



CORPORATE POLICY

Bioventus  
Global Credit Policy  
Effective Date: March 1, 2025

Version 2.1

8

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**Mission**

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The Global Bioventus ("BVS") Credit Policy establishes requirements for extending credit and establishing payment terms.

Clear and uniform policies and processes increase efficiency, reduce confusion, and improve customer and employee experiences, allowing us to meet our mission of delivering innovative medical supplies or devices to healthcare providers and meeting the evolving needs of patients.

### Goals

This Policy aims to improve cashflow, reduce customer receivable disputes, and maximize the value of sales by **increasing the collection effective index (CEI)** and **reducing** the following metrics to an acceptable level in a predictable, auditable, manner:

- Days Sales Outstanding (DSO)
- Aging Accounts Receivable
- Bad Debts

These metrics are calculated each month on a regular basis to assess the 12 months payment behavior in detail for a given customer account.

## Credit Limits and Terms Policy

### 1. Applicability

This policy applies to:

- **All Bioventus customers established before or after February 1<sup>st</sup>, 2025.**
- Contracted terms for legacy customers will be honored until contract expiration as well as any **contract renewal after February 1<sup>st</sup>** will be governed by this policy.

### 2. Purpose

The purpose of this policy is to establish guidelines for establishing customer credit limits, the credit hold and release process, and the credit review of customer accounts, including write-offs and submission to outside collection agency. *Refer to the [Bioventus Global Accounting Policies Manual](#) for guidance on all other accounting policies that govern and support the business practices, operations, and transactions of Bioventus LLC and its subsidiaries.*

### 3. Scope



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This Global Credit Policy defines the process to successfully assign an appropriate credit limit to a customer account. The *US Director of Finance and International Finance Director* shall be responsible for enforcing the customer credit process for all customer accounts. The Credit evaluation process begins with the new customer account set-up process, which is defined by the [Customer Intake Procedure](#).

**4. Credit Review**

**A. Required Documentation**

- Customer Intake Form

Before a new customer can be set up, Sales must have received and completed Customer Intake Form (“CIF”). New accounts may not be set up without a complete CIF, as outlined in the [Customer Intake Procedure](#).

- Credit Agency Report (“CAR”)
  - The customers will be reviewed using the credit agency report from **Dun & Bradstreet (D&B)** as applicable. Refer to [Appendix I](#) for business vertical-specific applicability.

**B. Credit Limits**

Credit Limits are expressed in the invoice currency and represent the maximum amount of receivables allowed on a customer account at any time.

- The Bioventus Credit Team will screen all customers purchasing Bioventus products with a forecasted annual customer purchase amount exceeding \$10,000, for their propensity to pay in full and on time.
- All customers established under the US PNS and US Surgical verticals who forecast \$10,000 or less with Bioventus on an annual basis will be subject to prepay 100% of every order until they surpass \$10,000 in annual spending.

BV Annual Sales Forecast (in \$)	Credit Limit
Up to 10,000	100% Prepayment only*
>10,000	Refer <a href="#">Appendix II</a>

\*This is subject to the discretion of the Credit Manager or equivalent.

- The approval process for credit limits should be applied to customers at the highest level of their corporation, as it is at this level that the risk of default arises.
- The credit limits will be assigned and reviewed as per the criteria mentioned in [Appendix II](#).



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- In situations where the estimated annual sales revenue is not provided the account will be established with a credit limit of \$15,000.00 for US Surgical and \$5,000.00 for US Direct HA and US PNS.
- The Credit Manager is responsible for documenting and saving final approved credit limit adjustments in the system of record; only authorized personnel can make changes to customer credit limits within the system.
- If an order exceeds the customer over their assigned credit limit to the account and when the recommendation is not to allow any overdraft, the customer will have two options for the Credit Manager to release this new order per below:
  - Customer to prepay the portion of the order(s) that is(are) going over the limit.
  - Customer to Pay in advance a portion of the not past due balance which will allow room to place the new order(s) with their regular payment terms.
- Changes to Credit Limits: The credit limits will be established according to the designation of authority noted in [Appendix V](#) and any Customer requests seeking increase in credit limits will be entertained as per the discretion of the Credit Team.

