

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 12, 2019**

**OrthoPediatrics Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**001-38242**

(Commission File Number)

**26-1761833**

(I.R.S. Employer Identification Number)

**2850 Frontier Drive  
Warsaw, Indiana**

(Address of principal executive offices)

**46582**

(Zip Code)

Registrant's telephone number, including area code: **(574) 268-6379**

**Not Applicable**

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.00025 par value per share	KIDS	The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

**Item 7.01. Regulation FD Disclosure.**

The executive officers of OrthoPediatrics Corp. have several upcoming presentations to representatives of investors and analysts. The officers intend to use the material filed as Exhibit 99.1 herewith, in whole or in part, as part of those presentations.

The information in this Item 7.01, including the information incorporated by reference herein from Exhibit 99.1, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">OrthoPediatrics Corp. Investor Presentation dated August 2019</a>

\* \* \* \* \*

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OrthoPediatrics Corp.

Date: August 12, 2019

By: /s/ Daniel J. Gerritzen  
Daniel J. Gerritzen,  
General Counsel and Secretary



**OrthoPediatrics Corp.**  
August 2019

**Mark Throdahl, CEO**  
**Fred Hite, CFO**

F



## Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of U.S. federal securities laws. You can identify forward-looking statements by the use of words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "could," "believe," "estimate," "project," "target," "predict," "intend," "future," "goals," "potential," "objective," "would" and other similar expressions. Forward-looking statements involve risks and uncertainties, many of which are beyond OrthoPediatics' control. Important factors could cause actual results to differ materially from those in the forward-looking statements, including, among others, the risks, uncertainties and factors set forth under "Risk Factors" in OrthoPediatics' Annual Report on Form 10-K filed with the SEC on March 7, 2019. Forward-looking statements speak only as of the date they are made. OrthoPediatics assumes no obligation to update forward-looking statements to reflect actual results, subsequent events, or circumstances or other changes affecting such statements except to the extent required by applicable securities laws.

## Use of Non-GAAP Financial Measures

This presentation includes the non-GAAP financial measure of Adjusted EBITDA, which differs from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA in this release represents net loss, plus interest expense (income), net plus other expense (income), depreciation and amortization, stock-based compensation expense, accelerated vesting of restricted stock upon our IPO, and acquisition related costs. Adjusted EBITDA is presented because the Company believes it is a useful indicator of its operating performance. Management uses the metric as a measure of the Company's operating performance and for planning purposes, including financial projections. The Company believes this measure is useful to investors as supplemental information because it is frequently used by analysts, investors and other interested parties to evaluate companies in its industry. The Company believes Adjusted EBITDA is useful to its management and investors as a measure of comparative operating performance from period to period. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to, or superior to, net income or loss as a measure of financial performance or cash flows from operations as a measure of liquidity, or any other performance measure derived in accordance with GAAP, and it should not be construed to imply that the Company's future results will be unaffected by unusual or non-recurring items. In addition, the measure is not intended to be a measure of free cash flow for management's discretionary use, as it does not reflect certain cash requirements such as debt service requirements, capital expenditures and other cash costs that may recur in the future. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and other potential cash requirements. In evaluating Adjusted EBITDA, you should be aware that in the future the Company may incur expenses that are the same or similar to some of the adjustments in this presentation. The Company's presentation of Adjusted EBITDA should not be construed to imply that its future results will be unaffected by any such adjustments. Management compensates for these limitations by primarily relying on the Company's GAAP results in addition to using Adjusted EBITDA on a supplemental basis. The Company's definition of this measure is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation. The schedules below contain a reconciliation of Net Loss to non-GAAP Adjusted EBITDA.



## Large Market

## Proprietary Technology

## Scalable Business

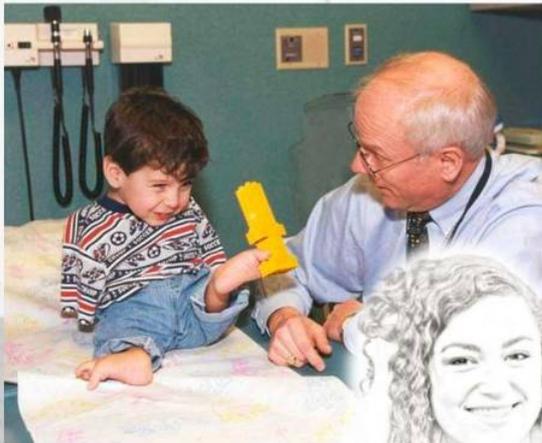
-  **Diversified medical device company focused exclusively on pediatric orthopedics**
-  **Protected market opportunity: \$1.4 billion U.S., \$3.2 billion globally estimated in 2019**
-  **High U.S. procedure concentration: <300 hospitals and ~1,400 surgeons**
-  **Focused call point: pediatric orthopedic surgeons are generalists who use all OP products**
-  **Sustainable competitive advantage:**
  - **Broadest pediatric-specific orthopedic product offering with 33 surgical systems**
  - **Strong relations with pediatric orthopedic surgeons**
  - **Deep commitment to clinical education**
  - **Sales personnel are a consultative resource**
-  **Consistent 20+% growth since inception**
  - **FY18 revenue of \$57.6 million, up 26%**
  - **FY19 revenue growth guidance updated to 23-25%**
-  **Vilex acquisition expands Trauma & Deformity offering to 80% of the addressable market and gives OP proprietary, leading-edge technology in external fixation**



