Bioventus Reports First Quarter Financial Results

May 16, 2023

DURHAM, N.C., May 16, 2023 (GLOBE NEWSWIRE) -- Bioventus Inc. (Nasdaq: BVS) ("Bioventus" or "the Company"), a global leader in innovations for active healing, today reported financial results for the three months ended April 1, 2023.

Q1 Financial Summary:

- Net Sales of $119.1 million, up $1.8 million, or 1.5%, year-over-year as reported (1.9% constant currency*)
- Net Loss from continuing operations of $100.0 million, compared to Net Loss from continuing operations of $14.4 million in prior-year period
- Adjusted EBITDA* of $17.0 million, compared to $7.2 million in prior-year period, exceeding the Company's expectations
- Loss per share of Class A common stock from continuing operations of $1.28, compared to $0.18 in prior-year period
- Non-GAAP loss per share of Class A common stock from continuing operations* of $0.26, compared to earnings per share of $0.05 in prior-year period
- In the three months ended April 1, 2023, the establishment of a non-cash valuation allowance against deferred tax assets resulting from the impairment of intangible assets associated with the Wound Business and the deconsolidation of CartiHeal resulted in a $0.49 impact on GAAP and non-GAAP loss per share of Class A common stock from continuing operations*

Recent Highlights:

The Company has taken multiple steps in recent months intended to stabilize operations and improve its financial position, including the following:

- Executed Settlement Agreement on February 28, 2023 that removed $350.0 million of liabilities and a release of future claims related to the CartiHeal Acquisition
- Amended our 2019 Credit Agreement on March 31, 2023 to provide covenant relief for the fourth quarter of 2022 and additional covenant flexibility through the first quarter of 2024
- Completed previously announced restructure generating $9 million to $10 million of annual savings
- Signed a Purchase Agreement on May 10, 2023 to divest of our Wound Business, which is expected to enhance our liquidity and enable a greater focus on execution within our remaining business

“We are pleased with our strong start to the year, as we drove a significant improvement in our Adjusted EBITDA compared to the prior year,” commented Tony Bihl, Bioventus’ interim chief executive officer. “I am thrilled to be back leading Bioventus and despite our recent challenges, I am confident in our ability to drive revenue and earnings growth through our diversified business. Our improved execution and results, combined with the divestiture of our Wound Business, position us to deliver meaningful improvement in Adjusted EBITDA and enhance liquidity as we progress throughout the year.”

First Quarter 2023 Financial Results:

The following table represents net sales by geographic region, and by vertical, for the three months ended April 1, 2023 and April 2, 2022, respectively:

	Three Months Ended		Change as Reported		Constant Currency* Change
	April 1, 2023	April 2, 2022	$	%	%
U.S.					
Pain Treatments	$ 40,995	$ 47,874	$ (6,879)	(14.4%)	(14.4%)
Restorative Therapies	32,488	28,946	3,542	12.2%	12.2%
Surgical Solutions	30,495	27,261	3,234	11.9%	11.9%
Total U.S. net sales	**103,978**	**104,081**	**(103)**	**(0.1)%**	**(0.1)%**
International					
Pain Treatments	5,331	4,179	1,152	27.6%	34.4%

Restorative Therapies	5,614	5,414	200	3.7%	8.0%
Surgical Solutions	4,136	3,616	520	14.4%	14.9%
Total International net sales	**15,081**	**13,209**	**1,872**	**14.2%**	**18.1%**
Total net sales	**$ 119,059**	**$ 117,290**	**$ 1,769**	**1.5%**	**1.9%**

Total net sales were $119.1 million compared to $117.3 million for the first quarter of 2022, an increase of $1.8 million, or 1.5%, year-over-year, due to strong volume growth throughout the Company, including double digit growth within the Surgical Solutions and International verticals, partially offset with declines in our selling prices in Pain Treatments. International net sales for the first quarter of 2023 increased 14.2% year-over-year, or 18.1% on a constant currency* basis.

Gross profit was $73.9 million, or 62.1% of net sales, compared to $75.7 million, or 64.5% of net sales, for the first quarter of 2022, a decrease of $1.8 million year-over-year, primarily due to increased amortization and decline in selling price. Non-GAAP gross profit* was $88.3 million, or 74.1% of net sales, compared to $89.1 million, or 76.0% of net sales, for the first quarter of 2022.

Operating loss was $92.1 million, compared to operating loss of $21.5 million for the first quarter of 2022, an increase of $70.6 million, year-over-year. This loss was primarily related to a $78.6 million non-cash impairment charge related to write-down of the Wound Business now classified as available for sale. Operating margin was (77.3%) of net sales, compared to (18.3%) of net sales for the first quarter of 2022. Non-GAAP operating income* was $13.5 million, compared to $1.9 million for the first quarter of 2022, an increase of $11.6 million year-over-year primarily driven by cost saving initiatives. Non-GAAP operating margin* was 11.4% of net sales, compared to 1.6% of net sales for the first quarter of 2022.