**C. Risk Categorization**

It is the responsibility of *the US Director of Finance and International Finance Director* to create and monitor customer risk categories to manage overall credit risk. Risk categories are assigned to each customer account and can only be changed by authorized users. Risk categories should be evaluated at least **annually**. For business verticals-based risk categories and categorization criteria, refer to [Appendix III](#).

**D. Standard Payment Terms (“SPT”)**

All new customers (customers set up for the first time on or after the effective date of this Policy) will be set up with default payment terms as dictated below in **Table 1**. Any deviation from this practice must be approved in writing according to the Payment Terms Approval Hierarchy (Refer to [Appendix IV](#)). The Credit Team at its own discretion, may also request further documentation to approve the payment terms.

**Table 1: Default Payment Terms**

Business Vertical	Default Payment Terms
US PNS (Peripheral Nerve Stem Router),	Net 30 days
US Direct HA	Net 90 days
US Surgical	Net 30 days
US Exogen	Net 30 days
US Indirect HA	Net 90 days
International	Net 30 days, all products, all countries

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### E. Responsibilities

- It is the responsibility of the U.S. and International Controllers to ensure that:
  - The Company's total credit exposure to the customer is assessed when approving limits.
  - Credit limits once approved are communicated promptly to the relevant internal personnel and organizations.
  - Timely and sufficient supporting data for credit applications are prepared and sent to the appropriate authority levels for approval.
  - Appropriate stop orders and subsequent releases are put in place in a timely manner.
- Director shall determine the customer account assignments and whether to adjust customer account credit limits.
- In addition, the US Director of Finance and International Finance Director shall be responsible for maintaining and reviewing any customer accounts perceived to be high-risk.
- It is the responsibility of the Accounts Receivable Specialist to monitor accounts and remind customers of overdue invoices, prioritizing aging invoices of larger values. The Accounts Receivable Specialist shall seek help from the sales teams and the Customer Service department when the account has proven to be difficult to collect and seek for solutions (regular calls, reminders, personal visit) of poor payment behavior with the customer.
- The Customer Service Representatives and Sales employees are responsible for informing the Accounts Receivable Specialist and US Director of Finance/International Finance Director of any potential circumstances that may adversely impact customer creditworthiness, including exceeding credit limits, changes in the customer's payment pattern (a customer is slower in paying), changes to the monthly sales volume, news of bankruptcy, layoffs, asset sales, executive management turnover, and high employee turnover.

### F. Final Credit Master Entry

After following the above steps, the Credit Team must document the credit approval decision with the CARs and store all necessary documentation under Bioventus Shared Drive location assigned for this purpose.

### G. Exceptions

Any orders that go over the limit where a new / higher credit limit cannot be granted will be approved based on the same level of approvals in [Appendix V](#) included under this policy.

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## H. Payment Plans

In the event that a customer cannot pay their past due balance and still needs to place a new order, this new order will be released only if the payment plan is approved by the Manager of Financial Services and the Commercial Credit Manager, who may allow an order to be released with the outstanding balance being paid at a later date but not beyond 1 year from the date the customer agrees to the payment plan in any given case. The customer will be re-evaluated regularly for their ability to pay and will remain on prepayment terms only for at least 6 months after the full receivable is settled.

## 5. Credit Holds

The credit hold process is a method that the Company utilizes to minimize risk through the evaluation of a customer account. Every customer order is automatically reviewed in the system of records to ensure a customer's credit limit has not been exceeded and to ensure the account is not delinquent. When a customer credit limit is breached, a hold will be put on the customer account to prevent further goods being shipped or services being provided. Conditions that shall result in a customer order being placed on credit hold are described in [Appendix VI](#).

