



# Third Quarter 2024 Financial Results

November 5, 2024

# Agenda and Speakers



**Rob Claypoole**  
President and  
Chief Executive Officer

**Update on 2024 Priorities**



**Mark Singleton**  
Senior Vice-President  
and Chief Financial Officer

**Q3 2024 Results  
Update to 2024 Financial  
Guidance**

# Forward Looking Statements and Use of Estimates

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements concerning our future financial results and liquidity; the impact of the planned divestiture of our Advanced Rehabilitation Business on our 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. Important factors that may cause actual results to differ materially from current expectations include, among other things: the dilution of our Class A common stockholders upon an exchange of the outstanding common membership interests in Bioventus LLC could adversely affect the market price of our Class A common stock and the resale of such shares could cause the market price of our Class A common stock to fall; we might not realize some or all of the benefits expected to result from the planned divestiture of our Advanced Rehabilitation Business; we might not meet certain of our debt covenants under our Credit and Guaranty Agreement and might be required to repay our indebtedness on an accelerated basis;; there are restrictions on operations and other costs associated with our indebtedness; any identified material weakness 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 complete acquisitions or successfully integrate new businesses, products or technologies in a cost-effective and non-disruptive manner; our cash is maintained 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 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; unstable political or economic conditions; legislative or regulatory reforms; our business might experience adverse impacts due to public health outbreaks; 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](http://www.sec.gov) and the Investor Relations page of Bioventus’ website at <https://ir.bioventus.com>. Except to the extent required by law, the Company undertakes no obligation to update or review any estimate, projection, or forward-looking statement. Actual results may differ materially from those set forth in the forward-looking statements.

## Use of Estimates

Unless otherwise indicated, information contained in this presentation concerning our industry, competitive position and the markets in which Bioventus operates is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions made by the Company upon reviewing such data, and the Company’s experience in, and knowledge of, such industry and markets, which the Company believes to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which the Company operates and its future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in the estimates made by independent parties and by the Company.

# Strong Execution - Revenue and Profitability Acceleration

- Third quarter 15% revenue growth
- Fourth straight quarter of double-digit organic revenue growth\*
- Pleased to raise revenue guidance to the high-end of our previous expectations
- Accelerated growth in Surgical Solutions in both Ultrasonics and BGS
  - Gaining momentum as the number of generators sold this quarter exceeded our expectations
  - Saw the highest year-over-year growth for disposable blades
- Estimated \$1 billion market opportunity across spine, neuro, and general surgery
  - Near term strategic focus on spine surgery
  - Making strategic investments to build awareness of benefits versus current practices
  - Longer-term look to augment growth by penetrating neuro and general surgery, and international opportunities

nexus

bone scalpel®



 bioventus®

Innovations For Active Healing

# Strong Execution - Revenue and Profitability Acceleration

- Delivered double-digit growth again in HA business
- Significant volume expansion in Durolane
- Enhancing commercial execution with large IDN and regional customers
- Opportunity for sustained, above-market growth through our clinical differentiation, dedicated commercial team, private payer coverage and geographic expansion
- Establishing Exogen as growth business again in our portfolio
- Announced agreement to divest our Advanced Rehabilitation Business for \$25 million and potential earnouts of \$20 million



# Strong Execution - Revenue and Profitability Acceleration

- Increased our Adjusted EBITDA\* to \$24 million
- Driven year-to-date nearly 150 basis point increase in Adjusted EBITDA margin\* year-to-date compared to prior year
- Committed to expanding our Adjusted EBITDA margin\* by 100 basis points annually
- Believe this level of annual margin improvement is sustainable
- Further reduced net leverage\* in the third quarter to 3.5 turns
- Expect a material acceleration in cash flow next year from reduction of one-time cash costs, decrease in inventory, and lower interest expense

# Third Quarter Results

**Mark Singleton**

Senior Vice-President and Chief Financial Officer

# Third Quarter Performance

- Encouraged by results to date and progress on goals and objectives
- Believe we are well positioned to enhance our growth, profitability and cash flow
- Revenue of \$139 million increased 15% compared to the prior year quarter
- Generated Adjusted EBITDA\* of \$24 million, increased \$2 million or 8% compared to the prior year quarter