## A Company Built on a CAUSE

### Cause

*Improving the lives of children with orthopedic conditions*



Gideon with CMO Peter Armstrong, M.D., c. 1995.  
Gideon's drawing of his girlfriend, 2016.

### Company Snapshot

-  Treated **>150,000 patients** since inception
-  **29 surgical systems; 8,000+ SKUs; strong pipeline<sup>1</sup>**
-  **3 additional systems from Vilex acquisition**
-  **86 direct employees; 152 focused sales reps<sup>1</sup>**
-  **Global sales organization focused on pediatric orthopedic surgeons in 44 countries<sup>1</sup>**
-  **28 issued patents; 38 pending patents<sup>2</sup>**
-  **Chief Medical Officer is a fellow surgeon**
-  **Average FDA approval time: < ½ industry average**
-  **History of stable reimbursement**

<sup>1</sup> As of June 30, 2019

<sup>2</sup> As of June 30, 2019 and does not include Vilex/Orthex patents/patent applications



## Children Are Not Small Adults

### Superior Clinical Outcomes

Re-Purposed Adult Plate



*Screws Through Growth Plate*

OP's Solution



*Screws Parallel To Growth Plate*

### OP's Market Impact

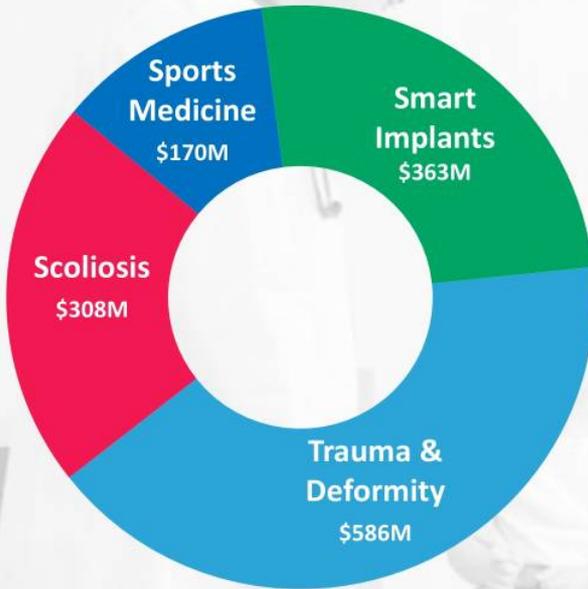
- OP Address orthopedic industry's lack of focus on product development, clinical education, and sales presence
- OP Implants and instruments avoid complications of re-purposed adult products
- OP Product development in collaboration with leading pediatric orthopedic surgeons
- OP Dedicated sales support attending surgeries
- OP Clinical education programs that build brand loyalty



