Second Quarter 2023 Financial Results

August 8, 2023

Agenda and Speakers

Tony Bihl
Interim Chief Executive Officer

Update on Business Outlook
Review of Q2 2023 Results

Mark Singleton
Senior Vice-President
and Chief Financial Officer

Q2 2023 Results
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; 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 our products; 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 international sales and operations; 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 Report on Form 10-Q for the quarter ended April 1, 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.

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Strong Start to the Year to Solidify Financial Position

- Encouraged by our results for the second quarter as we aggressively address the issues impacting last year's performance
- Focused on delivering sustainable, profitable growth, while remaining compliant with our debt covenants and reducing leverage
- Executed financial plan for the second quarter
  - Revenue in the range of our expectations
  - Year-to-date adjusted EBITDA up meaningfully compared to prior year
  - Significant pay down of debt outstanding
- Furthered strategic analysis and dialogue with our Board of Directors
  - Assessing growth and investment opportunities
  - Current leverage requires us to be selective in the areas we choose to invest in
  - Plan to review hierarchy of potential investment opportunities with Board
- Keep pressure on the business to maintain cost controls exhibited this year

1. For a reconciliation of reported GAAP measures to non-GAAP measures, please refer to Slides 16 – 18 of this presentation.

Strategic Priorities for 2023

- Deliver annual sales plan
  - Continue strong double-digit revenue growth in Surgical Solutions and International Business
  - Maintain volume growth and share gains across HA portfolio
  - Return HA to growth through price stabilization expected to start in the fourth quarter
- Maintain spending discipline
  - Seed some investment for potential future growth in selective areas
- Improve operational efficiencies and enhance internal controls

Second Quarter Results: Revenue Decreased 2% to $137M

- Adjusted EBITDA[1] increased to $28 million compared to $22 million in the prior year
- Adjusted EBITDA[1] above expectations primarily due to stringent expense control

- Pain Treatments saw double digit increase in sales volume with significant double-digit volume gain in Durolane supported by clinical differentiation
  - Continued to be impacted by the decline in our average selling price for Durolane and Gelsyn
  - Anticipate price erosion will subside in late 2023 and into early 2024
  - Forecast by fourth quarter 2023 will begin to see a return to HA revenue growth

1. 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.

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Second Quarter Results: Revenue Decreased 2% to $137M

- Surgical Solutions as expected saw a slowdown in revenue growth
  - Slower growth due to increased distributor churn in Bone Graft Substitutes
  - Bone Graft Substitutes expected to accelerate in second half of 2023 due to recent increase in distributor base and large account wins
  - Ultrasonics grew strong double-digits, expect similar growth in the second half of the year
  - Sales of Nexus generators bolstering Ultrasonics growth

- Restorative Therapies organic revenue fell to low single-digits
  - Advanced Rehabilitation benefited from accelerated Vector sales
  - Acceleration pulled expected revenue in third quarter into the second quarter
  - Exogen revenue declined compared to the prior year but increased sequentially

- International net sales grew 16% and constant currency[1] growth was 17%

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.

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Second Quarter Results

Mark Singleton
Senior Vice-President and Chief Financial Officer

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Second Quarter Performance

- Revenue of $137 million decreased 2% compared to the prior year quarter
- Constant currency sales also declined 2% 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 EBITDA[1] of $28 million, a $6 million increase driven primarily from lower operating expenses
- Realized accruals for our private payer contracts related to HA below our planning assumption

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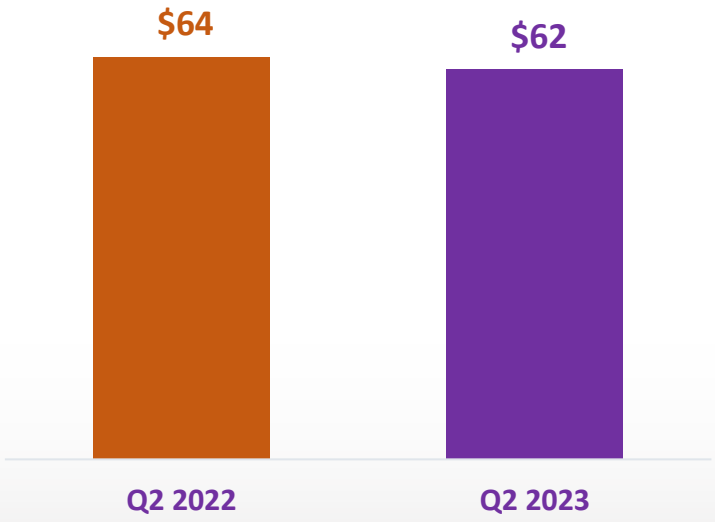
Second Quarter Performance