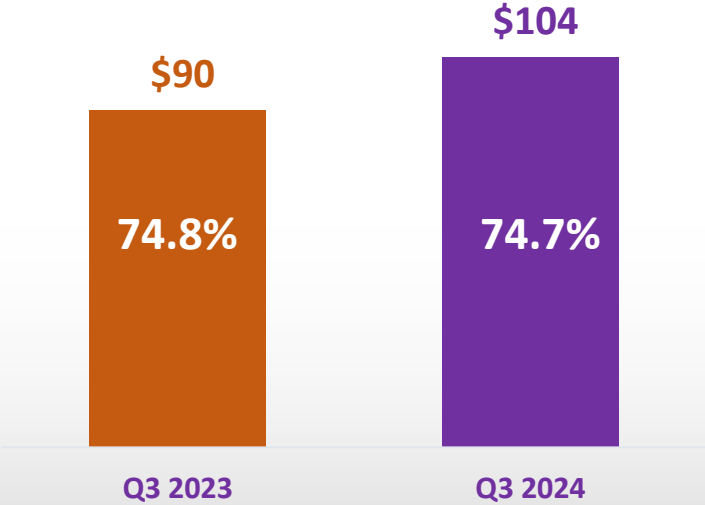
\* See important disclosures on non-GAAP financial measures and the reconciliation of reported GAAP measures to non-GAAP measures on slides 15 -18 of this presentation.