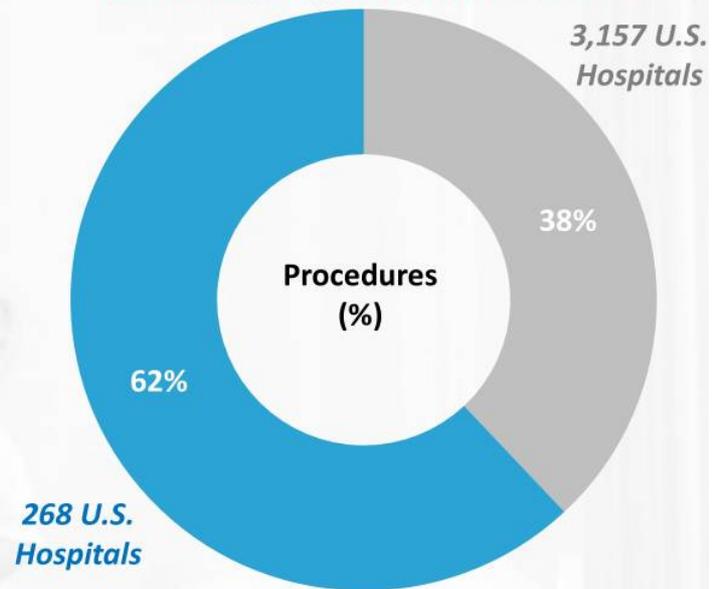
# Large and Focused Market

## OP'S \$3.2 Billion Current Addressable Global Market<sup>1</sup>

*\$1.4 Billion U.S. Addressable Market<sup>1</sup>*



*High Concentration of Pediatric Trauma & Deformity and Scoliosis Procedures*



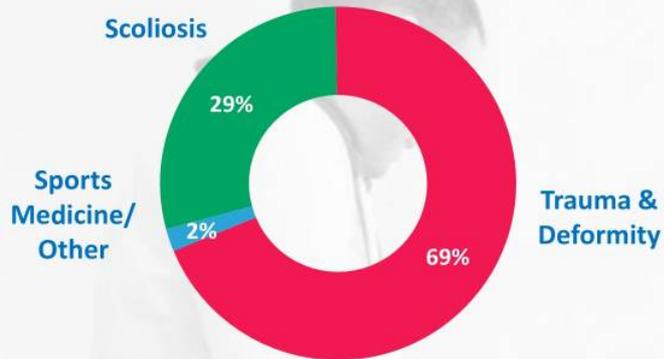
**Current products target three of the largest categories in Pediatric Orthopedics  
Pipeline products underway to expand addressable market**

<sup>1</sup> Management's 2019 updates to IMS data from 2016



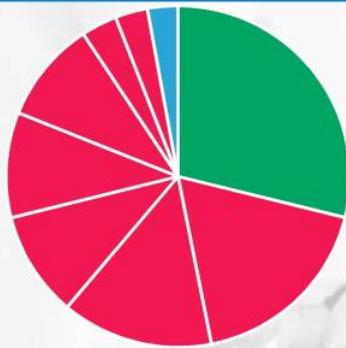
# Product Line Diversification

## 2018 Revenue by Segment

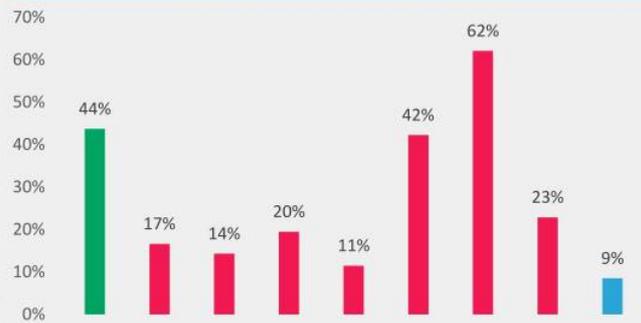


- \$57.6 million sales in 2018, increasing 26%
- Well diversified sources of growth
- All major product families supported FY 2018 26% revenue growth
- Firefly, PNP|Femur, and PediFrag were key growth drivers
- All products have comparable gross margins

## 2018 Revenue by Product Family



## 2018 Revenue Growth % by Product Family





**Sales Focus  
on Teaching  
Institutions and  
High Volume  
Hospitals**

**Deploy  
Instrument  
Sets**

**Expand  
Addressable  
Procedures**

**Expand Clinical  
Education  
Programs**

**Goals**

 **Accelerate sales growth**

 **Develop novel technologies**



# New Systems & Product Launches (2017-2018)

## Trauma & Deformity



**Titanium PediPlates® System**  
(Expands physeal tethering offering)



**Clavicle Plate System**  
(First pediatric specific system)



**Wrist Fusion Plate System**  
(First pediatric specific system)



**PediFlex Advanced**

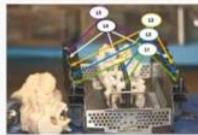


**Pediatric Nailing Platform | FEMUR**  
(Expands into adolescent cases)

## Scoliosis



**FIREFLY® Pedicle Screw Navigation Guides** (Complementary to RESPONSE Spine System)



**FireFly S2/Alar**



**RESPONSE 4.5/4.75/5.0mm System**  
(Maximizes intraoperative flexibility)



## Sports Medicine



**Medial Patella Femoral Ligament Reconstruction System**  
(Complementary to ACL Reconstruction System)



# Upcoming New Systems & Product Launches (2019)

## Trauma & Deformity

Launching  
3Q19



Cannulated  
Screw  
Systems

Launching  
3Q19



QuickPack™  
Bone Void  
Filler

Launching  
4Q19



PediFoot  
(First pediatric  
system)

