Bioventus Reports Second Quarter Financial Results

August 6, 2024

- **Q2 Revenue Advanced by 10.3%, Organic Growth* by 13.9%**
- **Q2 Gross Margin Expanded 350 bps and Adjusted Gross Margin* 180 bps**
- **Cash from Operations of $15.2 million Increased 40.5%**
- **Raising Full-Year 2024 Financial Guidance Reflecting Enhanced Revenue Growth and Strong Execution of Strategic Priorities**

DURHAM, N.C., Aug. 06, 2024 (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 and six months ended June 29, 2024.

“The Bioventus team delivered strong financial results in the second quarter, including double-digit organic growth for the third consecutive quarter and a significant increase in profitability,” said Rob Claypoole, Bioventus President and Chief Executive Officer. "We are pleased to raise our financial guidance for full-year 2024 as we remain focused on successfully executing on our strategic priorities to create shareholder value.”

Second Quarter 2024 Financial Results:

For the second quarter, worldwide revenue of $151.2 million increased 10.3% compared to the prior-year period. On an organic* basis, revenue advanced 13.9%, driven by double-digit growth in Pain Treatments and Surgical Solutions.

Net Loss from continuing operations was $32.1 million, compared to a net loss from continuing operations of $4.7 million in the prior-year period. Second quarter results include a non-cash intangible asset impairment charge of $31.9 million related to the potential divestiture of our Advanced Rehabilitation Business and costs for the settlement of shareholder litigation.

Adjusted EBITDA* from continuing operations of $34.5 million advanced 22.4% compared to the prior year Adjusted EBITDA* of $28.2 million, due to strong revenue growth and gross margin expansion.

Loss per share of Class A common stock from continuing operations was $0.37 in the second quarter, compared to a loss of $0.06 in the prior-year period. Non-GAAP earnings per share of Class A common stock from continuing operations* was $0.19 in the second quarter, compared to $0.14 in the prior-year period.

Revenue By Business

The following table represents net sales by geographic region, and by business, for the three months ended June 29, 2024 and July 1, 2023:

	Three Months Ended		Change as Reported		Constant Currency* Change
(in thousands, except for percentage)	June 29, 2024	July 1, 2023	$	%	%
U.S.					
Pain Treatments	$ 65,194	$ 55,617	$ 9,577	17.2%	17.2%
Restorative Therapies[(a)]	27,435	30,012	(2,577)	(8.6%)	(8.6%)
Surgical Solutions[(a)]	41,780	35,218	6,562	18.6%	18.6%
Total U.S. net sales	**134,409**	**120,847**	**13,562**	**11.2%**	**11.2%**
International					
Pain Treatments	7,066	6,024	1,042	17.3%	18.5%
Restorative Therapies[(a)]	4,185	4,690	(505)	(10.8%)	(9.4%)
Surgical Solutions[(a)]	5,557	5,508	49	0.9%	1.3%
Total International net sales	**16,808**	**16,222**	**586**	**3.6%**	**4.6%**
Total net sales	**$ 151,217**	**$ 137,069**	**$ 14,148**	**10.3%**	**10.4%**

(a) Sales from the SonicOne product were reclassified from Restorative Therapies to Surgical Solutions on a prospective and retrospective basis during the first quarter of 2024 as its abilities to remove devitalized or necrotic tissue and fiber deposits more closely aligns with Surgical Solutions' soft tissue management. SonicOne revenue reclassified for the three months ended July 1, 2023 totaled $1,832 and $84 for the U.S. and International reporting segments, respectively.

