



# 2022 Investor Presentation



# Disclaimer

## 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 OrthoPediatrics' control. Important factors could cause actual results to differ materially from those in the forward-looking statements, including, among others: the risks related to COVID-19, the impact such pandemic may have on the demand for our products, and our ability to respond to the related challenges; and the risks, uncertainties and factors set forth under "Risk Factors" in OrthoPediatrics' Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 11, 2021, as updated and supplemented by our other SEC reports filed time to time. Forward-looking statements speak only as of the date they are made. OrthoPediatrics 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 certain non-GAAP financial measures such as adjusted diluted earnings (loss) per share and Adjusted EBITDA, which differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted earnings (loss) per share in this press release represents diluted earnings (loss) per share on a GAAP basis, plus the accreted interest attributable to acquisition installment payables, the fair value adjustment of contingent consideration, non-recurring professional fees and accrued legal settlement costs. The fair value adjustment of contingent consideration is associated with our estimates of the value of earn-outs in connection with certain acquisitions and the non-recurring professional fees are related to our response to a previously disclosed SEC review. We believe that providing the non-GAAP diluted earnings (loss) per share excluding these expenses, as well as the GAAP measures, assists our investors because such expenses are not reflective of our ongoing operating results. Adjusted EBITDA in this release represents net loss, plus interest expense, net plus other expense (income), provision for income taxes (benefit), depreciation and amortization, stock-based compensation expense, fair value adjustment of contingent consideration, acquisition related costs, nonrecurring professional fees and accrued legal settlements costs. The Company believes the non-GAAP measures provided in this earnings release enable it to further and more consistently analyze the period-to-period financial performance of its core business operating performance. Management uses these metrics as a measure of the Company's operating performance and for planning purposes, including financial projections. The Company believes these measures are useful to investors as supplemental information because they are frequently used by analysts, investors and other interested parties to evaluate companies in its industry. 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 these non-GAAP measures, 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 non-GAAP diluted earnings (loss) per share or 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 these adjusted measures on a supplemental basis. The Company's definition of these measures is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation. The schedules below contain reconciliations of reported GAAP diluted earnings (loss) per share to non-GAAP diluted earnings (loss) and net loss to non-GAAP Adjusted EBITDA.



OrthoPediatrics was founded on the **cause** of impacting the lives of children with orthopedic conditions

**234,000+**

pediatric patients treated since inception

### Re-Purposed Adult Plate

Screws through growth plate



- 01 Children's **unique clinical conditions**
- 02 Existing solutions are **re-purposed from adult implants**
- 03 Limited development of **new technologies**
- 04 No **specialized sales force** in Pediatric Orthopedics
- 05 Limited industry support of clinical **education**

## **PediLoc Femur**

Screws parallel to growth plate



- ✓ Enhance surgeon confidence
- ✓ Increase surgical efficiency
- ✓ Improve surgical accuracy