Pain Treatments Revenue

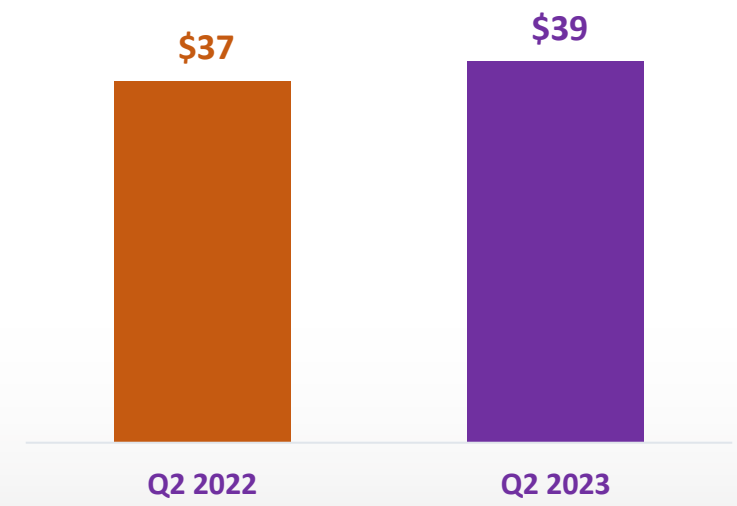
Millions



- Pain Treatments declined 4% compared to prior year
  - Continued pricing pressure from the move from WAC to ASP
  - Offsetting pricing pressure was double-digit volume growth for both Durolane and Supartz

Surgical Solutions Revenue

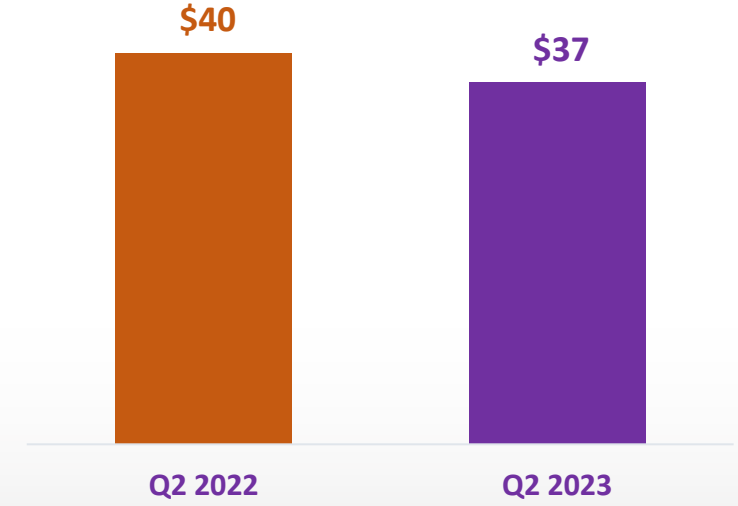
Millions



- Surgical Solutions grew 6%
  - Growth slightly below recent trend
  - Ultrasonics maintained strong double-digit growth
  - Expect double-digit growth for the second half of 2023

Restorative Therapies Revenue

Millions



- Restorative Therapies fell 8%
  - Decrease in growth driven primarily by Wound Business divestiture
  - Growth in Advanced Rehabilitation offset by decline in Exogen

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Second Quarter Performance

- Adjusted gross margin* decreased 280 basis points
  - Price reduction in HA from increased percentage of revenue going through private payers and move from WAC to ASP
  - Unfavorable product mix
- Adjusted operating expenses* decreased $16 million due to restructuring benefits, spending discipline, reduced R&D investment and Wound Business divestiture

* 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.