Recent Business Highlights

Bioventus continues to advance its strategic priorities with key achievements, including the following:

- Delivering strong double-digit revenue growth in Pain Treatments and Surgical Solutions, which contributed to a 22.4% increase in Adjusted EBITDA*
- Enhancing the Company's liquidity position through an increase in Adjusted EBITDA* and $8 million debt reduction.
- Receiving FDA clearance for the OSTEOAMP Cannula creating opportunities for growth in the Minimally Invasive Spine Procedure market
- Pursuing the divestiture of Advanced Rehabilitation, which is expected to reduce debt and enable greater focus on execution within our remaining core business

2024 Financial Guidance:

Based on strong execution and momentum through the first half of 2024, Bioventus is raising financial guidance for the full-year 2024. The Company now expects:

- Net sales of $557 million to $567 million, reflecting an increase of $19.5 million from the midpoint of previous guidance
- Adjusted EBITDA* of $104 million to $107 million, reflecting an increase of $9 million from the midpoint of previous guidance
- Non-GAAP EPS* of $0.36 to $0.42, reflecting an increase of $0.10 from the midpoint of previous guidance

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 are uncertain, depend on various factors, and could be material to the Company's results computed in accordance with U.S. GAAP.

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

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.

Second Quarter 2024 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 8:30 a.m. Eastern Time on August 6, 2024. Those who would like to participate may dial 1-833-636-0497 (domestic and international) and refer to Bioventus Inc.

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 August 5, 2025.

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; the impact of the potential divestiture of our Advanced Rehabilitation Business financial condition and operations; our business strategy, position and operations; and expected sales trends, opportunities, market position and growth. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could cause our actual results to differ materially from those contemplated in this press release include, but are not limited to the risk that: we might not meet certain of our debt covenants under our Credit and Guaranty Agreement and might be required to repay our indebtedness; risks associated with the potential divestiture of our Advanced Rehabilitation Business and expected impacts on our business; restrictions on operations and other costs associated with our indebtedness; our ability to complete acquisitions or successfully integrate new businesses, products or technologies in a cost-effective and non-disruptive manner; we maintain cash at financial institutions, often in balance that exceed federally insured limits; we are subject to securities class action litigation and may be subject to similar or other litigation in the future, which will require significant management time and attention, result in significant legal expenses or costs not covered by our insurers, and may result in unfavorable outcomes; our ability to maintain our competitive position depends on our ability to attract, retain and motivate our senior management team and highly qualified personnel; we are highly dependent on a limited number of products; our long-term growth depends on our ability to develop, acquire and commercialize new products, line extensions or expanded indications; we may be unable to successfully commercialize newly developed or acquired products or therapies in the United States; demand for our existing portfolio of products and any new products, line extensions or expanded indications depends on the continued and future acceptance of our products by physicians, patients, third-party payers and others in the medical community; the proposed down classification of non-invasive bone growth stimulators, including our Exogen system, by the U.S. Food and Drug Administration ("FDA") could increase future competition for bone growth stimulators and otherwise adversely affect the Company's sales of Exogen; failure to achieve and maintain adequate levels of coverage and/or reimbursement for our products or future products, the procedures using our products, such as our hyaluronic acid

("HA") viscosupplements, or future products we may seek to commercialize; pricing pressure and other competitive factors; governments outside the United States might not provide coverage or reimbursement of our products; we compete and may compete in the future against other companies, some of which have longer operating histories, more established products or greater resources than we do; if our HA products are reclassified from medical devices to drugs in the United States by the FDA, it could negatively impact our ability to market these products and may require that we conduct costly additional clinical studies to support current or future indications for use of those products; our failure to properly manage our anticipated growth and strengthen our brands; risks related to product liability claims; fluctuations in demand for our products; issues relating to the supply of our products, potential supply chain disruptions, and the increased cost of parts and components used to manufacture our products due to inflation; our reliance on a limited number of third-party manufacturers to manufacture certain of our products; if our facilities are damaged or become inoperable, we will be unable to continue to research, develop and manufacture certain of our products; economic, political, regulatory and other risks related to international sales, manufacturing and operations; failure to maintain contractual relationships; security breaches, unauthorized access to or disclosure of information, cyberattacks, or other incidents or the perception that confidential information in our or our vendors' or service providers' possession or control is not secure; failure of key information technology and communications systems, process or sites; risks related to our debt and future capital needs; failure to comply with extensive governmental regulation relevant to us and our products; we may be subject to enforcement action if we engage in improper claims submission practices and resulting audits or denials of our claims by government agencies could reduce our net sales or profits; the FDA regulatory process is expensive, time-consuming and uncertain, and the failure to obtain and maintain required regulatory clearances and approvals could prevent us from commercializing our products; if clinical studies of our future product candidates do not produce results necessary to support regulatory clearance or approval in the United States or elsewhere, we will be unable to expand the indications for or commercialize these products; legislative or regulatory reforms; our business may continue to experience adverse impacts as a result of the COVID-19 pandemic or similar epidemics; risks related to intellectual property matters; and other the other risks identified in our Annual Report on Form 10-K for the year ended December 31, 2023, as such factors may be updated from time to time in Bioventus' other filings with the SEC which are accessible on the SEC's website at www.sec.gov and the Investor Relations page of Bioventus' website at https://ir.bioventus.com. Except to the extent required by law, the Company undertakes no obligation to update or review any estimate, projection, or forward-looking statement. Actual results may differ materially from those set forth in the forward-looking statements.