Net loss from continuing operations was $100.0 million, compared to net loss from continuing operations of $14.4 million for the first quarter of 2022. The $85.6 million increase in net loss was primarily related to a $78.6 million non-cash impairment charge relating to a write-down of the wound franchise now classified as held for sale. Non-GAAP net income from continuing operations* was $16.5 million, compared to Non-GAAP net income from continuing operations of $3.2 million, for the first quarter of 2022, an increase of $19.7 million, year-over-year.

Adjusted EBITDA* was $17.0 million, compared to $7.2 million for the first quarter of 2022, an increase of $9.8 million year-over-year.

Loss per share of Class A common stock from continuing operations was $1.28, compared to $0.18 for the first quarter of 2022.

Non-GAAP earnings per share of Class A common stock from continuing operations* was ($0.26), compared to $0.05 for the first quarter of 2022.

Balance Sheet:

As of April 1, 2023, the Company had $47.1 million in cash and cash equivalents and $445.6 million in debt obligations, compared to $30.2 million in cash and cash equivalents and $418.1 million in debt obligations as of December 31, 2022.

Full Year 2023 Outlook:

As previously disclosed, the Company has not provided financial guidance for fiscal 2023. However, given the first quarter financial results and steps the Company has taken to enhance profitability, the company is confident in achieving Adjusted EBITDA of at least $68 million for fiscal 2023. This outlook excludes the Wound Business, with annual revenues of approximately $40 million, and Adjusted EBITDA of approximately $5 million.

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

About Bioventus

Bioventus delivers clinically proven, cost-effective products that help people heal quickly and safely. Its mission is to make a difference by helping patients resume and enjoy active lives. The Innovations for Active Healing from Bioventus include offerings for pain treatments, restorative therapies and surgical solutions. Built on a commitment to high quality standards, evidence-based medicine and strong ethical behavior, Bioventus is a trusted partner for physicians worldwide. For more information, visit www.bioventus.com, and follow the Company on LinkedIn and Twitter. Bioventus and the Bioventus logo are registered trademarks of Bioventus LLC.

First Quarter 2023 Earnings Conference Call:

Management will host a conference call to discuss the Company's financial results and provide a business update, with a question and answer session, at 5:00 p.m. Eastern Time on May 16, 2023. Those who would like to participate may dial 1-833-636-0497 (domestic) or +1-412-902-4241 (international) and refer to the Bioventus Inc. Conference Call.

A live webcast of the call and any accompanying materials will also be provided on the investor relations section of the Company's website at https://ir.bioventus.com/.

The webcast will be archived on the Company's website at https://ir.bioventus.com/ and available for replay until May 15, 2024.

Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements concerning our 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; expected sales trends, opportunities, market position and growth; our integration plans; and expected impacts of the COVID-19 pandemic. 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 press release 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; 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.

BIOVENTUS INC.

Consolidated balance sheets
As of April 1, 2023 and December 31, 2022
(Amounts in thousands, except share amounts) (unaudited)

	April 1, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 47,102	$ 30,186
Accounts receivable, net	118,544	136,295
Inventory	87,953	84,766
Prepaid and other current assets	17,192	18,551
Assets held for sale	37,873	—
Current assets attributable to discontinued operations	—	2,777
Total current assets	308,664	272,575
Property and equipment, net	36,556	27,456
Goodwill	7,462	7,462
Intangible assets, net	516,039	639,851
Operating lease assets	16,063	16,690
Investment and other assets	2,620	2,621
Long-term assets attributable to discontinued operations	—	405,994
Total assets	$ 887,404	$ 1,372,649

Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	$ 32,828	$ 36,697
Accrued liabilities	115,769	111,570
Current portion of long-term debt	41,320	33,056
Other current liabilities	4,273	3,607
Liabilities held for sale	1,873	—
Current liabilities attributable to discontinued operations	—	119,087
Total current liabilities	196,063	304,017
Long-term debt, less current portion	404,265	385,010
Deferred income taxes	351	2,248
Contingent consideration	17,718	17,431
Other long-term liabilities	28,645	22,810
Long-term liabilities attributable to discontinued operations	—	228,911
Total liabilities	647,042	960,427
Stockholders' Equity:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, 0 shares issued		
Class A common stock, $0.001 par value, 250,000,000 shares authorized as of April 1, 2023 and December 31, 2022, 62,507,917 and 62,063,014 shares issued and outstanding as of April 1, 2023 and December 31, 2022, respectively	63	62
Class B common stock, $0.001 par value, 50,000,000 shares authorized, 15,786,737 shares issued and outstanding as of April 1, 2023 and December 31, 2022	16	16
Additional paid-in capital	492,475	490,576
Accumulated deficit	(304,456)	(165,306)
Accumulated other comprehensive income (loss)	413	(110)
Total stockholders' equity attributable to Bioventus Inc.	188,511	325,238
Noncontrolling interest	51,851	86,984
Total stockholders' equity	240,362	412,222
Total liabilities and stockholders' equity	$ 887,404	$ 1,372,649

BIOVENTUS INC.