# Third Quarter Performance

- Adjusted Gross Margin\* declined 10 basis points

**Adjusted Gross Profit\***  
Millions  
**Adjusted Gross Margin\***

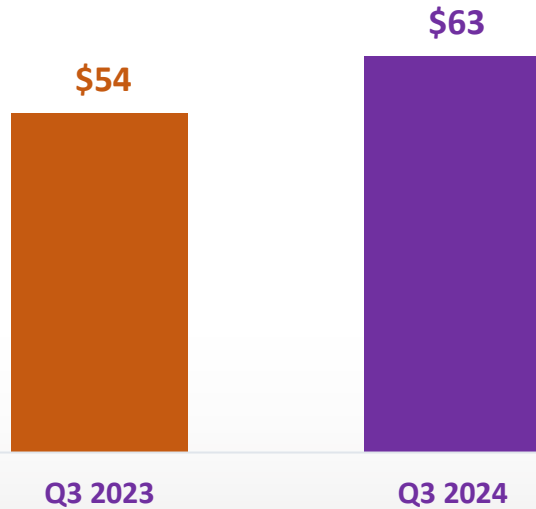


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# Third Quarter Performance

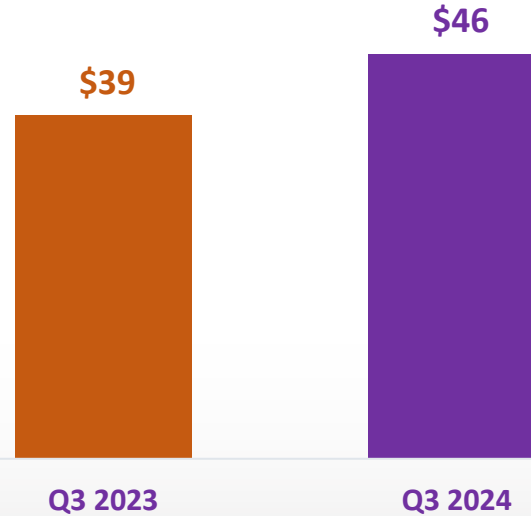
## Pain Treatments Revenue

Millions



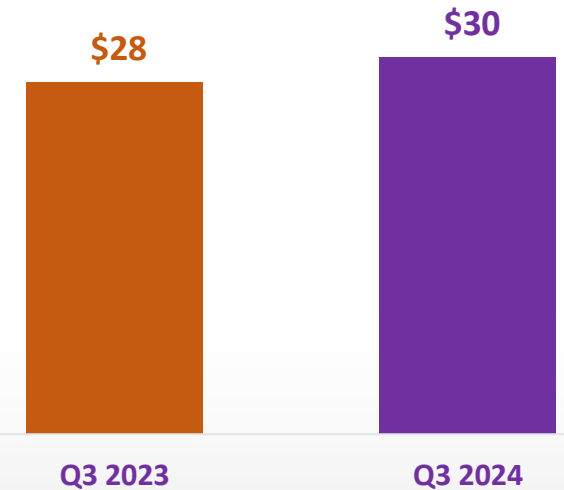
## Surgical Solutions Revenue

Millions



## Restorative Therapies Revenue

Millions



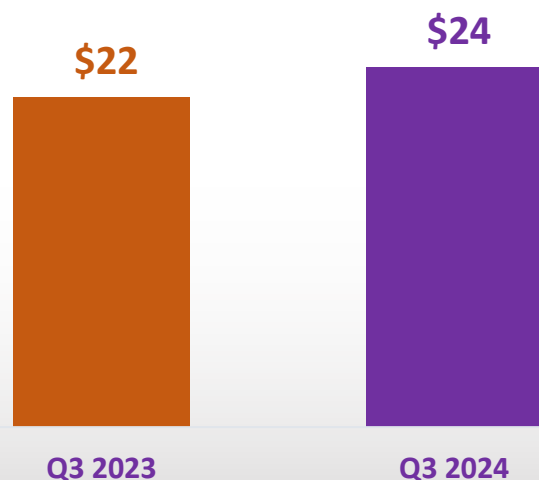
- Pain Treatments increased 18% compared to prior year quarter
  - Double-digit volume growth driven by Durolane
  - Fourth consecutive quarter of double-digit growth
- Surgical Solutions increased 16% compared to prior year quarter
  - Ultrasonics and Bone Graft Substitutes maintained strong double-digit growth
  - Successfully navigated recent supply chain challenge, but expect short-term slowdown in growth
- Restorative Therapies increased 6% compared to prior year quarter
  - Growth driven by Exogen through improved sales force execution and additional resources

# Third Quarter Performance

## \$0.06 Adjusted Earnings Per Share\*

### Adjusted EBITDA\*

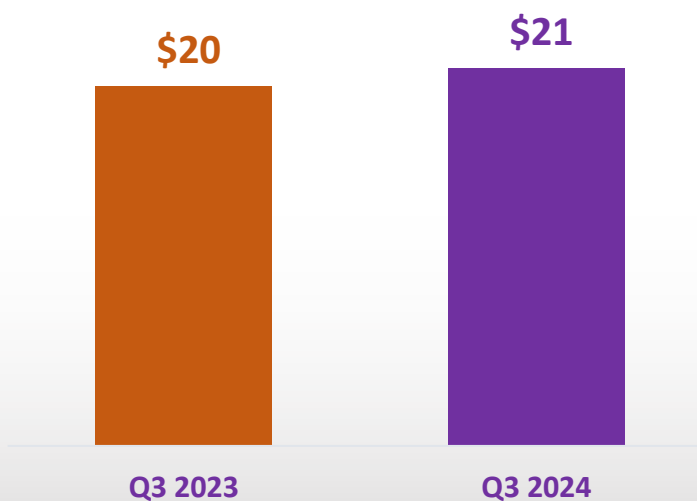
Millions



- 8% Adjusted EBITDA\* growth
- Operating expenses increase in line with expectations from a return to normalized spending and increased investments

### Adjusted Operating Income\*

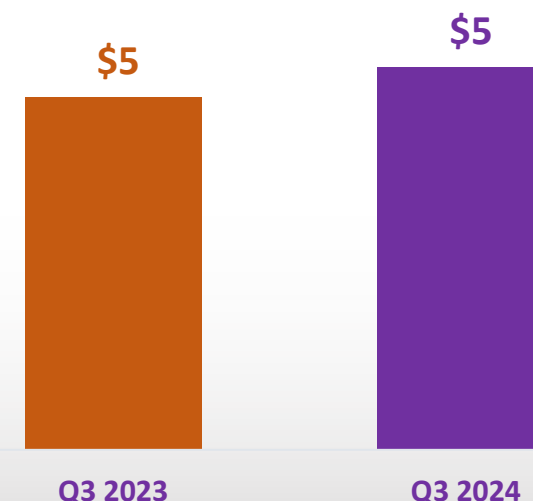
Millions



- 2% increase in Adjusted Operating Income\*
- Adjusted Operating Margin\* of 15% decreased 190 basis points from prior year