Launching  
4Q19/1Q20



Slipped Capital  
Femoral Epiphysis  
System

Development  
In Process



Osteogenesis  
Imperfecta  
Nail System

Development  
In Process



PNP | Tibia

## Scoliosis

Launched  
Feb'19



BandLoc DUO System



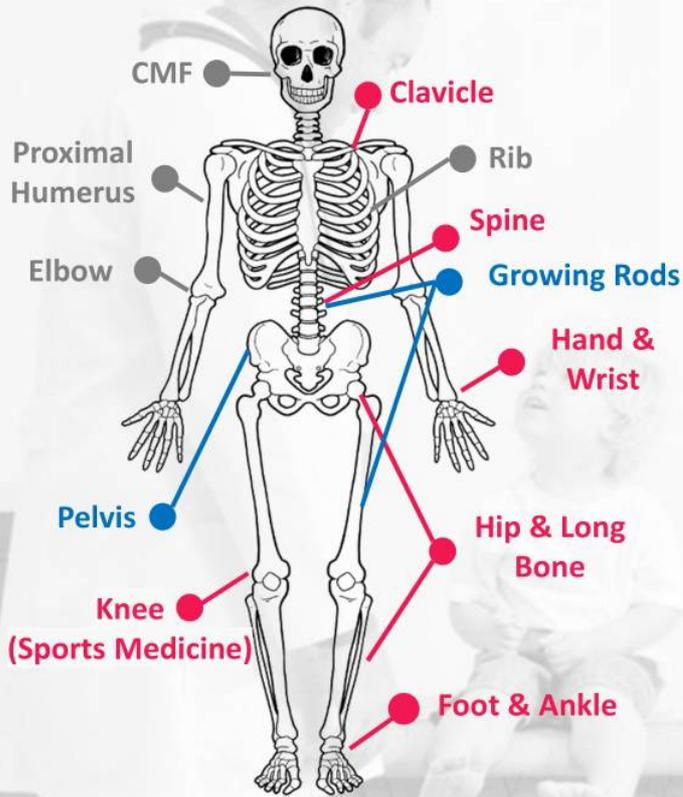
Development  
In Process



Neuromuscular  
Scoliosis System



Expanding Our Addressable Market



Demonstrated ability to expand portfolio to full array of pediatric surgeries

- OP Today
- OP Tomorrow
- Now Under Development



# Leading Edge Systems in Development

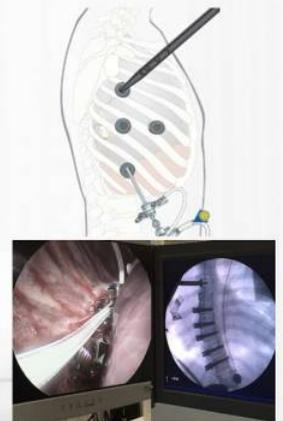
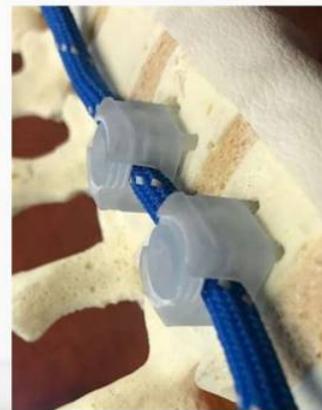
## Smart Implants