Consolidated statements of operations and comprehensive loss
(Amounts in thousands, except share and per share data, unaudited)

	Three Months Ended	
	April 1, 2023	**April 2, 2022**
Net sales	$ 119,059	$ 117,290
Cost of sales (including depreciation and amortization of $14,339, $9,218 respectively)	45,140	41,588
Gross profit	73,919	75,702
Selling, general and administrative expense	80,858	86,124
Research and development expense	3,771	6,928
Restructuring costs	317	577
Change in fair value of contingent consideration	287	269
Depreciation and amortization	2,129	3,254
Impairment of assets	78,615	—
Operating loss	(92,058)	(21,450)
Interest expense (income), net	9,694	(1,550)
Other income	(1,588)	(363)
Other expense (income)	8,106	(1,913)
Loss before income taxes	(100,164)	(19,537)
Income tax benefit, net	(146)	(5,132)
Net loss from continuing operations	(100,018)	(14,405)
Loss from discontinued operations, net of tax	(74,429)	(401)
Net loss	(174,447)	(14,806)
Loss attributable to noncontrolling interest - continuing operations	20,360	3,529
Loss attributable to noncontrolling interest - discontinued operations	14,937	—
Net loss attributable to Bioventus Inc.	$ (139,150)	$ (11,277)

Net loss from continuing operations	$ (100,018)	$ (14,405)
Other comprehensive loss, net of tax		
Change in foreign currency translation adjustments	657	(682)
Comprehensive loss	(99,361)	(15,087)
Comprehensive loss attributable to noncontrolling interest - continuing operations	20,226	3,669
Comprehensive loss attributable to noncontrolling interest - discontinued operations	14,937	—
Comprehensive loss attributable to Bioventus Inc.	$ (79,135)	$ (11,418)
Loss per share of Class A common stock from continuing operations, basic and diluted:	$ (1.28)	$ (0.18)
Loss per share of Class A common stock from discontinued operations, basic and diluted:	(0.96)	(0.01)
Loss per share of Class A common stock, basic and diluted	$ (2.24)	$ (0.19)
Weighted-average shares of Class A common stock outstanding:		
Basic and diluted	62,124,752	60,484,969

BIOVENTUS INC.

Consolidated condensed statements of cash flows
(Amounts in thousands, unaudited)

	Three Months Ended	
	April 1, 2023	**April 2, 2022**
Operating activities:		
Net loss	$ (174,447)	$ (14,806)
Less: Loss from discontinued operations, net of tax	(74,429)	(401)
Loss from continuing operations	(100,018)	(14,405)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	16,473	12,479
Equity-based compensation	1,846	4,889
Change in fair value of contingent consideration	287	269
Change in fair value of interest rate swap	—	(3,924)
Impairment of assets	78,615	—
Deferred income taxes	(2,664)	(17,018)
Unrealized loss on foreign currency fluctuations	747	44
Other, net	1,303	1,355
Changes in working capital	8,070	(4,708)
Net cash from operating activities - continuing operations	4,659	(21,019)
Net cash from operating activities - discontinued operations	(2,169)	—
Net cash from operating activities	2,490	(21,019)
Investing activities:		
Acquisitions, net of cash acquired	—	(236)
Purchase of property and equipment	(3,560)	(2,960)
Investments and acquisition of distribution rights	—	(1,478)
Net cash from investing activities - continuing operations	(3,560)	(4,674)
Net cash from investing activities - discontinued operations	(11,506)	—
Net cash from investing activities	(15,066)	(4,674)
Financing activities:		
Proceeds from issuance of Class A and B common stock	84	2,080
Tax withholdings on equity-based compensation	—	(3,352)
Borrowing on revolver	49,000	15,000
Payment on revolver	(20,000)	—
Debt refinancing costs	(1,668)	—
Payments on long-term debt	—	(4,509)
Other, net	(36)	(14)
Net cash from financing activities	27,380	9,205
Effect of exchange rate changes on cash	461	(71)
Net change in cash, cash equivalents and restricted cash	15,265	(16,559)
Cash, cash equivalents and restricted cash at the beginning of the period	31,837	99,213

Cash, cash equivalents and restricted cash at the end of the period	$ 47,102	$ 82,654

Use of Non-GAAP Financial Measures

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 include 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, 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, 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. 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.