## 6. Credit Release

It is the responsibility of the Accounts Receivable Specialist to monitor and assess new orders that go on credit hold and resolve in a timely manner. For all risk levels, the Accounts Receivable Specialists shall be authorized to release orders from credit hold in the system of record. Releases of orders require pre-approval according to the Authorized Signature Levels below:

Criteria	Level of Approval Required
Customer account balance past due but within assigned credit limit	As per Table 2 below
Customer account balance past due and beyond assigned credit limit	As per Credit Limits Approval Hierarchy mentioned in <a href="#">Appendix V</a>
Prepaid Order	No Approval required

Table 2: Approval Hierarchy for Credit Release

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Amount Past Due (EUR/USD)	Level of Approval Required
Up to 5,000	Accounts Receivable Specialist
Up to 20,000	Credit Manager/Manager of Financial Services
Up to 50,000	Controller/Director
Over 50,000	Chief Accounting Officer

### Adjust the approval limits

#### 7. Submission to Outside Collection Agency

The Accounts Receivable Team are responsible for evaluating and proposing customer balances to the Credit Manager for collection by outside collection agency when all methods for collection have been exhausted internally and there is an expectation the customer has the ability to pay. The Credit Manager will ask the Sales Team to get in touch with the customer and receive a formal commitment for payment. If the customer is unresponsive, the Credit Manager will reduce their credit limit to \$0.00 and consider placing the customer account with an Outside Collection Agency as they may deem fit.

Once put on hold, the account will be included on a do not order list (Fully Blocked in system of records) until they have satisfied their past due in full. After that new orders will be pre-payment only for a minimum of 1 year, after that Bioventus Credit Team reserves the right to evaluate the customer for providing new credit terms. The approval levels for proposing accounts to outside Collection Agency are specified in [Appendix VII](#).

#### 8. Litigation

The Credit Manager, per their discretion or per the recommendation of the outside collection agency, may proceed with litigation in the event that the balance of the account is more than \$5,000 and the costs for proceeding do not exceed the amount of the debt. The account will be included on a do no order list (Fully Blocked in system of records) until they have satisfied their past due in full. After that new orders will be pre-payment only for a minimum of 1 year, after that Bioventus Credit Team reserves the right to evaluate the customer for providing new credit terms.

#### 9. Disputes

If there are orders under dispute, those orders will not be considered as part of the past due balance unless the dispute has been resolved or Bioventus has determined that the dispute is not valid. Any dispute must be resolved within 30 days of reporting. If disputes stand unresolved after 30 days, the orders will go on a credit hold.

#### 10. Write-off of Customer Balances

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The Accounts Receivable Specialist is responsible for evaluating and proposing customer balances for direct write-off, generally, these balances have little chance for collection due to elapsed time, disputes, customer bankruptcy and/or amounts not collected by outside collection agency. The Accounts Receivable Specialist is responsible for submitting the write-off request with required supporting documentation for Finance approval before the write-off is posted to the account. Only authorized personnel in Finance can post the write-off on the customer account in the system of records. Write-offs follow the approval levels specified in [Appendix VIII](#).

## 11. Privacy

Exchange of credit information relating to customer credit experience with credit agencies, banks, and trade suppliers shall always be conducted confidentially. All information must relate only to past experience without reference to current credit terms and future intentions.

## Appendix

### Appendix I: Credit Agency Reports (CARs)

#### For all US PNS, US Direct HA, and US Surgical customers:

- Customers purchasing Bioventus products with a forecasted annual Potential purchase of more than \$20,000 must be screened using a credit agency report from:
  - Dun & Bradstreet (D&B) - The screening will be done based on the grading provided by Dun & Bradstreet Credit Report.
  - Customers with no rating from Dun & Bradstreet will be assigned a High-Risk category subject to the discretion of the Credit Manager who may also require additional documentation (e.g., Bank and Commercial References).
  - CARs shall be retained in the approved system of record for seven (7) years from the date the report was issued.
  - The Credit Manager may review the CARs and adjust credit limits as indicated by the new CARs when necessary.

### Appendix II: Credit Limits

#### ➤ Assigning Credit Limits

The authorized personnel will assign credit limits to customers for different verticals as per the table below:



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<b>Business Vertical</b>	<b>Default Credit Limit</b>
US PNS	Formula Based*
US Direct HA	Formula Based*
US Surgical	Formula Based*
US Exogen	\$5K USD
US Indirect HA	\$50K USD
International	\$5K EUR
International: Canada Surgical	\$30K CAD

\*Credit Manager decisions to extend credit must be based solely upon the CARs and the Bioventus formula for determining credit extension amounts. The Credit manager, as per their discretion, may also request additional information including the financial statements of the customer.