01 **Product development focused** exclusively on pediatric patients

02 **Broadest pediatric specific portfolio** in the industry

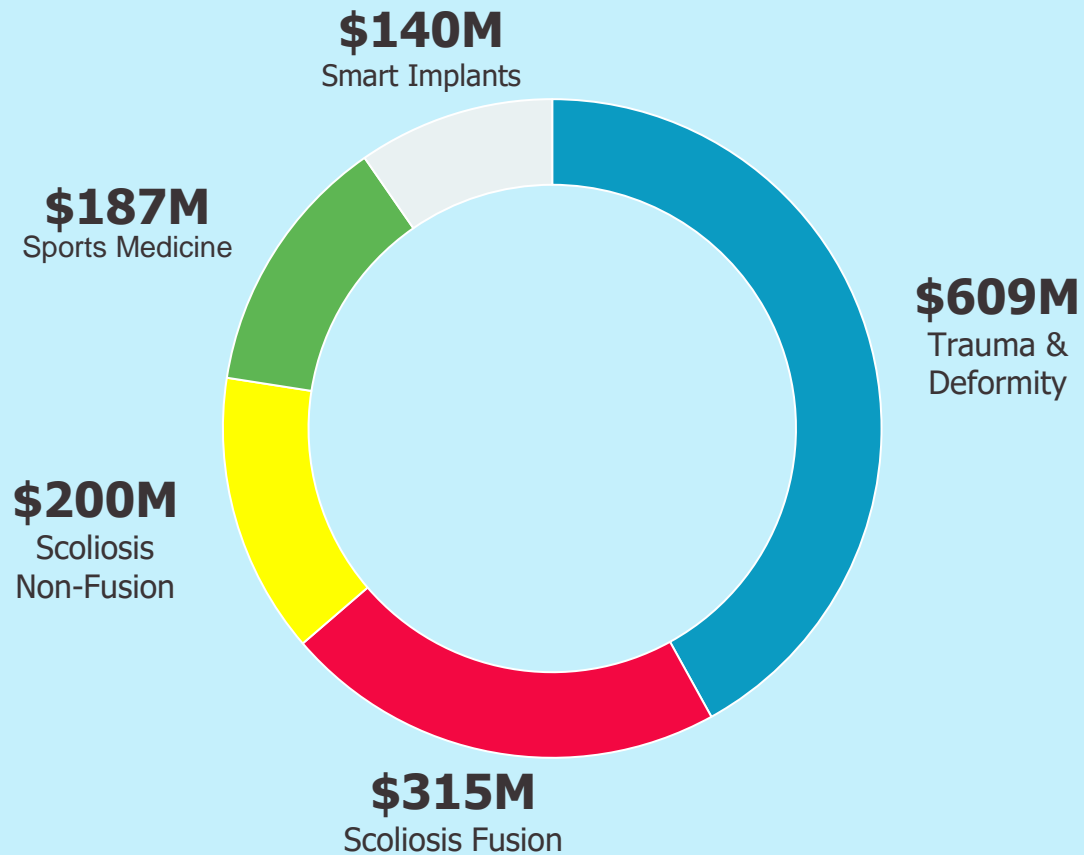
03 Delivering first in market **novel surgical solutions**

04 Only global **commercial channel to market**

05 Leading provider of surgeon **clinical education**



## U.S. Addressable Market<sup>1</sup> — \$1.5B



<sup>1</sup> Management's Mar 2021 updates to IMS data from 2016

## Competitive Dynamics

- 01 Large incumbents repurpose adult implants
- 02 Require specialized sales force
- 03 Lack of focus on pediatric conditions





## Innovative Technology

**37** unique surgical systems

Consistent **cadence** of innovative product launches

Expanding suite of **enabling** technologies

Internal **R&D**, acquisitions, and partnerships



## Commercial Execution

**Only** global sales & distribution channel

Serve **100% of top children's hospitals** in the U.S.

**185** domestic field representatives

Sell in **46** countries around the world



## Clinical Education

**Commitment** to clinical education

Leading **sponsor** of critical pediatric medical societies

**>700** clinical product/education events per year

**Founder** of Foundation of Advancing Pediatrics Orthopedics

**Consistent  
20%+  
Growth  
Since Inception<sup>1</sup>**

<sup>1</sup> Excluding COVID-impacted 2020

01



**Laser focus** on high-volume Children's Hospitals that treat majority of pediatric patients

02



Provide a **broad product portfolio** uniquely designed to treat children, surround pediatric orthopedic surgeons covering their needs

03



**Deploy** instrument sets and provide unparalleled sales support

04



Expand addressable market through aggressive investment in **R&D and select M&A opportunities**