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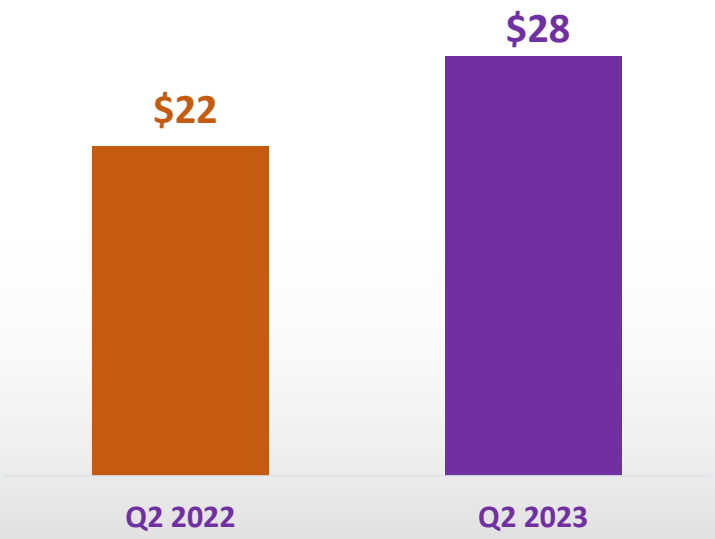
Second Quarter Performance

$0.14 Adjusted Earnings Per Share*

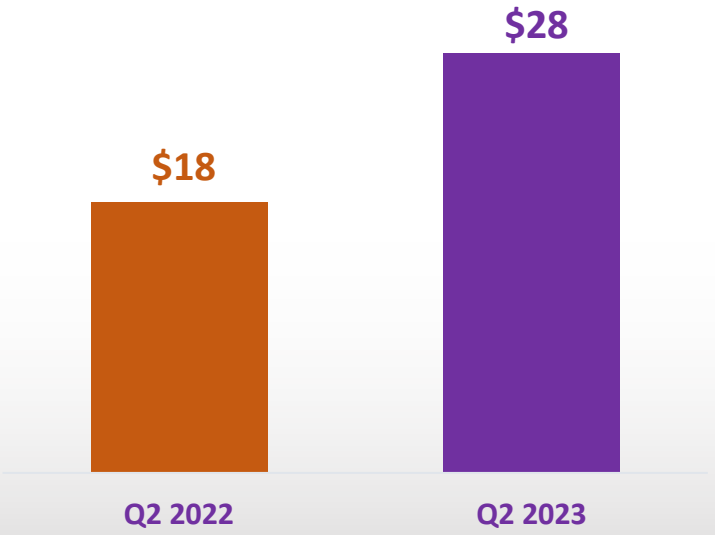
Adjusted EBITDA*

Millions



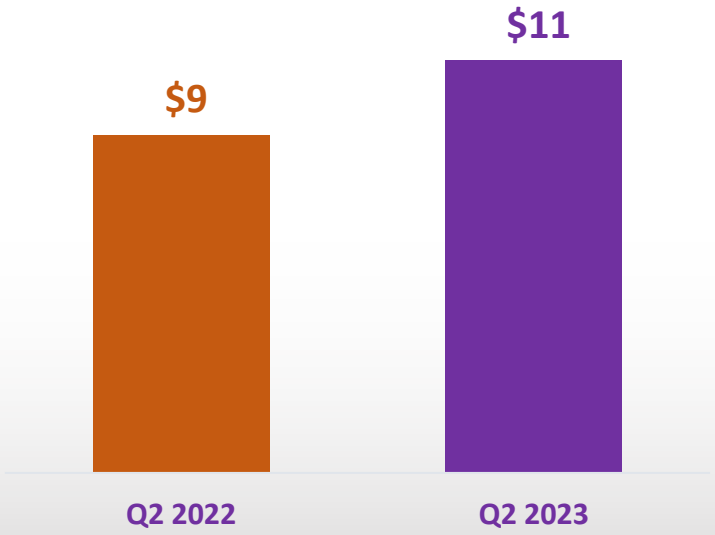
Adjusted Operating Income*

Millions



Adjusted Net Income*

Millions



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Second Quarter Performance: Balance Sheet and Cash Flow