### Adjusted Net Income\*

Millions



- 10% increase in Adjusted Net Income\*

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

# Third Quarter Performance: Balance Sheet and Cash Flow

- Ended third quarter with \$43 million of cash, an increase of \$11 million compared to prior quarter
- \$384 million of debt outstanding
  - \$15 million drawn on revolving credit facility
  - Expect to end the year with zero balance on revolver
- Cash from operations of \$10 million
- Further reduced net leverage\* in the third quarter
- Expect to reduce net leverage\* to below three times before we exit 2025

# 2024 Updated Financial Guidance

- 2024 net sales to now be in the range of \$562 million to \$567 million
- 2024 Adjusted Earnings Per Share\* to now be in the range of \$0.40 to \$0.42
- Adjusted EBITDA\* unchanged, remains in the range of \$104 million to \$107 million

\* The Company does not provide U.S. GAAP financial measures, other than net sales, on a forward-looking basis, because the Company is unable to predict with reasonable certainty the impact and timing of acquisition related expenses, accounting fair-value adjustments, and certain other reconciling items without unreasonable efforts. These items of uncertainty depend on various factors and could be material to the Company's results calculated in accordance with U.S. GAAP.



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

(\$, thousands)	Three Months Ended		Nine Months Ended		Twelve Months Ended
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	December 31, 2023
<b>Net loss from continuing operations</b>	<b>\$ (5,421)</b>	<b>\$ (8,791)</b>	<b>\$ (43,515)</b>	<b>\$ (113,540)</b>	<b>\$ (121,196)</b>
Interest expense, net	9,532	10,115	29,795	30,396	40,676
Income tax expense (benefit), net	589	600	(5,843)	835	85
Depreciation and amortization <sup>(a)</sup>	12,275	13,827	37,150	44,900	57,365
Acquisition and related costs <sup>(b)</sup>	483	1,424	994	4,047	5,694
Shareholder litigation costs <sup>(c)</sup>	50	—	13,720	—	—
Restructuring and succession charges <sup>(d)</sup>	54	(26)	67	911	2,331
Equity compensation <sup>(e)</sup>	2,064	1,833	8,327	947	2,722
Financial restructuring costs <sup>(f)</sup>	4	478	351	7,065	7,291
Impairment of assets <sup>(g)</sup>	2,031	—	33,901	78,615	78,615
Loss on disposal of a business <sup>(h)</sup>	—	340	—	1,317	1,539
Other items <sup>(i)</sup>	1,896	1,935	5,685	11,351	13,740
<b>Adjusted EBITDA</b>	<b>\$ 23,557</b>	<b>\$ 21,735</b>	<b>\$ 80,632</b>	<b>\$ 66,844</b>	<b>\$ 88,862</b>

(a) Includes for the three months ended September 28, 2024 and September 30, 2023 and the nine months ended September 28, 2024 and September 30, 2023, respectively, depreciation and amortization of \$10.2 million, \$11.5 million, \$31.3 million and \$38.1 million in cost of sales and \$2.1 million, \$2.3 million, \$5.9 million and \$6.8 million in operating expenses presented in the consolidated statements of operations and comprehensive loss. The year ended December 31, 2023 includes depreciation and amortization of \$48.5 million in cost of sales and \$8.9 million in operating expenses.