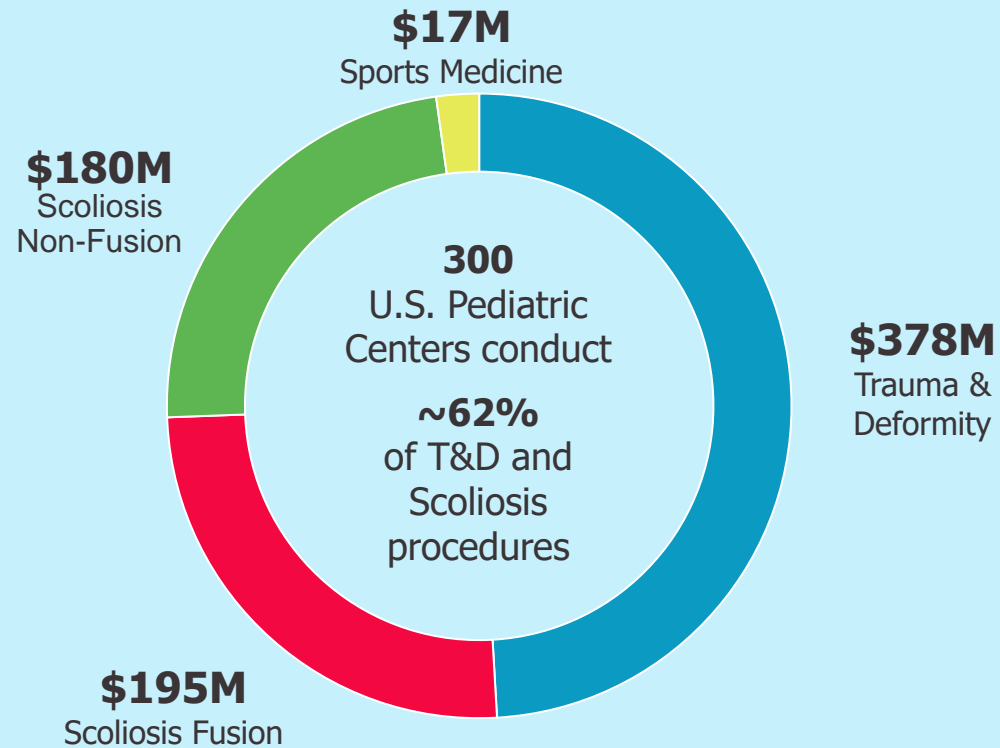
05



**Train** next generation of pediatric orthopedic surgeons



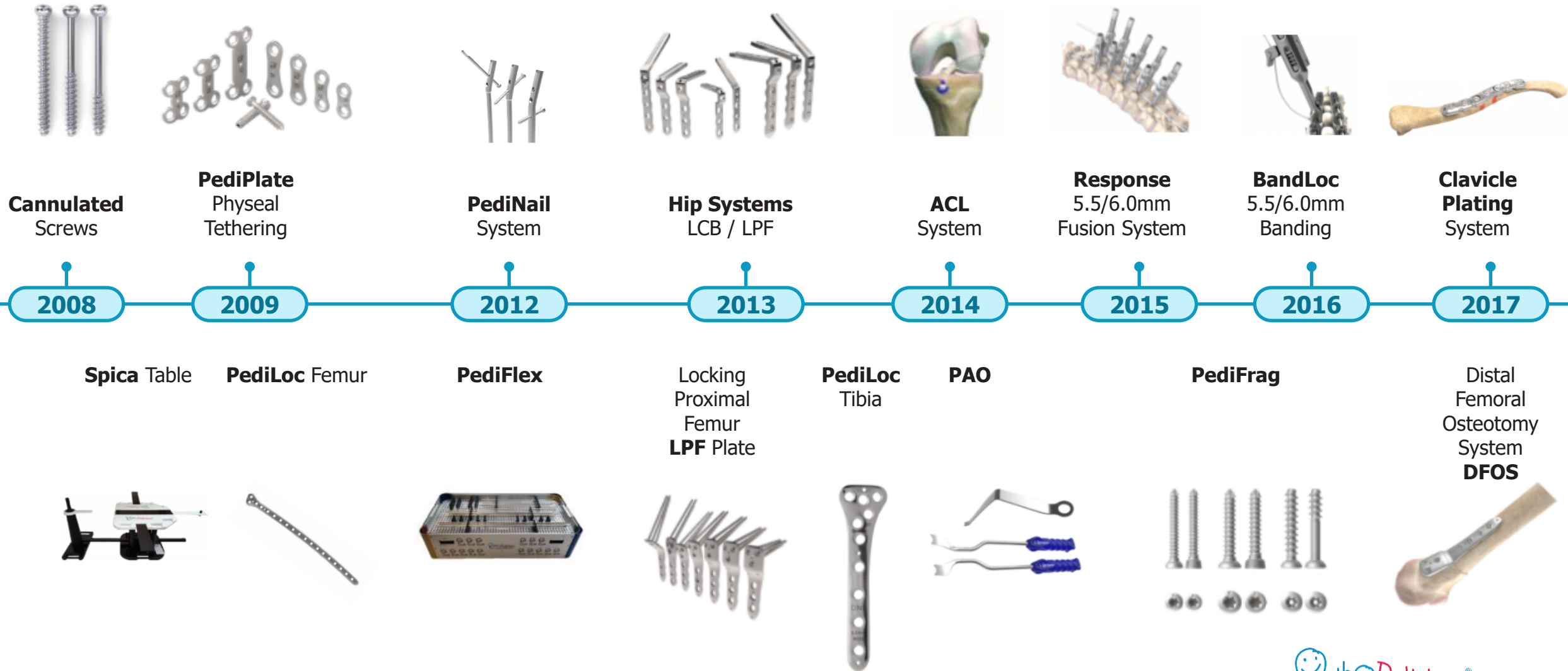
**U.S. Current Target Market<sup>1</sup> — \$0.8B**