BIOVENTUS INC.

Consolidated balance sheets
As of June 29, 2024 and December 31, 2023
(Amounts in thousands, except share amounts) (unaudited)

	June 29, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 31,994	$ 36,964
Accounts receivable, net	137,305	122,789
Inventory	87,606	91,333
Prepaid and other current assets	23,570	16,913
Assets held for sale	28,408	—
Total current assets	308,883	267,999
Property and equipment, net	31,938	36,605
Goodwill	7,462	7,462
Intangible assets, net	424,552	482,350
Operating lease assets	10,366	13,353
Deferred tax assets	6,884	—
Investment and other assets	2,088	3,141
Total assets	$ 792,173	$ 810,910
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 24,437	$ 23,038
Accrued liabilities	139,978	119,795
Current portion of long-term debt	38,566	27,848
Current portion of contingent consideration	18,745	—
Other current liabilities	3,829	4,816
Liabilities held for sale	5,908	—
Total current liabilities	231,463	175,497
Long-term debt, less current portion	344,716	366,998
Deferred income taxes	—	1,213
Contingent consideration	—	18,150
Other long-term liabilities	26,932	27,934
Total liabilities	603,111	589,792
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 June 29, 2024 and December 31, 2023, 65,172,159 and 63,267,436 shares issued and outstanding as of June 29, 2024 and December 31, 2023, respectively	65	63
Class B common stock, $0.001 par value, 50,000,000 shares authorized, 15,786,737 shares issued and outstanding as of June 29, 2024 and December 31, 2023	16	16
Additional paid-in capital	500,969	494,254
Accumulated deficit	(350,098)	(321,536)
Accumulated other comprehensive (loss) income	(17)	794
Total stockholders' equity attributable to Bioventus Inc.	150,935	173,591
Noncontrolling interest	38,127	47,527
Total stockholders' equity	189,062	221,118
Total liabilities and stockholders' equity	$ 792,173	$ 810,910

BIOVENTUS INC.