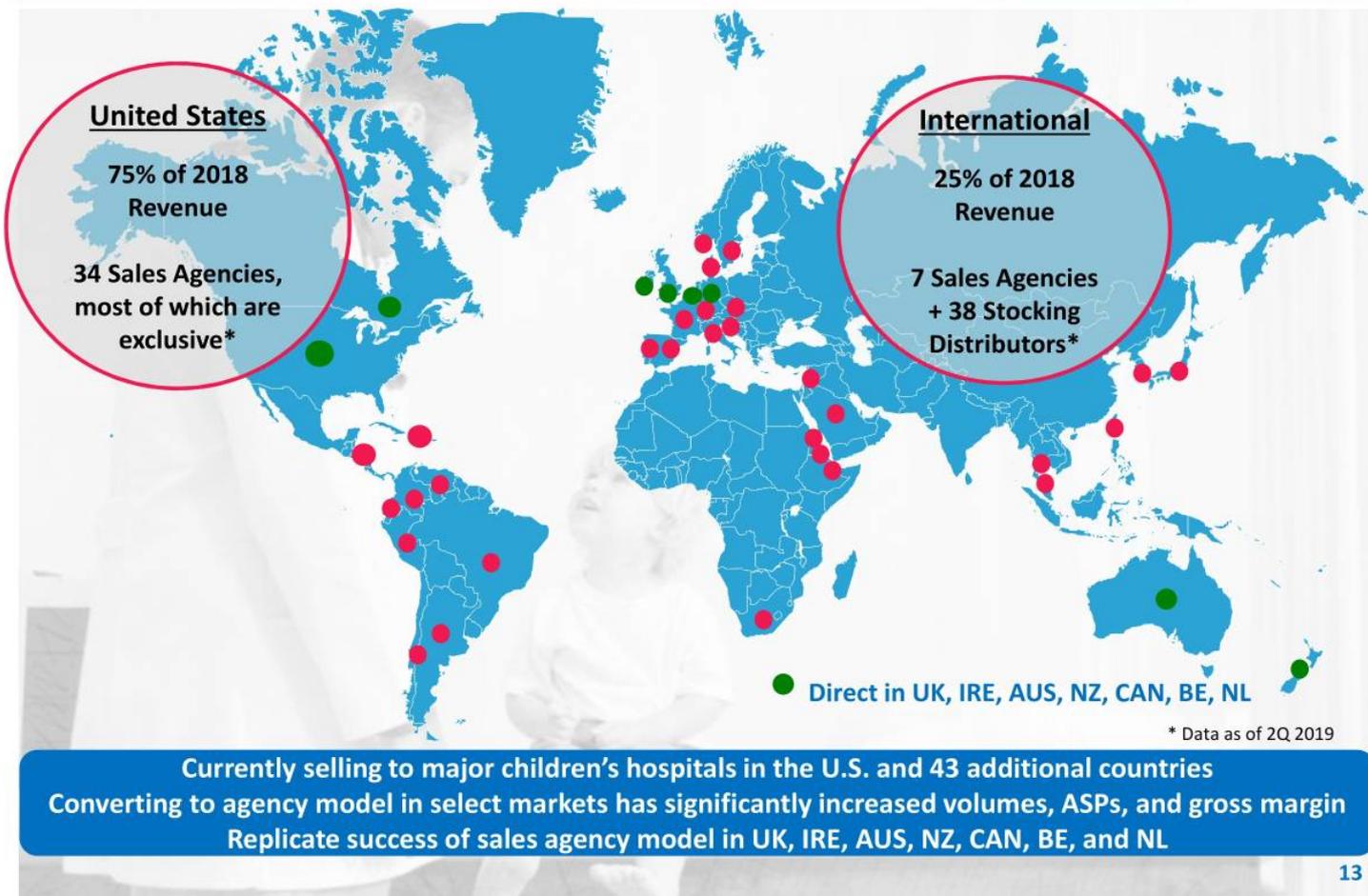
- Proof of concept established in 2018 with substantial development in 2019
- 2 embodiments: (1) scoliosis (2) intramedullary nailing
- OP will offer significant improvements to current technology



## Spinal Tethering

- Emerging procedure with off-label use of adult product. Need for pediatric system.
- Intervention in patients as young as 10
- Reversible, non-fusion procedure
- Developing IP portfolio
- Working with panel of leading tethering surgeons
- Uncertain FDA regulatory path







## Transaction

- OP In June OP purchased Vilex, including its **Orthex Hexapod** ex-fix system and proprietary CORA-based x-ray software
- OP **Separate Vilex's adult business** and pursue potential divestiture

## Consideration

- OP **\$50 million in cash + \$10 million in shares = \$60 million**

## Benefits

- OP **Expands OP's Trauma & Deformity business into new segment valued at \$200 million globally**
- OP **Expands Trauma & Deformity's breadth from 60% to 80% of addressable market**
- OP **Increases surgeon reach to limb reconstruction specialists who treat pediatric patients beyond children's hospitals, generating pull-through of other products**





## OP Owns Orthex

- Hexapod ex-fix system and proprietary point-and-click x-ray planning software
- 50% annual revenue growth since FDA clearance in mid-2016
- Generated **\$3.1 million of revenue in 2018**

## ORTHex



## Potential Sales of Vilex's Adult Systems

- \$8.7 million of 2018 revenue, most of which is adult**
- Extensive development pipeline
- Investment by a focused Foot & Ankle company will drive future success

## VILEX®





## Disruptive Technology

- Construct allows 90° angulation
- Unique calibrated struts and HA-coated pins
- Patented point and click software
- Significantly simplifies surgery planning and subsequent alignments

## Dror Paley, MD – Pediatric orthopedic KOL

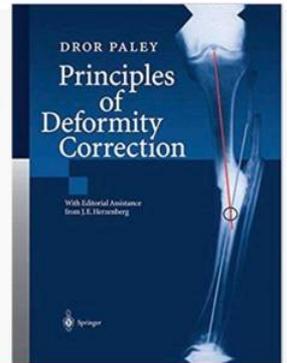
- Introduced Ilizarov method in U.S.