**Comments**

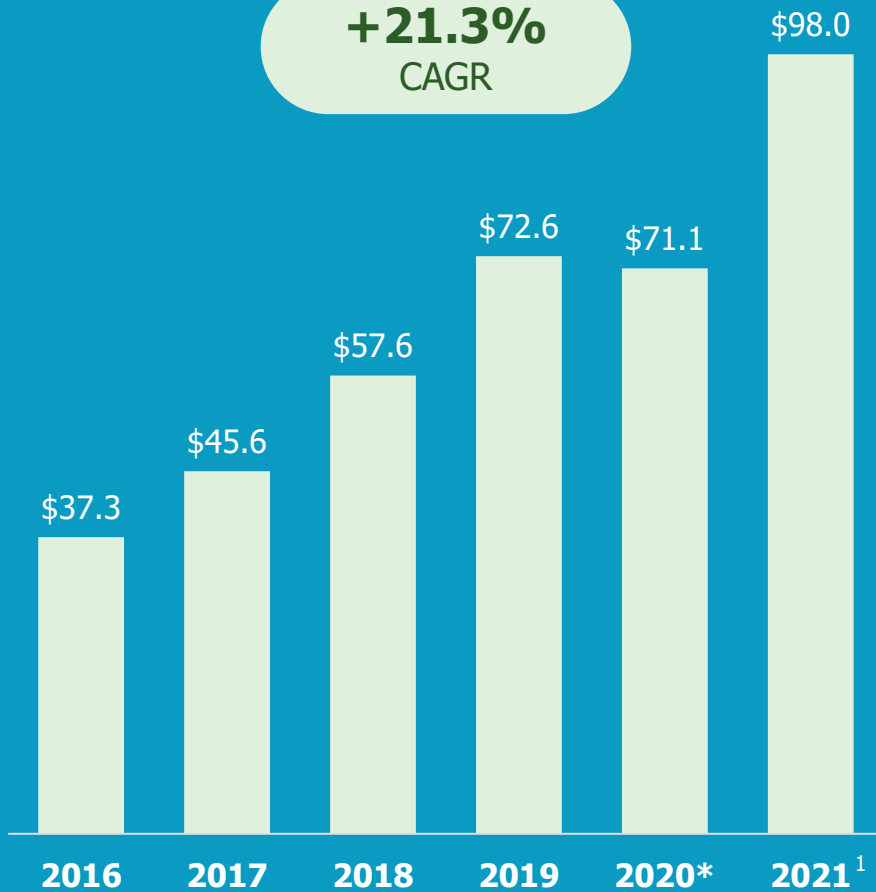
- 01 ~1,400 Fellowship Trained Pediatric Surgeons
- 02 Majority of Pediatric Centers are Teaching Hospitals
- 03 Centers Treat Most Complex Pediatric Conditions

<sup>1</sup> Management's Mar 2021 updates to IMS data from 2016



#### Total Revenue (\$M)

**+21.3%**  
CAGR



\*Impacted by COVID

(1) 2021 preliminary unaudited revenue as of 1/10/22

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## Accelerating Sales Growth Post-IPO Through Strategic Investment and Innovation

	2016	2021*	CAGR
U.S. Independent Sales Consultants	90	185	16%
Instrument Set Deployments	\$7M	\$15M	19%
Unique Surgical Systems	17	37	17%
Intl. Independent Sales Agencies	0	14	Fav