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales	$ 151,217	$ 137,069	$ 280,674	$ 256,128
Cost of sales (including depreciation and amortization of $11,021, $12,301, $21,046 and $26,640, respectively)	47,578	47,946	88,655	93,086
Gross profit	103,639	89,123	192,019	163,042
Selling, general and administrative expense	94,785	74,844	173,191	155,702
Research and development expense	3,988	3,398	6,585	7,169
Restructuring costs	—	620	—	937
Change in fair value of contingent consideration	300	240	595	527
Depreciation and amortization	2,064	2,294	3,819	4,423
Impairments of assets	31,870	—	31,870	78,615
Loss on disposals	—	977	—	977
Operating (loss) income	(29,368)	6,750	(24,041)	(85,308)
Interest expense, net	9,924	10,587	20,263	20,281
Other expense (income)	159	513	222	(1,075)
Other expense	10,083	11,100	20,485	19,206
Loss before income taxes	(39,451)	(4,350)	(44,526)	(104,514)
Income tax (benefit) expense, net	(7,339)	381	(6,432)	235
Net loss from continuing operations	(32,112)	(4,731)	(38,094)	(104,749)
Loss from discontinued operations, net of tax	—	—	—	(74,429)
Net loss	(32,112)	(4,731)	(38,094)	(179,178)
Loss attributable to noncontrolling interest - continuing operations	8,120	1,050	9,532	21,410
Loss attributable to noncontrolling interest - discontinued operations	—	—	—	14,937
Net loss attributable to Bioventus Inc.	$ (23,992)	$ (3,681)	$ (28,562)	$ (142,831)
Loss per share of Class A common stock from continuing operations, basic and diluted:	$ (0.37)	$ (0.06)	$ (0.45)	$ (1.34)
Loss per share of Class A common stock from discontinued operations, basic and diluted:	—	—	—	(0.95)
Loss per share of Class A common stock, basic and diluted	$ (0.37)	$ (0.06)	$ (0.45)	$ (2.29)
Weighted-average shares of Class A common stock outstanding:				
Basic and diluted	64,056,759	62,551,285	63,720,342	62,338,018

BIOVENTUS INC.

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Operating activities:				
Net loss	$ (32,112)	$ (4,731)	$ (38,094)	$ (179,178)
Less: Loss from discontinued operations, net of tax	—	—	—	(74,429)
Loss from continuing operations	(32,112)	(4,731)	(38,094)	(104,749)
Adjustments to reconcile net loss to net cash from operating activities:				
Depreciation and amortization	13,090	14,600	24,875	31,073
Equity-based compensation	3,672	(2,732)	6,263	(886)
Change in fair value of contingent consideration	300	240	595	527
Impairment of assets	31,870	—	31,870	78,615
Deferred income taxes	(8,179)	(876)	(8,098)	(3,540)
Unrealized loss on foreign currency	159	(146)	536	601
Loss on disposals	—	977	—	977
Other, net	819	476	424	1,779
Changes in working capital	5,543	2,987	(9,214)	11,057
Net cash from operating activities - continuing operations	15,162	10,795	9,157	15,454
Net cash from operating activities - discontinued operations	—	—	—	(2,169)
Net cash from operating activities	15,162	10,795	9,157	13,285
Investing activities:				
Proceeds from sale of a business	—	34,897	—	34,897
Purchase of property and equipment	(77)	(1,397)	(368)	(4,957)
Investments and acquisition of distribution rights	—	—	(709)	—
Net cash from investing activities - continuing operations	(77)	33,500	(1,077)	29,940
Net cash from investing activities - discontinued operations	—	—	—	(11,506)
Net cash from investing activities	(77)	33,500	(1,077)	18,434
Financing activities:				
Proceeds from issuance of Class A common stock	609	139	786	223
Borrowing on revolver	—	—	—	49,000
Payment on revolver	—	(22,000)	—	(42,000)
Debt refinancing costs	—	(1,993)	(1,180)	(3,661)
Payments on long-term debt	(8,264)	(38,264)	(11,320)	(38,264)
Other, net	(190)	(130)	(373)	(166)
Net cash from financing activities	(7,845)	(62,248)	(12,087)	(34,868)
Effect of exchange rate changes on cash	(419)	240	(963)	701
Net change in cash, cash equivalents and restricted cash	6,821	(17,713)	(4,970)	(2,448)
Cash, cash equivalents and restricted cash at the beginning of the period	25,173	47,102	36,964	31,837
Cash, cash equivalents and restricted cash at the end of the period	$ 31,994	$ 29,389	$ 31,994	$ 29,389

Use of Non-GAAP Financial Measures

Organic Revenue Growth

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

because these activities can have a significant impact on the Company's reported results, which the Company believes makes comparisons of long-term performance trends difficult for management and investors.

