Bioventus Full Potential Plan Summary Document

5/28/2021

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We Aligned on These Initiatives

Category	Initiative	Description	Owner(s)
Growth Vector	M&A and Portfolio Strategy	Execute inorganic acquisitions to add additional products & services that establish growth opportunities across existing call points and therapeutic areas	Chris Yamamoto
Growth Vector - Commercial	Omnichannel Strategy	Develop an Omnichannel strategy to meet customers at the right time with the right content	Phil Stead
Growth Vector - Commercial	OUS Growth	Focus resources to enter or grow key OUS markets that have meaningful potential for existing products (e.g. Germany, UK, China, Japan, Brazil, India). Identify key M&A opportunities to bring differentiated products to these markets	Anthony Doyle
Growth Vector - Commercial	Pricing & Contracting and Market Access Excellence	Build pricing and contracting excellence enterprise-wide through a central strategy pricing function that oversees key pricing activities (e.g. annual price setting processes, contract management processes, pricing training for field)	Tim Donovan
Cost Improvements - Operations	Procurement and Inventory	Reduce procurement spend through: Supplier consolidation, renegotiation of contracts through robust RFP process	Michael Kiser
Cost Improvements - Operations	Quality	Reduce cost of poor quality through improved quality controls and processes (e.g. reduce/mitigate recalls, rejects, site and above site labor associated with rework)	Miguel Beltran-Delgado
Key Enablers	Scale Support Organizations for Growth	Enable support functions across organization to streamline and systematize processes and invest in key areas to support future growth (in scope HR, IT, Marketing, Finance, Legal)	Greg Anglum/Leigh Ann Stradford

Impact by Initiative

Initiative	Revenue Impact by 2024	EBITDA Impact by 2024
M&A Portfolio Strategy	$155M	$33M
Omnichannel Strategy	$95M	$37M
OUS Growth	$80M	$31M
Pricing and Contracting Excellence	$13M	$12M
Procurement and Inventory		$5.5M
Quality		$3.5M
Scale Support Organizations for Growth		($1M investment)

M&A and Portfolio Strategy

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A: M&A and portfolio strategy

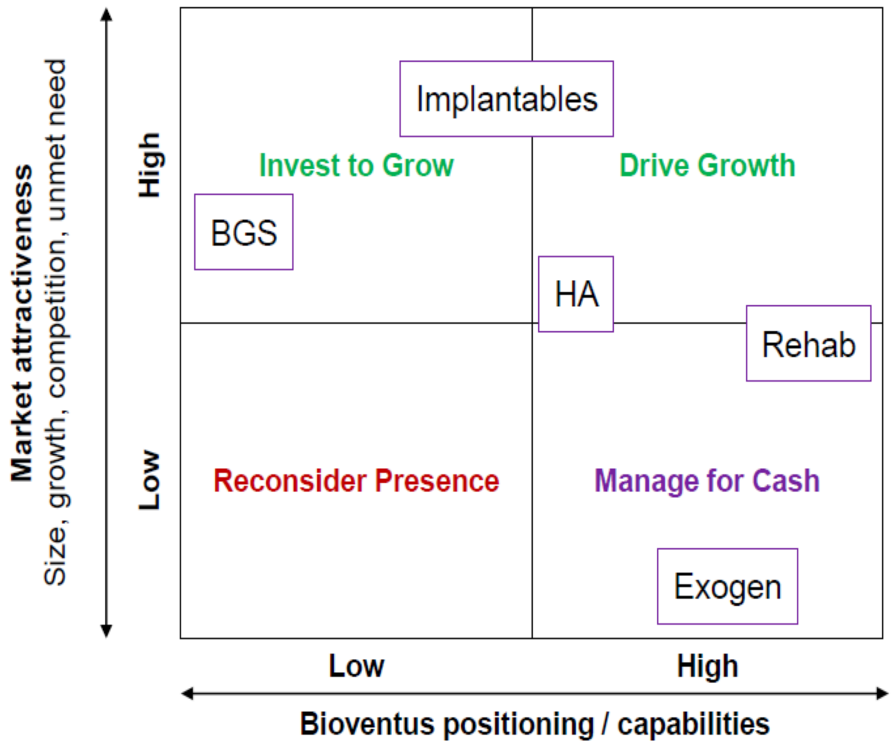
It will be critical to develop a consistent M&A and portfolio strategy across the organization to support future growth