\*As of Sept 30, 2021



Accelerate Revenue Growth



Increase hospital penetration



Improve Profitability



Leverage Balance Sheet



**FireFly**  
Patient  
Specific  
Navigation  
Guides



**Wrist  
Fusion**  
Plates



**PNP**  
Pediatric  
Nailing  
Platform



**Orthex**  
External  
Fixation  
Systems



**PediFoot**  
System



**ApiFix**  
Non-Fusion



**7D**  
Intraoperative  
Navigation  
Enabling  
Technology

2017

2018

2019

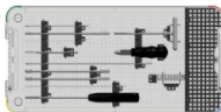
2020

2021

**DFOS**  
Distal  
Femoral  
Osteotomy  
System



**MPFL**  
System



**Response**  
4.5/5.0mm  
Fusion System

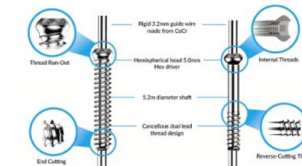


**QuickPack**  
System



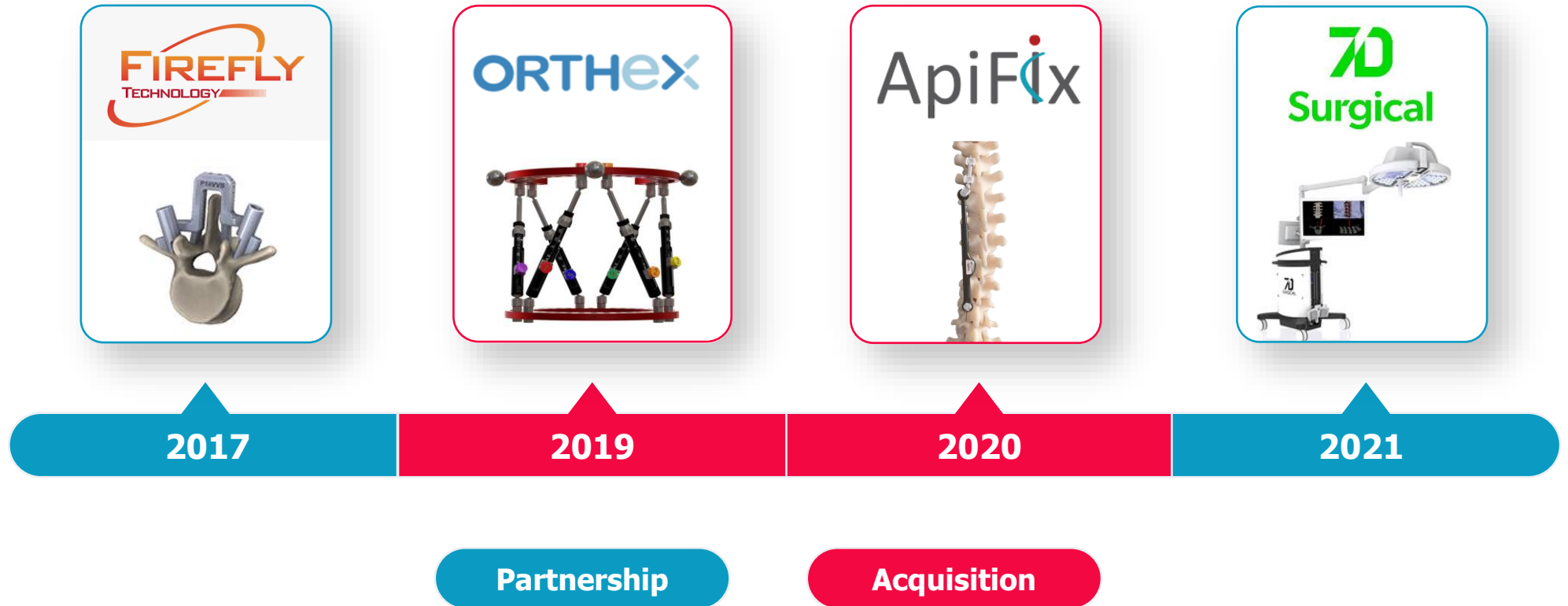
**Mini Rail**  
System

**SCFE**  
System



**Neuromuscular**  
Scoliosis System





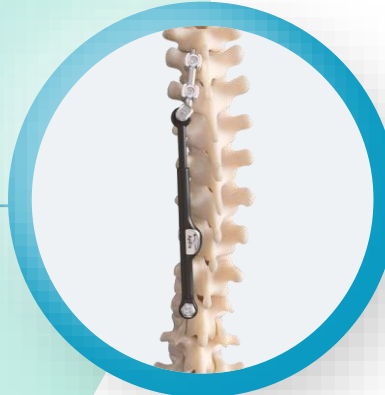
## Orthex

- Disruptive software complements ex-fix frame
- Expands addressable market
- Serve 85% of procedures, up from 65%
- Significantly simplifies surgical planning and alignment
- Enables participation in most complex surgeries



## ApiFix

- Disruptive non-fusion technology
- Viable alternative to failed bracing & spinal fusion
- Posterior, minimally invasive approach
- Motion preserving capabilities
- Granted FDA HDE approval



