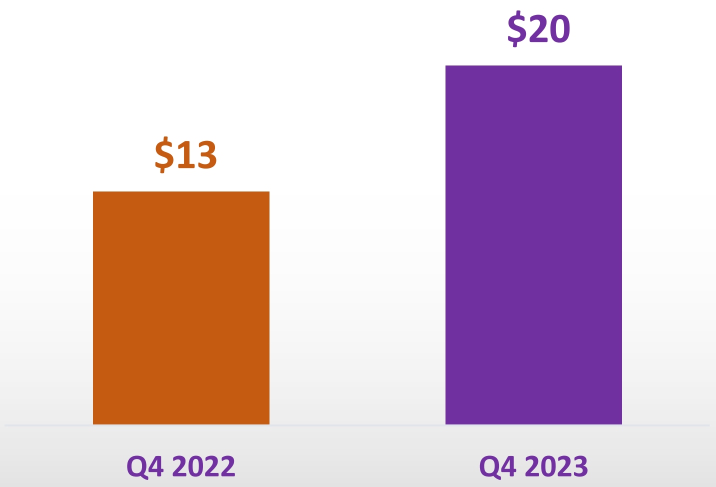
Adjusted EBITDA*

Millions



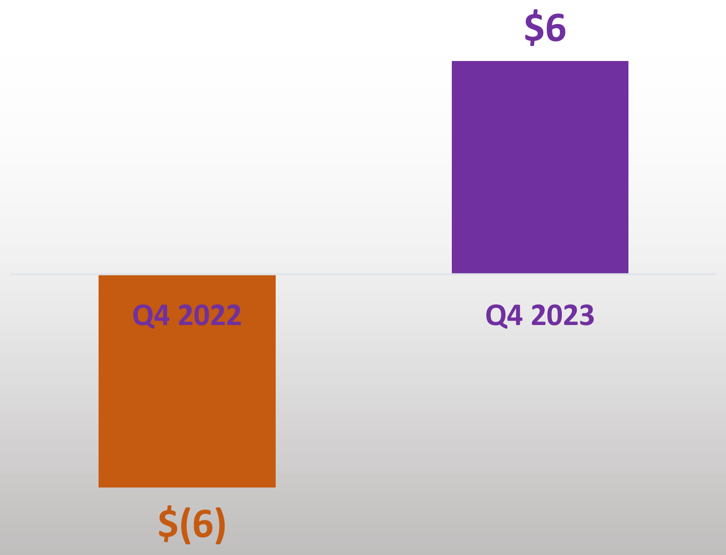
Adjusted Operating Income*

Millions



Adjusted Net Income*

Millions



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Fourth Quarter Performance: Balance Sheet and Cash Flow

- Ended quarter with $37 million of cash
- $395 million of debt outstanding
  - $15 million draw on revolving credit facility
- Operating cash inflow of $10 million
- Remain well within compliance of our leverage and interest coverage covenants
- Amended credit agreement to provide additional headroom for covenants through third quarter of 2025

2024 Guidance

- Expect 2024 net sales to be in the range of $520 million to $535 million
- Expect 2024 adjusted EBITDA* to be in the range of $89 million to $94 million
- Expect 2024 adjusted earnings per share* to be in the range of $0.12 to $0.20
- Expect first quarter revenue and adjusted EBITDA to be lowest for the year and fourth quarter to be the highest for the year
- Expect a fairly consistent level of operating expenses each quarter

* 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.