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

We present Adjusted EBITDA, Non-GAAP Gross Profit, Non-GAAP (or Adjusted) Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expenses, Non-GAAP R&D, Non-GAAP Operating Margin, Non-GAAP Net Income, and Non-GAAP Earnings per share of Class A common stock, all non-GAAP financial measures, to supplement our GAAP financial reporting, because we believe these measures are useful indicators of our operating performance.

We define Adjusted EBITDA as net loss from continuing operations before depreciation and amortization, provision of income taxes and interest expense, net, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, equity compensation expense, financial restructuring costs and other items. See the table below for a reconciliation of net loss from continuing operations to Adjusted EBITDA. Our management uses Adjusted EBITDA principally as a measure of our operating performance and believes that Adjusted EBITDA is useful to our investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections.

Our management uses Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expense, Non-GAAP Operating Margin and Non-GAAP Net Income principally as measures of our operating performance and believes that these non-GAAP financial measures are useful to better understand the long term performance of our core business and to facilitate comparison of our results to those of peer companies. Our management also uses these non-GAAP financial measures for planning purposes, including the preparation of our annual operating budget and financial projections.

We define Non-GAAP Gross Profit as gross profit, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization included in the cost of goods sold and acquisition and related costs in the cost of goods sold. We define Non-GAAP Gross Margin as Non-GAAP Gross Profit divided by net sales. See the table below for a reconciliation of gross profit and gross margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin.

We define Non-GAAP Operating Income as operating income, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, financial restructuring costs and other items. Non-GAAP Operating Margin is defined as Non-GAAP Operating Income divided by net sales. See the table below for a reconciliation of operating income (loss) and operating margin to Non-GAAP Operating Income and Non-GAAP Operating Margin.

We define Non-GAAP Operating Expenses as operating expenses, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, financial restructuring costs and other items. See the table below for a reconciliation of operating expenses to Non-GAAP Operating Expenses.

We define Non-GAAP R&D as research and development, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, restructuring and succession charges, and other items. See the table below for a reconciliation of operating expenses to Non-GAAP R&D.

We define Non-GAAP Net Income from continuing operations as Net Income from continuing operations, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, financial restructuring costs, other items and the tax effect of adjusting items. See the table below for a reconciliation of Net loss from continuing operations to Non-GAAP Net Income from continuing operations.

We define Non-GAAP Earnings per Class A share as Earnings per Class A share, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, financial restructuring costs, other items and the tax effect of adjusting items divided by weighted average number of shares of Class A common stock outstanding during the period. See the table below for a reconciliation of loss per Class A share to Non-GAAP Earnings per Class A share.

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.

Prior Period Recast for Discontinued Operations

On February 27, 2023, the Company ceased to control CartiHeal for accounting purposes, and therefore, deconsolidated CartiHeal effective February 27, 2023. CartiHeal was part of the Company's International reporting segment. The Company treated the deconsolidation of CartiHeal as a discontinued operation. Refer to Note 14. Discontinued operations in the Company's Form 10-Q for the period ended June 29, 2024, filed on August 6, 2024, for further details regarding the deconsolidation of CartiHeal.

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

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

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

(c) Costs incurred as a result of certain shareholder litigation unrelated to our ongoing operations.

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

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

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

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

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

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

(i) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or divestitures and a transformative project to redesign systems and information processing. We incurred $0.3 million and $1.2 million in costs, respectively, during the three and six months ended July 1, 2023 related to MOTYS. Other items for the three and six months ended July 1, 2023 also includes severance costs totaling $2.3 million related to the transition of our executive leadership.