- Ended quarter with $29 million of cash
- $386 million of debt outstanding
  - $7 million draw on revolving credit facility
  - Reduced overall bank borrowings by $60 million during the second quarter
- Operating cash outflow of $11 million due to improvement in working capital
- Remain well within compliance of our leverage and interest coverage covenants

2023 Guidance

- Providing initial 2023 sales and earnings guidance
- Expect 2023 net sales to be in the range of $490 million to $505 million
- Expect 2023 adjusted EBITDA to be in the range of $75 million to $80 million
- Expect 2023 adjusted diluted loss per share to be a loss of $0.24 to a loss of $0.20
- Focused on enhancing our control environment and liquidity as we drive improved 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.


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

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

($, thousands)	Three Months Ended July 1, 2023	Three Months Ended July 2, 2022	Six Months Ended July 1, 2023	Six Months Ended July 2, 2022	Twelve Months Ended December 31, 2022
Net loss from continuing operations	**$ (4,731)**	**$ (7,734)**	**$ (104,749)**	**$ (22,139)**	**$ (236,097)**
Interest expense (income), net	10,587	2,578	20,281	1,028	25,795
Income tax expense (benefit), net	381	1,244	235	(3,888)	(50,508)
Depreciation and amortization[(a)]	14,600	12,384	31,073	24,863	66,803
Acquisition and related costs[(b)]	1,448	3,901	2,623	11,879	27,081
Restructuring and succession charges[(c)]	620	1,695	937	2,272	7,453
Equity compensation[(d)]	(2,732)	4,616	(886)	9,505	17,585
Financial restructuring costs[(e)]	1,257	—	6,587	—	—
Impairment of assets[(f)]	—	—	78,615	—	10,285
Impairment of goodwill[(g)]	—	—	—	—	189,197
Loss on disposal of a business[(h)]	977	—	977	—	—
Other items[(i)]	5,751	3,645	9,416	5,981	8,465
Adjusted EBITDA	**$ 28,158**	**$ 22,329**	**$ 45,109**	**$ 29,501**	**$ 66,059**

(a) Includes for the three months ended July 1, 2023 and July 2, 2022 and the six months ended July 1, 2023 and July 2, 2022, respectively, depreciation and amortization of $12,301, $9,684, $26,640 and $18,902 in cost of sales and $2,299, $2,700, $4,433 and $5,961 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 $21,181 in operating expenses.

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

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

(d) Includes compensation expense resulting from awards granted under the Company's equity-based compensation plans. The three and six months ended July 1, 2023 includes the reversal of equity compensation expenses totaling $3.8 million related to the transition of executive leadership

(e) Financial restructuring costs which 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, incremental one-time consulting costs related to the recertification of certain products to comply with the new and extensive EU MDR requirements and costs attributable to MOTYS. During the second quarter of 2022, 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 $0.3 million and $1.2 million, respectively, during the three and six months ended July 1, 2023 related to MOTYS. We expect to incur up to $0.5 million in remaining expenditures. Other items for three and six months ended July 1, 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 executive leadership.

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

Three Months Ended July 1, 2023	Gross Profit	Operating Expenses[a]	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations[j]
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	—	620	—	620	620	0.01
Financial restructuring costs[f]	—	1,257	—	1,257	1,257	0.02
Loss on disposal of a business[g]	—	977	—	977	977	0.01
Other items[h]	—	1,675	274	1,949	1,949	0.02
Tax effect of adjusting items[i]	—	—	—	—	(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**	**Adjusted EPS Continuing**