**For all US PNS, US Direct HA, and US Surgical customers:**

- The credit limit will be assigned based on the Bioventus Credit Limit formula as follows:

Credit Limit = Sales per day \* Total Credit days needed

Where,

- Sales per day = (Total Estimated Annual Sales / 365)
- Total Credit Days needed = (Days as per Payment Terms + Seasonality Allowed + Grace period for any expected delays like postal delays, etc.)

**Formula based Credit Limit Calculation with Illustrative Examples**

<b>Key Data Elements</b>		<b>Example 1</b>	<b>Example 2</b>
(A)	Estimated Annual Sales <sup>1</sup>	\$15,000	\$1,000,000
(B)	Payment Terms <sup>2</sup>	30 days	30 days
(C)	Seasonality Allowed	30 days	30 days
(D)	Grace period <sup>3</sup> for any postal delays, etc.	10 days	10 days

<b>Calculation</b>		<b>Formula Used</b>	<b>Example 1</b>	<b>Example 2</b>
(E)	Sales per day	(A) / 365	\$41	\$2,740
(F)	Total credit days needed	(B) + (C) + (D)	70 days	70 days



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(G)	Required Credit Limit	(E) * (F)	\$2,870	\$191,800
(H)	Round Up Credit Limit <sup>4</sup>		\$5,000	\$195,000

1. This figure should be provided by the sales team at the time of onboarding a customer and reviewed periodically.
2. It represents the standard payment terms as per the Credit Policy or the Contract.
3. It represents the time taken to get the check in hand.
4. Round up to nearest multiple of USD 5,000.

**For all US Exogen, US Indirect HA, and International customers:**

- Credit limit proposals must be supported by a documented application, the terms of trade, and the latest financial information and third-party information as applicable (e.g., Dun and Bradstreet reports). The justification should include the expected annual sales and information such as seasonal factors that could affect the credit profile.

➤ **Reviewing Credit Limits**

• **For all US PNS, US Direct HA and US Surgical customers:**

- Customer Spends: Within one year from the effective date of this Global Credit Policy, the Credit Manager will review customer spending to re-evaluate their Credit Limit on a **quarterly basis**. Thereafter, customer spending will be reviewed **semi-annually**.
- Credit Limit Utilization: Once 80% of credit limit is reached, Credit Manager will reassess credit limit and has discretion to propose increased credit limit and gain approval per established hierarchy.
- A credit manager, per their discretion, may review a customer account as necessary during any point of the year.

• **For all US Exogen, US Indirect HA, and International customers:**

All accounts with credit limits more than or equal to EUR/USD 500,000 are reviewed and re-authorized in quarterly.

**Appendix III: Risk Categories**

• **BVS Risk Categorization for US PNS, US Direct HA, and US Surgical customers:**

The Bioventus risk category for all new US PNS, US Direct HA and US Surgical customers will be determined based on Annual Sales Forecast, D&B Grading (as applicable) and availability of Financial Information (as applicable).



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BV Annual Sales Forecast (in \$)	D&B Grading	Availability of Financial Information	BVS Risk Category
Up to 10,000	Not Applicable	Not Applicable	Low
>20,000	Low Risk	Not Applicable	
>20,000	Low-Moderate / Moderate Risk	Not Applicable	Moderate
10,001 – 20,000	Moderate-High/ High	Not Applicable	High
>20,000	Not Available	Not Available	
	High Risk	Not Applicable	

The risk categories for all customers will be evaluated annually based on the DSO score and D&B reports (as considered necessary by the Credit Manager). The existing customers are expected to be risk-evaluated as per the above guidelines by April 1, 2025.

- **BVS Risk Categorization for US Exogen, US Indirect HA, and International customers:**

Risk categories will be determined using factors that could include industry classification, payment history, sales order volume, customer type and knowledge of current financial conditions.