Reconciliation of Other Reported GAAP Measures to Non-GAAP Measures

Three Months Ended June 29, 2024	**Gross Profit**	**Operating Expenses[(a)]**	**R&D**	**Operating Loss**	**Net Loss Continuing Operations**	**EPS from Continuing Operations[(k)]**
Reported GAAP measure	**$ 103,639**	**$ 129,019**	**$ 3,988**	**$ (29,368)**	**$ (32,112)**	**$ (0.37)**
Reported GAAP margin	**68.5%**			**(19.4)%**		
Depreciation and amortization[(b)]	11,021	2,064	5	13,090	13,090	0.16
Acquisition and related costs[(c)]	—	300	—	300	300	—
Shareholder litigation costs[(d)]	—	12,502	—	12,502	12,502	0.16

Restructuring and succession charges[e]	—	(40)	—	(40)	(40)	—
Financial restructuring costs[f]	—	(5)	—	(5)	(5)	—
Impairment of assets[g]	—	31,870	—	31,870	31,870	0.40
Other items[i]	—	2,385	205	2,590	2,590	0.03
Tax effect of adjusting items[j]	—	—	—	—	(13,331)	(0.19)
Non-GAAP measure	**$ 114,660**	**$ 79,943**	**$ 3,778**	**$ 30,939**	**$ 14,864**	**$ 0.19**
Non-GAAP margin	**75.8%**			**20.5%**		
	Non-GAAP Gross Margin	**Non-GAAP Operating Expenses**	**Non-GAAP R&D**	**Non-GAAP Operating Income**	**Non-GAAP Net income Continuing Operations**	**Adjusted EPS Continuing Operations**

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

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

Six Months Ended July 1, 2023	**Gross Profit**	**Operating Expenses[a]**	**R&D**	**Operating Loss**	**Net Loss Continuing Operations**	**EPS from Continuing Operations[k]**
Reported GAAP measure	**$ 163,042**	**$ 241,181**	**$ 7,169**	**$ (85,308)**	**$ (104,749)**	**$ (1.34)**
Reported GAAP margin	**63.7%**			**(33.3%)**		

Depreciation and amortization[(b)]	26,640	4,423	10	31,073	31,073	0.40
Acquisition and related costs[(c)]	—	2,623	—	2,623	2,623	0.03
Restructuring and succession charges[(e)]	—	937	—	937	937	0.01
Financial restructuring costs[(f)]	—	6,587	—	6,587	6,587	0.08
Impairment of assets[(g)]	—	78,615	—	78,615	78,615	1.01
Loss on disposal of a business[(h)]	—	977	—	977	977	0.01
Other items[(i)]	—	4,460	1,154	5,614	5,614	0.07
Tax effect of adjusting items[(j)]	—	—	—	—	(27,278)	(0.40)
Non-GAAP measure	**$ 189,682**	**$ 142,559**	**$ 6,005**	**$ 41,118**	**$ (5,601)**	**$ (0.13)**
Non-GAAP margin	**74.1%**			**16.1%**		
	Non-GAAP Gross Margin	**Non-GAAP Operating Expenses**	**Non-GAAP R&D**	**Non-GAAP Operating Income**	**Non-GAAP Net Loss Continuing Operations**	**Adjusted EPS Continuing Operations**

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

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

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

(d) Costs incurred as a result of certain shareholder litigation unrelated to our ongoing operations.

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

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

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

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

(i) Other items primarily includes charges associated with strategic transactions, such as potential acquisitions or divestitures and a transformative project to redesign systems and information processing. We incurred $0.3 million and $1.2 million in costs, respectively, during the three and six months ended July 1, 2023 related to MOTYS. Other items for the three and six months ended July 1, 2023 also includes $2.3 million of severance costs and the reversal of equity compensation of $3.8 million related to the transition of our executive leadership.

(j) The three and six months ended June 29, 2024 includes a $6.2 million tax impact related to the impairment of assets. The six months ended July 1, 2023 includes a $15.3 million tax impact related to the impairment of assets. An estimated tax impact for the remaining adjustments to Non-GAAP Net Income (Loss) was calculated by applying a rate of 25.1% to those adjustments for the three and six months ended June 29, 2024 and July 1, 2023.

(k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 19.5% and 20.1%*, respectively, for the three and three and six months ended June 29, 2024 and July 1, 2023.*

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