(b) Includes acquisition and integration costs related to completed acquisitions 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 nine months ended September 30, 2023 includes the reversal of equity compensation expenses totaling \$3.8 million 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 solely attributable to our Advanced 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, including potential acquisitions or divestitures and a transformative project to redesign systems and information processing. Divestiture costs related to our Advanced Rehabilitation Business, including transactional fees, totaled \$1.6 million and \$3.5 million during the three and nine months ended September 28, 2024, respectively. Strategic transactions and transformative project expenses amounted to \$0.4 million and \$1.3 million, respectively, for the nine months ended September 28, 2024.

Strategic transactions and divestiture expenses totaled \$0.7 million and \$4.2 million for the nine months ended September 30, 2023. Transformative project costs incurred amounted to \$1.0 million and \$3.1 million during the three and nine months ended September 30, 2023, respectively. We incurred \$1.2 million in costs during the nine months ended September 30, 2023 related to MOTYS. Other items for the nine months ended September 30, 2023 also includes severance costs totaling \$2.3 million related to the transition of our executive leadership.

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

<i>Three Months Ended September 28, 2024</i>						
	Gross Profit	Operating Expenses <sup>(a)</sup>	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations <sup>(k)</sup>
<b>Reported GAAP measure</b>	\$ 93,551	\$ 85,669	\$ 3,808	\$ 4,074	\$ (5,421)	\$ (0.07)
<b>Reported GAAP margin</b>	67.3 %			2.9 %		
Depreciation and amortization <sup>(b)</sup>	10,206	2,065	4	12,275	12,275	0.15
Acquisition and related costs <sup>(c)</sup>	—	483	—	483	483	0.01
Shareholder litigation costs <sup>(d)</sup>	—	50	—	50	50	—
Restructuring and succession charges <sup>(e)</sup>	—	54	—	54	54	—
Financial restructuring costs <sup>(f)</sup>	—	4	—	4	4	—
Impairment of assets <sup>(g)</sup>	—	2,031	—	2,031	2,031	0.03
Other items <sup>(i)</sup>	—	1,752	135	1,887	1,896	0.02
Tax effect of adjusting items <sup>(j)</sup>	—	—	—	—	(6,228)	(0.08)
<b>Non-GAAP measure</b>	\$ 103,757	\$ 79,230	\$ 3,669	\$ 20,858	\$ 5,144	\$ 0.06
<b>Non-GAAP margin</b>	74.7 %			15.0 %		
	<b>Non-GAAP Gross Margin</b>	<b>Non-GAAP Operating Expenses</b>	<b>Non-GAAP R&amp;D</b>	<b>Non-GAAP Operating Income</b>	<b>Non-GAAP Net income Continuing Operations</b>	<b>Adjusted EPS Continuing Operations</b>

<i>Three Months Ended September 30, 2023</i>						
	Gross Profit	Operating Expenses <sup>(a)</sup>	R&D	Operating Income	Net Loss Continuing Operations	EPS from Continuing Operations <sup>(k)</sup>
<b>Reported GAAP measure</b>	\$ 78,850	\$ 73,417	\$ 3,015	\$ 2,418	\$ (8,791)	\$ (0.12)
<b>Reported GAAP margin</b>	65.3 %			2.0 %		
Depreciation and amortization <sup>(b)</sup>	11,506	2,317	4	13,827	13,827	0.18
Acquisition and related costs <sup>(c)</sup>	—	1,424	—	1,424	1,424	0.02
Restructuring and succession charges <sup>(e)</sup>	—	(26)	—	(26)	(26)	—
Financial restructuring costs <sup>(f)</sup>	—	478	—	478	478	0.01
Loss on disposal of a business <sup>(h)</sup>	—	340	—	340	340	—
Other items <sup>(i)</sup>	—	1,901	34	1,935	1,935	0.02
Tax effect of adjusting items <sup>(j)</sup>	—	—	—	—	(4,512)	(0.06)
<b>Non-GAAP measure</b>	\$ 90,356	\$ 66,983	\$ 2,977	\$ 20,396	\$ 4,675	\$ 0.05
<b>Non-GAAP margin</b>	74.8 %			16.9 %		
	<b>Non-GAAP Gross Margin</b>	<b>Non-GAAP Operating Expenses</b>	<b>Non-GAAP R&amp;D</b>	<b>Non-GAAP Operating Income</b>	<b>Non-GAAP Net income Continuing Operations</b>	<b>Adjusted EPS Continuing Operations</b>