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

	Three Months Ended		Twelve Months Ended
($, thousands)	**April 1, 2023**	**April 2, 2022**	**December 31, 2022**
Net loss from continuing operations	**$ (100,018)**	**$ (14,405)**	**$ (236,097)**
Interest expense (income), net	9,694	(1,550)	25,795
Income tax benefit, net	(146)	(5,132)	(50,508)
Depreciation and amortization[(a)]	16,473	12,479	66,803
Acquisition and related costs[(b)]	1,175	7,978	27,081
Restructuring and succession charges[(c)]	317	577	7,453
Equity compensation[(d)]	1,846	4,889	17,585
Financial restructuring costs[(e)]	5,330	—	—
Impairment of assets[(f)]	78,615	—	10,285
Impairment of goodwill[(g)]	—	—	189,197
Other items[(h)]	3,665	2,336	8,465
Adjusted EBITDA	**$ 16,951**	**$ 7,172**	**$ 66,059**

(a) Includes for the three months ended April 1, 2023 and April 2, 2022, respectively, depreciation and amortization of $14,339 and $9,218 in cost of sales and $2,134 and $3,261 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.
(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) 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 $0.9 million during the three months ended April 1, 2023 related to MOTYS. We expect to incur approximately $5.0 million to $6.0 million in total to fulfill our remaining regulatory obligations related to our Phase 2 trial. We have incurred $5.2 million since the election to discontinue occurred during the second quarter of 2022.

Reconciliation of Other Reported GAAP Measures to Non-GAAP Measures

Three Months Ended April 1, 2023	**Gross Profit**	**Operating Expenses[(a)]**	**R&D**	**Operating Loss**	**Net Loss Continuing Operations**	**EPS from Continuing Operations[(j)]**
Reported GAAP measure	**$ 73,919**	**$ 162,206**	**$ 3,771**	**$ (92,058)**	**$ (100,018)**	**$ (1.28)**
Reported GAAP margin	**62.1%**			**(77.3%)**		
Depreciation and amortization[(b)]	14,339	2,129	5	16,473	16,473	0.21
Acquisition and related costs[(c)]	—	1,175	—	1,175	1,175	0.02
Restructuring and succession charges[(d)]	—	317	—	317	317	—
Impairment of assets[(e)]	—	78,615	—	78,615	78,615	1.01
Financial restructuring costs[(f)]	—	5,330	—	5,330	5,330	0.07
Other items[(g)]	—	2,785	880	3,665	3,665	0.05
Tax effect of adjusting items[(h)]	—	—	—	—	(22,044)	(0.34)
Non-GAAP measure	**$ 88,258**	**$ 71,855**	**$ 2,886**	**$ 13,517**	**$ (16,487)**	**$ (0.26)**
Non-GAAP margin	**74.1%**			**11.4%**		

	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 April 2, 2022	Gross Profit	Operating Expenses[a]	R&D	Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations[j]
Reported GAAP measure	**$ 75,702**	**$ 90,224**	**$ 6,928**	**$ (21,450)**	**$ (14,405)**	**$ (0.18)**
Reported GAAP margin	**64.5%**			**(18.3%)**		
Depreciation and amortization[b]	9,218	3,256	5	12,479	12,479	0.16
Acquisition and related costs[c]	4,205	3,773	—	7,978	7,978	0.10
Restructuring and succession charges[d]	—	577	—	577	577	0.01
Other items[g]	—	2,336	—	2,336	2,336	0.03
Tax effect of adjusting items[h]	—	—	—	—	(5,803)	(0.07)
Non-GAAP measure	**$ 89,125**	**$ 80,282**	**$ 6,923**	**$ 1,920**	**$ 3,162**	**$ 0.05**
Non-GAAP margin	**76.0%**			**1.6%**		

	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 April 1, 2023 and April 2, 2022, respectively, depreciation and amortization of $14,339 and $9,218 in cost of sales and $2,134 and $3,261 in operating expenses presented in the consolidated statements of operations and comprehensive income.
(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) 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.
(h) 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 months ended April 1, 2023 and April 2, 2022, respectively.
(i) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 20.2% and 20.5%, respectively, for the three and three months ended April 1, 2023 and April 2, 2022.

Investor Inquiries and Media:
Dave Crawford
Bioventus
investor.relations@bioventus.com

*See below under “Use of Non-GAAP Financial Measures” for more details.