- Bioventus' portfolio of on-market and pipeline products is multiplying (beyond HA + Exogen) – **dynamic resource allocation will be critical** to maximizing the portfolio (both revenue and margin)
- **A portfolio prioritization matrix** was created to ensure Bioventus spends time on what matters
  - Continue to manage Exogen for cash, drive growth in HA and implantables, manage some growth in rehab, and invest for growth in BGS
- **Moving forward, important to establish a link between our portfolio prioritization and our existing budgeting** / resource allocation process

A: M&A and portfolio strategy – portfolio strategy detail

PRELIMINARY

Proposed Bioventus portfolio prioritization



Implications and sizing

- **Portfolio prioritization should be used as a guide to resource allocation** (commercial, R&D, other enablers)
- **Dynamic resource reallocation delivers results.** Top-quartile reallocators grew total return to shareholders at ~2x the rate of bottom-quartile reallocators[1]
- We do not model specific revenue uplift tied to resource reallocation, but it is a **guide for sizing and operationalizing other initiatives** (e.g., omnichannel strategy)

1 Based on analysis of 1,508 companies, 1990-2010

Source: NEJM, analyst reports, Arthritis Foundation, CDC, ADA

FPP – Commercial

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FPP Initiative
Pricing and contracting excellence

Description
- Build pricing and contracting excellence enterprise-wide through a central strategy pricing function that oversees key pricing activities (e.g., annual price setting processes, contract management processes, pricing training for the field)

Initiative Owner
- Tim Donovan

The Why
- Build pricing and contracting excellence enterprise-wide through a central strategy pricing function that oversees key pricing activities (e.g., annual price setting processes, contract management processes, pricing training for the field)
- Pricing capability transformations for MedTech players can generate a 3-6% uplift in net revenue

Performance Levers
- Pricing Strategy (Market Price Strategy; Price Setting)
- Pricing Execution (Contracting; Field Guidance; Approval Governance; Training)
- Performance Management (Track leading and lagging performance metrics at sales rep, product and customer levels)
- Pricing Organization (Operate a dedicated team to pricing strategy and managing pricing)

Interdependencies
- Sales: Co-ordination with field on price execution
- SalesOps: Link regional / territory pricing strategy to performance comp plan
- Marketing: Integration into overall brand strategy
- Finance: Master Data Management process; Integration of BI / data systems into Price Performance reporting systems

FPP Initiative
OUS Growth and Expansion

Description
- With a targeted focus in select OUS markets, Bioventus can achieve incremental OUS growth by 2024 leading to 26% of baseline 2024 Bioventus revenue.

Initiative Owner
- Anthony Doyle

The Why
- Bioventus desires to increase its OUS revenue, to 30% of 2024 revenue. In 2020, OUS sales comprised ~8% of Bioventus sales across 26 countries
- A process to assess markets and products is needed to ensure successful consistent growth.

Interdependencies - External
- Competitive dynamics in target markets
- Potential changes to regulatory guidelines in target markets
- Timing and negotiations for defining distributor / third party partner
- Distributor reevaluation to ensure regulatory coordination between manufacturing and licensing

Interdependencies - Internal
- Regulatory: need to manage regulatory strategy and coordination with distributors / partners in each market
- Marketing: Capacity / timing of materials development
- M&A and portfolio strategy: ensure that future acquisitions align with priority OUS markets

FPP Initiative
Omnichannel

Description
- The Omnichannel experience focuses on 4 key areas to generate results
  - The right customer
  - With the right channel
  - Delivering the right message
  - At the right Time

Initiative Owner
- Phil Stead

The Why
- Bioventus has the ability to deliver double digit revenue growth and potential revenue above historical growth by 2024 across through strategic additions and support of sales force utilizing multiple approaches
  - **Sales channels**: reps, inside sales reps, key account manager, clinical specialists
  - **Digital channels**: digital marketing, self-serve portals, digital platforms for learning/remote