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

($, thousands)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Years Ended December 31, 2023	Years Ended December 31, 2022
Net loss from continuing operations	**$ (7,656)**	**$ (35,415)**	**$ (121,196)**	**$ (144,651)**
Interest expense, net	10,280	7,389	40,676	12,021
Income tax (benefit) expense, net	(750)	2,975	85	(44,374)
Depreciation and amortization[a]	12,465	16,942	57,365	55,398
Acquisition and related costs[b]	1,647	4,303	5,694	21,731
Restructuring and succession charges[c]	1,420	4,606	2,331	7,453
Equity compensation[d]	1,775	3,432	2,722	17,585
Financial restructuring costs[e]	226	—	7,291	—
Impairment of assets[f]	—	10,285	78,615	10,285
Impairment of goodwill[g]	—	—	—	124,697
Loss on disposal of a business[h]	222	—	1,539	—
Other items[i]	2,389	2,669	13,740	8,465
Adjusted EBITDA	**$ 22,018**	**$ 17,186**	**$ 88,862**	**$ 68,610**

(a) *Includes for the three months ended December 31, 2023 and December 31, 2022 and the years ended December 31, 2023 and December 31, 2022, respectively, depreciation and amortization of $10,357, $15,389, $48,503 and $45,622 in cost of sales and $2,108, $1,553, $8,862 and $9,776 in operating expenses presented in the consolidated statements of operations and comprehensive loss.*

(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, contract termination, reorganize management structure and consolidate certain facilities.*

(d) *Includes compensation expense resulting from awards granted under our equity-based compensation plans. The year ended December 31, 2023 includes 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 its divestiture during the year ended December 31, 2023. Represents asset impairment charges on Trice Medical, Inc. for the year ended December 31, 2022.*

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

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

(i) *Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or divestitures, projects associated with improving business capabilities/efficiencies 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 $1.0 million and $4.3 million in costs during the years ended December 31, 2023 and 2022, respectively, related to MOTYS. No further costs are expected related to MOTYS.*

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

Three Months Ended December 31, 2023	Gross Profit	Operating Expenses[a]	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations[k]
Reported GAAP measure	**$ 86,301**	**$ 81,874**	**$ 3,262**	**$ 1,165**	**$ (7,656)**	**$ (0.10)**
Reported GAAP margin	**63.7%**			**0.9%**		
Depreciation and amortization[b]	10,357	2,102	6	12,465	12,465	0.16
Acquisition and related costs[c]	—	1,647	—	1,647	1,647	0.02
Restructuring and succession charges[d]	—	1,420	—	1,420	1,420	0.02
Financial restructuring costs[g]	—	226	—	226	226	—
Loss on disposal of a business[h]	—	222	—	222	222	—
Other items[i]	—	2,500	(111)	2,389	2,389	0.03
Tax effect of adjusting items[j]	—	—	—	—	(4,611)	(0.06)
Non-GAAP measure	**$ 96,658**	**$ 73,757**	**$ 3,367**	**$ 19,534**	**$ 6,102**	**$ 0.07**
Non-GAAP margin	**71.4%**			**14.4%**		
	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 December 31, 2022	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[k]
Reported GAAP measure	**$ 74,189**	**$ 83,880**	**$ 5,946**	**$ (15,637)**	**$ (35,415)**	**$ (0.40)**
Reported GAAP margin	**59.0%**			**(12.4%)**		
Depreciation and amortization[b]	15,389	1,543	10	16,942	16,942	0.22
Acquisition and related costs[c]	—	4,303	—	4,303	4,303	0.06
Restructuring and succession charges[d]	—	4,606	—	4,606	4,606	0.06
Impairment of assets[e]	—	—	—	—	10,285	0.13
Other items[i]	—	876	1,793	2,669	2,669	0.03
Tax effect of adjusting items[j]	—	—	—	—	(9,635)	(0.12)
Non-GAAP measure	**$ 89,578**	**$ 72,552**	**$ 4,143**	**$ 12,883**	**$ (6,245)**	**$ (0.02)**
Non-GAAP margin	**71.2%**			**10.2%**		
	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 December 31, 2023 and December 31, 2022 and the years ended December 31, 2023 and December 31, 2022, respectively, depreciation and amortization of $10,357, $15,389, $48,503 and $45,622 in cost of sales and $2,108, $1,553, $8,862 and $9,776 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, contract termination, reorganize management structure and to 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 in 2023. Represents asset impairment charges on Trice Medical, Inc. in 2022.*