- (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 September 28, 2024 and September 30, 2023 and the nine months ended September 28, 2024 and September 30, 2023, respectively, depreciation and amortization of \$10.2 million, \$11.5 million, \$31.3 million and \$38.1 million in cost of sales and \$2.1 million, \$2.3 million, \$5.9 million and \$6.8 million in operating expenses presented in the consolidated statements of operations and comprehensive loss.
- (c) Includes acquisition and integration costs related to completed acquisitions 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 solely attributable to our Advanced 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. Divestiture costs related to our Advanced Rehabilitation Business, including transactional fees, totaled \$1.6 million and \$3.5 million during the three and nine months ended September 28, 2024, respectively. Strategic transactions and transformative project expenses amounted to \$0.4 million and \$1.3 million, respectively, for the nine months ended September 28, 2024. Strategic transactions and divestiture expenses totaled \$0.7 million and \$4.2 million for the three and nine months ended September 30, 2023, respectively. Transformative project costs incurred amounted to \$1.0 million and \$3.1 million during the three and nine months ended September 30, 2023, respectively. We incurred \$1.2 million in costs during the nine months ended September 30, 2023 related to MOTYS. Other items for the nine months ended September 30, 2023 also includes severance costs totaling \$2.3 million related to the transition of our executive leadership and the reversal of equity compensation expenses totaling \$3.8 million related to the transition of our executive leadership.
- (j) The three and nine months ended September 28, 2024 includes a tax impact of \$0.5 million and \$8.7 million, respectively, related to the impairment of assets. The nine months ended September 30, 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 nine months ended September 28, 2024 and September 30, 2023.
- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 19.5% and 20.0%, respectively, for the three and three and nine months ended September 28, 2024 and September 30, 2023.



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

Nine Months Ended September 28, 2024	Operating Expenses <sup>(a)</sup>			Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations <sup>(k)</sup>
	Gross Profit	R&D				
<b>Reported GAAP measure</b>	<b>\$ 285,570</b>	<b>\$ 295,144</b>	<b>\$ 10,393</b>	<b>\$ (19,967)</b>	<b>\$ (43,515)</b>	<b>\$ (0.52)</b>
<b>Reported GAAP margin</b>	<b>68.1 %</b>			<b>(4.8%)</b>		
Depreciation and amortization <sup>(b)</sup>	31,252	5,884	14	37,150	37,150	0.47
Acquisition and related costs <sup>(c)</sup>	—	994	—	994	994	0.01
Shareholder litigation costs <sup>(d)</sup>	—	13,720	—	13,720	13,720	0.17
Restructuring and succession charges <sup>(e)</sup>	—	67	—	67	67	—
Financial restructuring costs <sup>(f)</sup>	—	351	—	351	351	—
Impairment of assets <sup>(g)</sup>	—	33,901	—	33,901	33,901	0.42
Other items <sup>(i)</sup>	—	5,248	428	5,676	5,685	0.07
Tax effect of adjusting items <sup>(j)</sup>	—	—	—	—	(23,266)	(0.29)
<b>Non-GAAP measure</b>	<b>\$ 316,822</b>	<b>\$ 234,979</b>	<b>\$ 9,951</b>	<b>\$ 71,892</b>	<b>\$ 25,087</b>	<b>\$ 0.33</b>
<b>Non-GAAP margin</b>	<b>75.5 %</b>			<b>17.1 %</b>		
	<b>Non-GAAP Gross Margin</b>	<b>Non-GAAP Operating Expenses</b>	<b>Non-GAAP R&amp;D</b>	<b>Non-GAAP Operating Income</b>	<b>Non-GAAP Net Income Continuing Operations</b>	<b>Adjusted EPS Continuing Operations</b>