## Defend competitive position and risk

- Defend other potential acquirers from entering the pediatric space



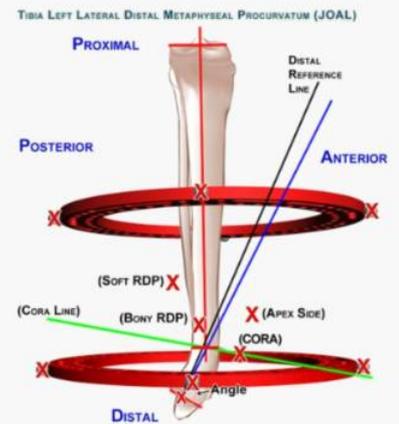
# ORTHEX



## ML X-Ray

ML STEP 11 of 11: Verify, and click the AP View button to proceed

- 1 Proximal Ring
- 2 Distal Ring
- 3 Proximal Bone Segment Line
- 4 Distal Joint Line
- 5 Distal Centerpoint
- 6 Osteotomy
- 7 Proximal Bone Ends
- 8 Proposed Pivot Point
- 9 RDP Bony
- 10 RDP Soft
- 11 Review





## New Competitors Would Face Formidable Obstacles



"The ship has sailed."

- OP **Product breadth**
- OP **Surgeon relationships**
- OP **Sales and distribution network**
- OP **Clinical education programs**
- OP **Pediatric brand equity**
- OP **Reputation with pediatric orthopedic societies**
- OP **Dynamic culture**



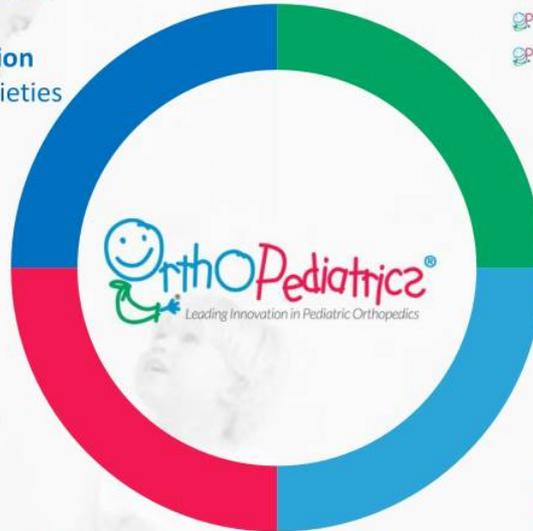
# What Does Category Leadership Mean?

## Surgeon relationships and clinical education

- OP Relationships with surgeons who use entire portfolio
- OP Major provider of clinical education
- OP Leading supporter of surgical societies
- OP Custom instruments

## Broadest, most innovative product offering

- OP 12 years' clinical understanding
- OP New product pipeline
- OP Pediatric Market Gateway for distributed products and joint product developments



## Robust organic growth opportunities

- OP \$3.2 billion addressable global market
- OP Limited focused competition
- OP Focused, experienced distribution
- OP Instrument set placements drive growth

## Attractive growth and margin profile

- OP Consistent growth since inception
- OP 74% gross margin in FY 2018
- OP History of efficient capital utilization