Three Months Ended July 2, 2022	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[j]
Reported GAAP measure	**$ 96,654**	**$ 93,596**	**$ 6,366**	**$ (3,308)**	**$ (7,734)**	**$ (0.11)**
Reported GAAP margin	**68.9 %**			**(2.4)%**		
Depreciation and amortization[b]	9,684	2,694	6	12,384	12,384	0.16
Acquisition and related costs[c]	1,402	4,592	—	5,994	5,994	0.08
Restructuring and succession	—	1,695	—	1,695	1,695	0.02
Other items[h]	—	768	784	1,552	1,552	0.02
Tax effect of adjusting items[i]	—	—	—	—	(5,370)	(0.07)
Non-GAAP measure	**$ 107,740**	**$ 83,847**	**$ 5,576**	**$ 18,317**	**$ 8,521**	**$ 0.10**
Non-GAAP margin	**76.8 %**			**13.1 %**		
	Non-GAAP Gross Margin	**Non-GAAP Operating Expenses**	**Non-GAAP R&D**	**Non-GAAP Operating Income**	**Non-GAAP Net Income**	**Adjusted EPS Continuing**

(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 July 1, 2023 and July 2, 2022 and the six months ended July 1, 2023 and July 2, 2022, respectively, depreciation and amortization of $12,301, $9,684, $26,640 and $18,902 in cost of sales and $2,299, $2,700, $4,433 and $5,961 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, 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 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.

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

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

(h) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or potential divestitures, incremental one-time consulting costs related to the recertification of certain products to comply with the new and extensive EU MDR requirements and MOTYS Costs. Other items for three and six months ended July 1, 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.

(i) 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 six months ended July 1, 2023 and July 2, 2022, respectively.

(j) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.1% and 20.4%, respectively, for the three and three and six months ended July 1, 2023 and July 2, 2022.

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

Six Months Ended July 1, 2023	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[j]
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	—	937	—	937	937	0.01
Impairment of assets[e]	—	78,615	—	78,615	78,615	1.01
Financial restructuring costs[f]	—	6,587	—	6,587	6,587	0.08
Loss on disposal of a business[g]	—	977	—	977	977	0.01
Other items[h]	—	4,460	1,154	5,614	5,614	0.07
Tax effect of adjusting items[i]	—	—	—	—	(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 income Continuing Operations**	**Adjusted EPS Continuing Operations**

Six Months Ended July 2, 2022	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[j]
Reported GAAP measure	**$ 172,356**	**$ 183,820**	**$ 13,294**	**$ (24,758)**	**$ (22,139)**	**$ (0.29)**
Reported GAAP margin	**66.9 %**			**(9.6%)**		
Depreciation and amortization[b]	18,902	5,950	11	24,863	24,863	0.32
Acquisition and related costs[c]	5,607	8,365	—	13,972	13,972	0.18
Restructuring and succession charges[d]	—	2,272	—	2,272	2,272	0.03
Other items[h]	—	3,104	784	3,888	3,888	0.05
Tax effect of adjusting items[i]	—	—	—	—	(11,173)	(0.14)
Non-GAAP measure	**$ 196,865**	**$ 164,129**	**$ 12,499**	**$ 20,237**	**$ 11,683**	**$ 0.15**
Non-GAAP margin	**76.4 %**			**7.9 %**		
	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**

(a) The "Reported GAAP Measure" under the "Operating Expenses" column is a sum of all GAAP operating expense line items, excluding research and development.

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

(h) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or potential divestitures, incremental one-time consulting costs related to the recertification of certain products to comply with the new and extensive EU MDR requirements and MOTYS Costs. Other items for three and six months ended July 1, 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.

(i) 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 six months ended July 1, 2023 and July 2, 2022, respectively.

(j) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.1% and 20.4%, respectively, for the three and three and six months ended July 1, 2023 and July 2, 2022.

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Use of Non-GAAP Financial Measures

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

Adjusted EBITDA, Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expense, Non-GAAP Operating Margin, Non-GAAP Net Income from continuing operations, and Non-GAAP Earnings per share of Class A Common Stock from continuing operations.

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 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 included financial restructuring costs. The prior period 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, remeasurement gains and losses on investments, impairments of goodwill, 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 (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, remeasurements gains and losses on investments, impairments of goodwill, 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, restructuring and succession charges, impairments of goodwill, 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) 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, 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.

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.