Performance Levers
- **Team represents multiple channels** (salesforce, digital marketing team, customer sales, customer service, etc.)
- **Adopt agile rhythm** to orchestrate across channels, and improve each individual channel
- **Prioritize where to focus** to unlock greatest value
- **Insights** initially based on human rules and pattern recognition; over time incorporates suggestions from **analytics** to identify where to focus

Tangible Results
- Customer Satisfaction Improvement
- Improved Productivity
- Increase in Orders

Sales Support Roles

Support role	Description	
Inside sales	**Remote team** of sales professionals who cover **lower potential accounts** to provide reps with additional time to focus on higher priority accounts	Team will be **quota bearing** and include **a team of Coverage Reps** who provide field rep support during unplanned absences
Order management team - *not owned by Commercial*	Patient & clinic interaction role compiling order documentation, reviewing order quality, and conducting remote device fittings	Key role to **support compliant EXOGEN claims processing** and **perform patient fittings remotely**
Clinic Engagement (FCMs)	Separate team of specialists who focus on **supporting patients during product fittings, patient screenings**, and **cover surgical cases**	**Key role in supporting business growth, patient support and** to support account relationship building and scheduling support

FPP – Operations & Quality

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Full Potential Plan – Operations & Quality

The Operations team will focus on 3 priority initiatives to unlock value in the near term and prepare us for future growth

Procurement

Strengthen foundation
Improve visibility across all our spend base and increase rigor in supplier identification, selection, performance management for all important categories

Unlock value
Implement a wave based value capture roadmap, targeting savings opportunities in strategic categories

Adopt a partnership-mindset
Actively seek opportunities to improve cross-functional collaboration in all supplier/ procurement related topics to continuously drive value for our organization

Quality

Drive transparency on quality issues through data
Integrate existing data sources/ systems and improve digitization for real-time visibility into Quality performance

Strengthen supplier oversight
Improve supplier risk differentiation and holistically review supplier performance data to reduce risks and cost of poor quality

Drive continuous product and process improvement
Measure leading and lagging quality metrics and rigorously review performance in QMRs to improve product quality and increase customer satisfaction

Improve quality governance
Holistically review and improve the rigor an effectiveness of cross-functional and executive quality governance forums

Inventory

Establish an "inventory control tower"
Leverage a rigorous, targeted and cross-functional approach to achieve optimal inventory levels across value chain in the near term

Optimize core processes and service levels
Improve our planning, safety stock practices and optimize service levels and scraps to maintain healthy inventory levels and unlock capital for strategic growth objectives

Planned Impact

FPP Category	Sub- Initiative	2022 Impact	2024 Impact (Accum)
Procurement	Tissue Bank Sourcing	$500K	$1M
	Direct Sourcing Category	$1.4M	$2.5M
	Indirect Sourcing Category	$500K	$2M
Quality	Systems Infrastructure	$100K	$500K
	COPQ- Internal	$500K	$1.5M
	COPQ- External	$500K	$1.5M
Inventory	Vendor Managed Inventory	$2M	$3M
	Safety Stocks Optimization	$2M	$3M
	Advanced Planning System	N/A	$1M
Total		$7.5M	$16M

Scale Support Organizations for Growth

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Full Potential Plan – Scale Support Organizations

Enable support functions across the organization to streamline and systemize processes and invest in key areas to support future growth

Marketing

Strengthen foundation

Update training to further strengthen product expertise within the function across the entire portfolio and various customer bases.

Unlock value

Boost professional affairs and medical education groups to support increasingly clinical portfolio and HCP engagement

Utilize technology tools

Establish mechanisms to increase adoption of CRM tools to improve the flow of data, customer insights and transparency to inform marketing campaigns.

Finance

Internal Tax Functionality

Build capabilities by Insourcing additional tax functionality into the department rather than outsourcing to third party firms.

Strengthen personnel depth

Add resources to support increasing needs from Business Development and Investor Relations

Information Technology

Improve tools/ application use for FTEs within the IT function

Build capabilities among preferred vendors to improve their efficiency as we engage with them on new projects.

Add resources and updated training for IT function

Build capabilities by insourcing additional functionality around operations and integrations to allow for additional leverage across the team.. This would support the needs to integrate acquisitions and build data infrastructure.