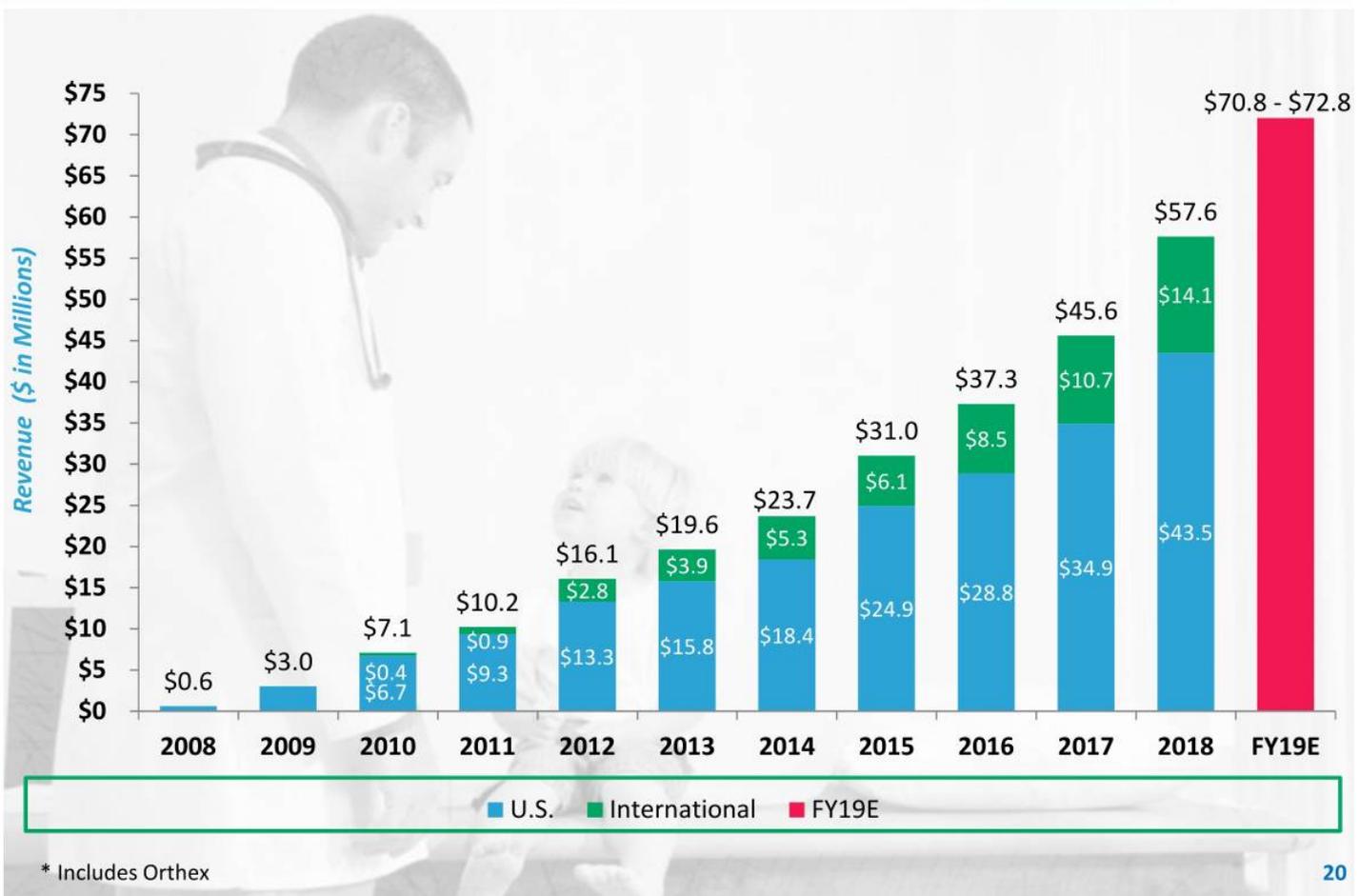


## Financial Review





## Consistent 20+% Revenue Growth Since Inception



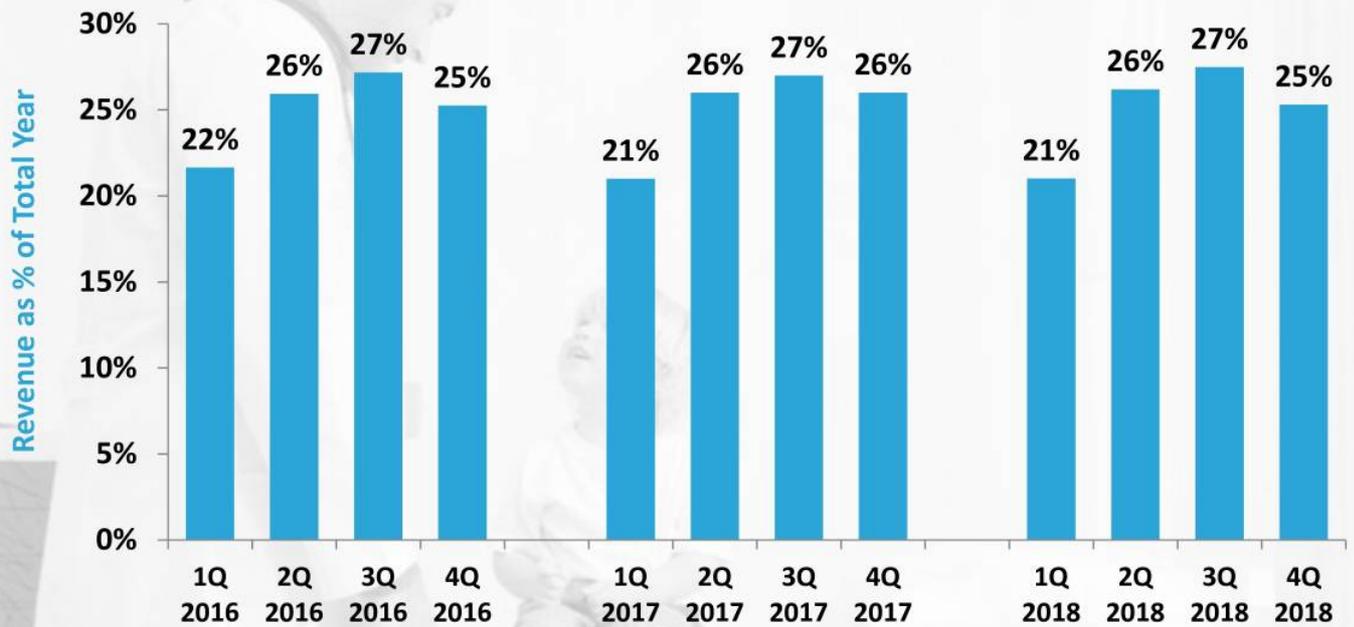


## Category Revenue Summary





## Seasonality Drives Stronger Performance in Summer Months and Holiday Periods





## Income Statement Summary

(\$ in Millions)

	FY 2016	FY 2017	FY 2018	6M 2018	6M 2019
<b>Revenue</b>	<b>\$37.3</b>	<b>\$45.6</b>	<b>\$57.6</b>	<b>\$27.2</b>	<b>\$32.9</b>
<i>Growth %</i>	20%	22%	26%	26%	21%
Gross Profit	\$26.4	\$34.5	\$42.7	\$20.2	\$24.3
<i>Margin %</i>	71%	76%	74%	74%	74%
Operating Expenses	\$32.5	\$40.9	\$52.2	\$26.7	\$28.8
Operating Loss	(\$6.1)	(\$6.5)	(\$9.6)	(\$6.5)	(\$4.5)
<b>Net Loss</b>	<b>(\$6.6)</b>	<b>(\$8.9)</b>	<b>(\$12.0)</b>	<b>(\$7.7)</b>	<b>(\$5.6)</b>
<b>Net Loss per Share*</b>	<b>(\$7.14)</b>	<b>(\$5.86)</b>	<b>(\$0.96)</b>	<b>(\$0.62)</b>	<b>(\$0.39)</b>

\* Net loss per share attributable to common stockholders – basic and diluted



## Adjusted EBITDA Reconciliation

(\$ in Millions)

	Six Months Ended June 30,	
	2018	2019
<b>Net Loss</b>	<b>(\$7.7)</b>	<b>(\$5.5)</b>
Interest expense, net	1.1	0.9
Other expense	0.1	0.0
Depreciation and amortization	1.4	1.9