(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 divestitures, projects associated with improving business capabilities/efficiencies 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 $1.0 million and $4.3 million in costs during the years ended December 31, 2023 and 2022, respectively, related to MOTYS. No further costs are expected related to MOTYS.*

(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, calculated by applying a rate of 25.1% to those adjustments for the three months and year ended December 31, 2023. Includes $40.9 million of tax impact related to the impairment of assets and goodwill, and an estimated tax impact of the remaining adjustments to Non-GAAP Net Income, calculated by applying a rate of 24.8% to those adjustments for the three months and year ended December 31, 2022.*

(k) *Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.0% and 20.3%, respectively, for the years ended December 31, 2023 and 2022.*

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

Year Ended December 31, 2023	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[k]
Reported GAAP measure	**$ 328,193**	**$ 396,472**	**$ 13,446**	**$ (81,725)**	**$ (121,196)**	**$ (1.54)**
Reported GAAP margin	**64.1%**			**(16.0%)**		
Depreciation and amortization[b]	48,503	8,842	20	57,365	57,365	0.73
Acquisition and related costs[c]	—	5,694	—	5,694	5,694	0.07
Restructuring and succession charges[d]	—	2,331	—	2,331	2,331	0.03
Impairment of assets[e]	—	78,615	—	78,615	78,615	1.00
Financial restructuring costs[g]	—	7,291	—	7,291	7,291	0.09
Loss on disposal of a business[h]	—	1,539	—	1,539	1,539	0.02
Other items[i]	—	8,761	1,175	9,936	9,936	0.13
Tax effect of adjusting items[j]	—	—	—	—	(36,401)	(0.51)
Non-GAAP measure	**$ 376,696**	**$ 283,399**	**$ 12,251**	**$ 81,046**	**$ 5,174**	**$ 0.02**
Non-GAAP margin	**73.5%**			**15.8%**		
	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**

Year Ended December 31, 2022	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[k]
Reported GAAP measure	**$ 331,080**	**$ 474,460**	**$ 23,854**	**$ (167,234)**	**$ (144,651)**	**$ (1.70)**
Reported GAAP margin	**64.6%**			**(32.7%)**		
Depreciation and amortization[b]	45,622	9,748	28	55,398	55,398	0.72
Acquisition and related costs[c]	5,607	16,124	—	21,731	21,731	0.28
Restructuring and succession charges[d]	—	7,453	—	7,453	7,453	0.10
Impairment of assets[e]	—	—	—	—	10,285	0.13
Impairment of goodwill[f]	—	124,697	—	124,697	124,697	1.61
Other items[i]	—	4,130	4,335	8,465	8,465	0.11
Tax effect of adjusting items[j]	—	—	—	—	(66,540)	(1.04)
Non-GAAP measure	**$ 382,309**	**$ 312,308**	**$ 19,491**	**$ 50,510**	**$ 16,838**	**$ 0.21**
Non-GAAP margin	**74.7%**			**9.9%**		
	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**

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(k) *Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.0% and 20.3%, respectively, for the years ended December 31, 2023 and 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” 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 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, impairment of goodwill, impairment of assets, restructuring and succession charges, equity compensation expense, financial restructuring costs, loss on disposal of a business 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, impairment of goodwill, impairment of assets, restructuring and succession charges, financial restructuring costs, loss on disposal of a business 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, impairments of goodwill, impairment of assets, restructuring and succession charges, financial restructuring costs, loss on disposal of a business 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, impairment of goodwill, impairment of assets, financial restructuring costs, loss on disposal of a business, 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, restructuring and succession charges, impairment of goodwill, impairment of assets, financial restructuring costs, loss on disposal of a business, 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 4. Acquisitions and divestitures and Note 15. Discontinued operations in the Company's Form 10-K for the period ended December 31, 2023, filed on March 12, 2024, 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.

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