Nine Months Ended September 30, 2023	Operating Expenses <sup>(a)</sup>			Operating Loss	Net Loss Continuing Operations	EPS from Continuing Operations <sup>(k)</sup>
	Gross Profit	R&D				
<b>Reported GAAP measure</b>	<b>\$ 241,892</b>	<b>\$ 314,598</b>	<b>\$ 10,184</b>	<b>\$ (82,890)</b>	<b>\$ (113,540)</b>	<b>\$ (1.45)</b>
<b>Reported GAAP margin</b>	<b>64.2 %</b>			<b>(22.0%)</b>		
Depreciation and amortization <sup>(b)</sup>	38,146	6,740	14	44,900	44,900	0.57
Acquisition and related costs <sup>(c)</sup>	—	4,047	—	4,047	4,047	0.05
Restructuring and succession charges <sup>(e)</sup>	—	911	—	911	911	0.01
Financial restructuring costs <sup>(f)</sup>	—	7,065	—	7,065	7,065	0.09
Impairment of assets <sup>(g)</sup>	—	78,615	—	78,615	78,615	1.01
Loss on disposal of a business <sup>(h)</sup>	—	1,317	—	1,317	1,317	0.02
Other items <sup>(i)</sup>	—	6,262	1,286	7,548	7,548	0.10
Tax effect of adjusting items <sup>(j)</sup>	—	—	—	—	(31,790)	(0.47)
<b>Non-GAAP measure</b>	<b>\$ 280,038</b>	<b>\$ 209,641</b>	<b>\$ 8,884</b>	<b>\$ 61,513</b>	<b>\$ (927)</b>	<b>\$ (0.07)</b>
<b>Non-GAAP margin</b>	<b>74.3 %</b>			<b>16.3 %</b>		
	<b>Non-GAAP Gross Margin</b>	<b>Non-GAAP Operating Expenses</b>	<b>Non-GAAP R&amp;D</b>	<b>Non-GAAP Operating Income</b>	<b>Non-GAAP Net Loss Continuing Operations</b>	<b>Adjusted EPS Continuing Operations</b>

- (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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- (c) Includes acquisition and integration costs related to completed acquisitions 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 solely attributable to our Advanced 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. Divestiture costs related to our Advanced Rehabilitation Business, including transactional fees, totaled \$1.6 million and \$3.5 million during the three and nine months ended September 28, 2024, respectively. Strategic transactions and transformative project expenses amounted to \$0.4 million and \$1.3 million, respectively, for the nine months ended September 28, 2024.
- Strategic transactions and divestiture expenses totaled \$0.7 million and \$4.2 million for the three and nine months ended September 30, 2023, respectively. Transformative project costs incurred amounted to \$1.0 million and \$3.1 million during the three and nine months ended September 30, 2023, respectively. We incurred \$1.2 million in costs during the nine months ended September 30, 2023 related to MOTYS. Other items for the nine months ended September 30, 2023 also includes severance costs totaling \$2.3 million related to the transition of our executive leadership and the reversal of equity compensation expenses totaling \$3.8 million related to the transition of our executive leadership.
- (j) The three and nine months ended September 28, 2024 includes a tax impact of \$0.5 million and \$8.7 million, respectively, related to the impairment of assets. The nine months ended September 30, 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 nine months ended September 28, 2024 and September 30, 2023.
- (k) Adjustments are pro-rated to exclude the weighted average non-controlling interest ownership of 19.5% and 20.0%, respectively, for the three and three and nine months ended September 28, 2024 and September 30, 2023.