BVS Risk Category
Risk category 001 (New Accounts)
Risk category 002 (High Risk Accounts)
Risk category 003 (Medium Risk Accounts)
Risk category 004 (Low Risk Accounts)
Risk category 005 (Insurance Payers & Large Wholesaler/Distributors)

**Appendix IV: Payment Terms Approval Hierarchy**

- **For US PNS, US Direct HA, and US Surgical Customers:**

Payment Terms	Level of Approval Required
Net 30	N/A
Net 45	Credit Manager
Net 60	Director of Finance
Net 90	Chief Accounting Officer
Net 90+	Chief Finance Officer



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- **For US Exogen, US Indirect HA and International Customers:**

Geographical Region	Level of Approval Required
US	VP of Sales
International	Int'l Finance Director/Managing Director

**Appendix V: Credit Limits Approval Hierarchy**

- **For all US PNS, US Direct HA and US Surgical customers:**

Limit	Level of Approval Required
Up to \$100K	Credit Manager/ Manager of Financial Services
Up to \$1MM	Director of Finance
Up to \$5MM	Chief Accounting Officer
>\$5MM	Chief Finance Officer

- **For all International, US Exogen and US Indirect HA customers:**

Limit	Level of Approval Required
Up to \$150K	Senior Manager Reimbursement Services / Int'l Finance Director
Up to \$1MM	Director of Finance
Up to \$5MM	Chief Accounting Officer
>\$5MM	Chief Finance Officer

**Appendix VI: Conditions for Credit Hold**

- **For all US PNS, US Direct HA, and US Surgical US Indirect HA customers:**

A customer account may be placed on credit hold at the discretion of the Credit Team which prevents:

- 1) the acceptance of any new sales order on the account and
- 2) shipping of any existing sales order on the account.

- **Conditions for putting an account on credit hold**

- Conditions that shall result in a customer order being placed on credit hold are described as follows:
  - The sum of unpaid invoices and orders scheduled exceeds the credit limit, OR
  - The days passed after due date of payment are as follows:



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**For all US Surgical & US PNS customers:**

<b>BVS Risk Category</b>	<b>Credit Hold Conditions</b>
Low (USL)	After 90 Days Past Due
Moderate (USM)	After 60 Days Past Due
High (USH)	After 30 Days Past Due

**For all US Direct HA customers:**

<b>BVS Risk Category</b>	<b>Credit Hold Conditions</b>
Good (G)	After 30 Days Past Due

**For all US Exogen, US Indirect HA and International customers:**

<b>BVS Risk Category</b>	<b>Credit Hold Conditions</b>
Risk category 001 (New Accounts)	-
Risk category 002 (High Risk Accounts)	Sales orders above EUR/USD 5,000 will go on credit block, even when within the customer credit limit, regardless of past due age and amount.
Risk category 003 (Medium Risk Accounts)	- If the account has overdue balances of 40 days and over, sales orders will go on credit block, even when within the credit limit - If total receivables exceed EUR/USD 200,000, orders will go on block, even when within the credit limit
Risk category 004 (Low Risk Accounts)	- If the account has overdue balances of 40 days and over, orders will go on block, even when within the credit limit - If total receivables exceed EUR/USD 500,000, orders will go on block, even when within the credit limit
Risk category 005 (Insurance Payers & Large Wholesaler/Distributors)	Sales orders will not be blocked



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**Appendix VII: Approval of Hierarchy for proposing accounts to Outside Collection Agency**

Business Verticals	Outstanding Amount	Approval Required
US PNS, US Direct HA, US Surgical	N/A	N/A
US Exogen, US Indirect HA, International	Up to USD/EUR 5,000	Credit Manager /Manager of Financial Services
	Up to USD/EUR 50,000	Director of Finance
	USD/EUR 50,000 – 1,000,000	Chief Accounting Officer
	Above USD/EUR 1,000,000	Chief Financial Officer

**Appendix VIII: Approval Hierarchy for proposing accounts for Write-offs**

Limit	Level of Approval Required	
	US PNS, US Direct HA, US Surgical	US Exogen, US Indirect HA, International
Up to USD/EUR 5K	Credit Manager OR Manager of Financial Services	Credit Manager OR Manager of Financial Services
Up to USD/EUR 50K	Director of Finance	Director of Finance
Up to USD/EUR 1MM	Chief Accounting Officer	Chief Accounting Officer
> USD/EUR 1MM	Chief Financial Officer	Chief Financial Officer

**Additional References**

- Bioventus Global Accounting Policies Manual