Stock-based compensation	0.6	1.2
Accelerated vesting of restricted stock upon IPO	2.0	-
Acquisition related costs	-	0.6
<b>Adjusted EBITDA</b>	<b>(\$2.5)</b>	<b>(\$0.8)</b>



## Balance Sheet

(\$ in Millions)  
As of June 30, 2019

Assets		Liabilities	
Cash	\$21.9	Accounts Payable	\$6.0
Accounts Receivable	14.9	Debt	51.2
Inventory	32.8	Accrued Expenses	4.0
Other Current Assets	37.2	All Other Liabilities	2.1
PP&E (net)	20.9	Paid In Capital	209.3
Intangibles	23.7	Accumulated Deficit (net)	(121.2)
<b>Total Assets</b>	<b>\$151.4</b>	<b>Total Liabilities / Equity</b>	<b>\$151.4</b>

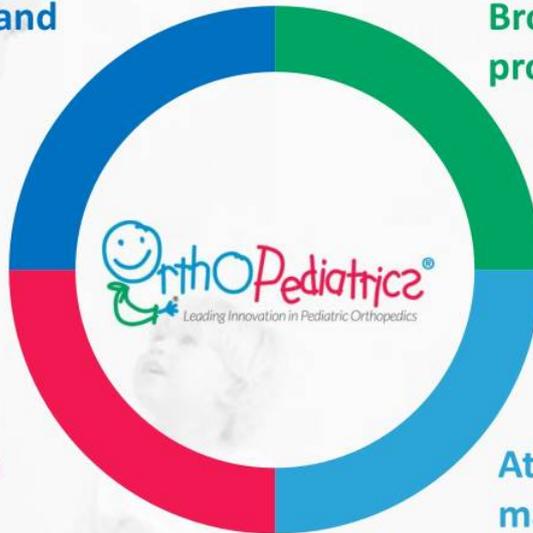


- **Advanced the process of finding a buyer for Vilex's adult product line.**
- **Formed a special board committee to supervise management's authorized disposition of these assets and have engaged advisors to assist in this process.**
- **Anticipate significant interest in the assets to be offered for sale and when completed we expect a significant reduction in our outstanding debt position.**



**Surgeon relationships and clinical education**

**Broadest, most innovative product offering**



**Robust organic growth opportunities**

**Attractive growth and margin profile**