# Use of Non-GAAP Financial Measures

## Organic Revenue Growth

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

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

We present Adjusted EBITDA, Non-GAAP Gross Profit, Non-GAAP (or Adjusted) Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expenses, Non-GAAP R&D, Non-GAAP Operating Margin, Non-GAAP Net Income, and Non-GAAP Earnings per share of Class A common stock, all non-GAAP financial measures, to supplement our GAAP financial reporting, because we believe these measures are useful indicators of our operating performance. We define Adjusted EBITDA as net loss from continuing operations before depreciation and amortization, provision of income taxes and interest expense, net, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, equity compensation expense, financial restructuring costs and other items. See the table below for a reconciliation of net loss from continuing operations to Adjusted EBITDA. Our management uses Adjusted EBITDA principally as a measure of our operating performance and believes that Adjusted EBITDA is useful to our investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. Our management uses Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income, Non-GAAP Operating Expense, Non-GAAP Operating Margin and Non-GAAP Net Income principally as measures of our operating performance and believes that these non-GAAP financial measures are useful to better understand the long term performance of our core business and to facilitate comparison of our results to those of peer companies. Our management also uses these non-GAAP financial measures for planning purposes, including the preparation of our annual operating budget and financial projections. We define Non-GAAP Gross Profit as gross profit, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization included in the cost of goods sold and acquisition and related costs in the cost of goods sold. We define Non-GAAP Gross Margin as Non-GAAP Gross Profit divided by net sales. See the table below for a reconciliation of gross profit and gross margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define Non-GAAP Operating Income as operating income, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, financial restructuring costs and other items. Non-GAAP Operating Margin is defined as Non-GAAP Operating Income divided by net sales. See the table below for a reconciliation of operating income (loss) and operating margin to Non-GAAP Operating Income and Non-GAAP Operating Margin. We define Non-GAAP Operating Expenses as operating expenses, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, impairment of assets, restructuring and succession charges, financial restructuring costs and other items. See the table below for a reconciliation of operating expenses to Non-GAAP Operating Expenses. We define Non-GAAP R&D as research and development, adjusted to exclude certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, restructuring and succession charges, and other items. See the table below for a reconciliation of operating expenses to Non-GAAP R&D. We define Non-GAAP Net Income from continuing operations as Net Income from continuing operations, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, financial restructuring costs, other items and the tax effect of adjusting items. See the table below for a reconciliation of Net loss from continuing operations to Non-GAAP Net Income from continuing operations. We define Non-GAAP Earnings per Class A share as Earnings per Class A share, adjusted for the impact of certain cash, non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include depreciation and amortization, acquisition and related costs, certain shareholder litigation costs, restructuring and succession charges, impairment of assets, financial restructuring costs, other items and the tax effect of adjusting items divided by weighted average number of shares of Class A common stock outstanding during the period. See the table below for a reconciliation of loss per Class A share to Non-GAAP Earnings per Class A share. In the first quarter of 2024, we included certain shareholder litigation costs as a new item within our calculation of certain Non-GAAP financial measures as set forth above since it was the first period in which costs related to this type of litigation were material to our business. Costs related to this shareholder litigation are unrelated to our ongoing operations and were nominal in prior periods.

## Prior Period Recast for Discontinued Operations

On February 27, 2023, the Company ceased to control CartiHeal for accounting purposes, and therefore, deconsolidated CartiHeal effective February 27, 2023. CartiHeal was part of the Company’s International reporting segment. The Company treated the deconsolidation of CartiHeal as a discontinued operation. Refer to Note 14. Discontinued operations in the Company’s Form 10-Q for the period ended March 30, 2024, filed on May 7, 2024, for further details regarding the deconsolidation of CartiHeal.

## Net Sales, International Net Sales Growth and Constant Currency Basis

Net Sales, International Net Sales Growth and Constant Currency Basis are non-GAAP measures, which are calculated by translating current and prior year results at the same foreign currency exchange rate. Constant currency can be presented for numerous GAAP measures, but is most commonly used by management to facilitate the comparison sales in foreign currencies to prior periods and analyze net sales performance without the impact of changes in foreign currency exchange rates.

## Limitations of the Usefulness of Non-GAAP Measures

Non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for, or as superior to, the financial information prepared and presented in accordance with GAAP. These measures might exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of the Company’s performance and should be reviewed in conjunction with the GAAP financial measures. Additionally, other companies might define their non-GAAP financial measures differently than we do. Investors are encouraged to review the reconciliation of the non-GAAP measures provided in this presentation, including in the tables below, to their most directly comparable GAAP measures. Additionally, the Company does not provide U.S. GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the impact and timing of acquisitions related expenses, accounting fair-value adjustments and certain other reconciling items without unreasonable efforts. These items are uncertain, depend on various factors, and could be material to the Company’s results computed in accordance with U.S. GAAP.