## Acquired Innovative Technologies

- ✓ Acquired software-based and non-fusion technologies
- ✓ Significant sales synergies with legacy portfolio
- ✓ Expands critical KOL network
- ✓ Provides surgeons broadest product portfolio

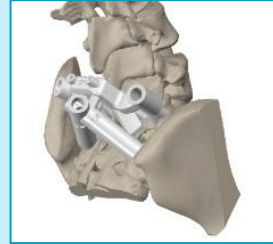




## FIREFLY® Pedicle Screw Navigation Guides



## FireFly S2/Alar



**Unique patient specific 3D printed bone models and drill guides, can be used with any Spinal Deformity Correction system.**

- 99.7% screw placement accuracy
- Preoperative concierge surgical planning drives intraoperative efficiency
- Minimal intraoperative radiation
- Simplifies S2AI approach

## 7D Surgical Intraoperative Navigation



**Eliminates Radiation** exposure to staff & patients



**Cuts Registration** from 30 min to < 30 sec



**Improves Accuracy** to improve surgical outcomes



**Reduces Costs** & improve hospital economic value

**Chris Comstock, MD & Eric Wait, MD**

Driscoll Children's Hospital

First Pediatric Deformity Installation in US



“

I have noticed we are seeing **shorter stays** for our patients with complex spinal surgeries since we have started using the 7D technology. **It used to be children would stay 3-5 days at Driscoll following surgery. Now what we are seeing is most of them are going home after 3 days.** And that is better for kids and their families

What we are seeing with this technology is surgeries which might have **taken up to 5-6 hours are often being reduced to 3.5 hours**”

Dr. Eric Wait

**Driscoll Children's Hospital**

“As a surgeon educator, I have always appreciated and valued OrthoPedic's commitment to education.

Ryan Goodwin, MD, MBA, FAOA  
The Cleveland Clinic

”



01

## OP Hands-on sales training and support

- Annually invests 3% of sales on clinical education
- Conducts >700 product/training sessions per year

02

## Market development

- Fosters early relationships with young surgeons and fellows to drive sustainable growth

03

## Continuous education

- Major Sponsor of the prominent pediatric orthopedic societies





### T&D

- Expanding intramedullary nailing portfolio
- Solutions for rare bone disease
- Expansion of external fixation portfolio

### Scoliosis

- Advancing non-fusion treatment
- Early-onset scoliosis innovations
- Innovation in highly-complex fusion
  - Manual growing, rib based, etc.

### Enabling Technologies

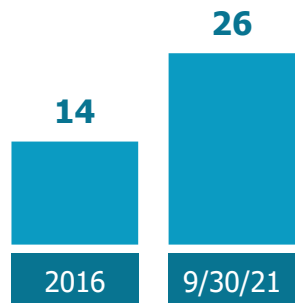
- Orthex surgical software
- Firefly patient-specific planning/guides
- 7D spinal interoperative navigation
- PediPortal app





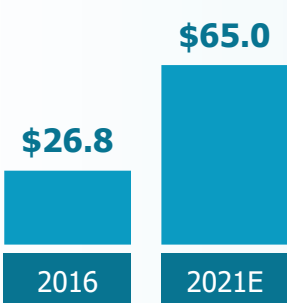
Trauma & Deformity

Surgical Systems



+13% CAGR

Revenue



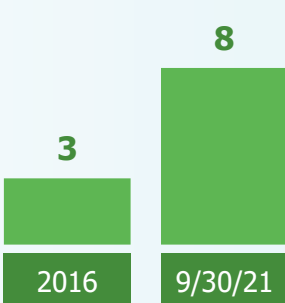
+19% CAGR

66% of Revenue



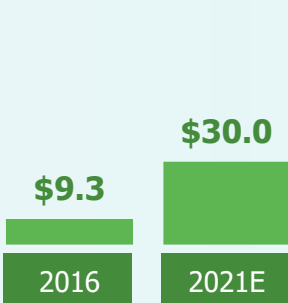
Scoliosis

Surgical Systems



>2X Growth

Revenue

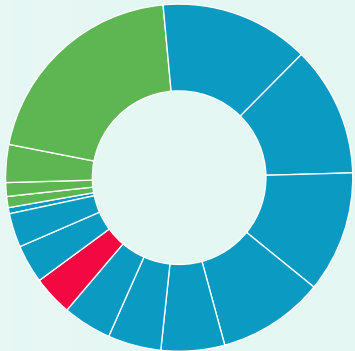


>3.2X Growth

30% of Revenue

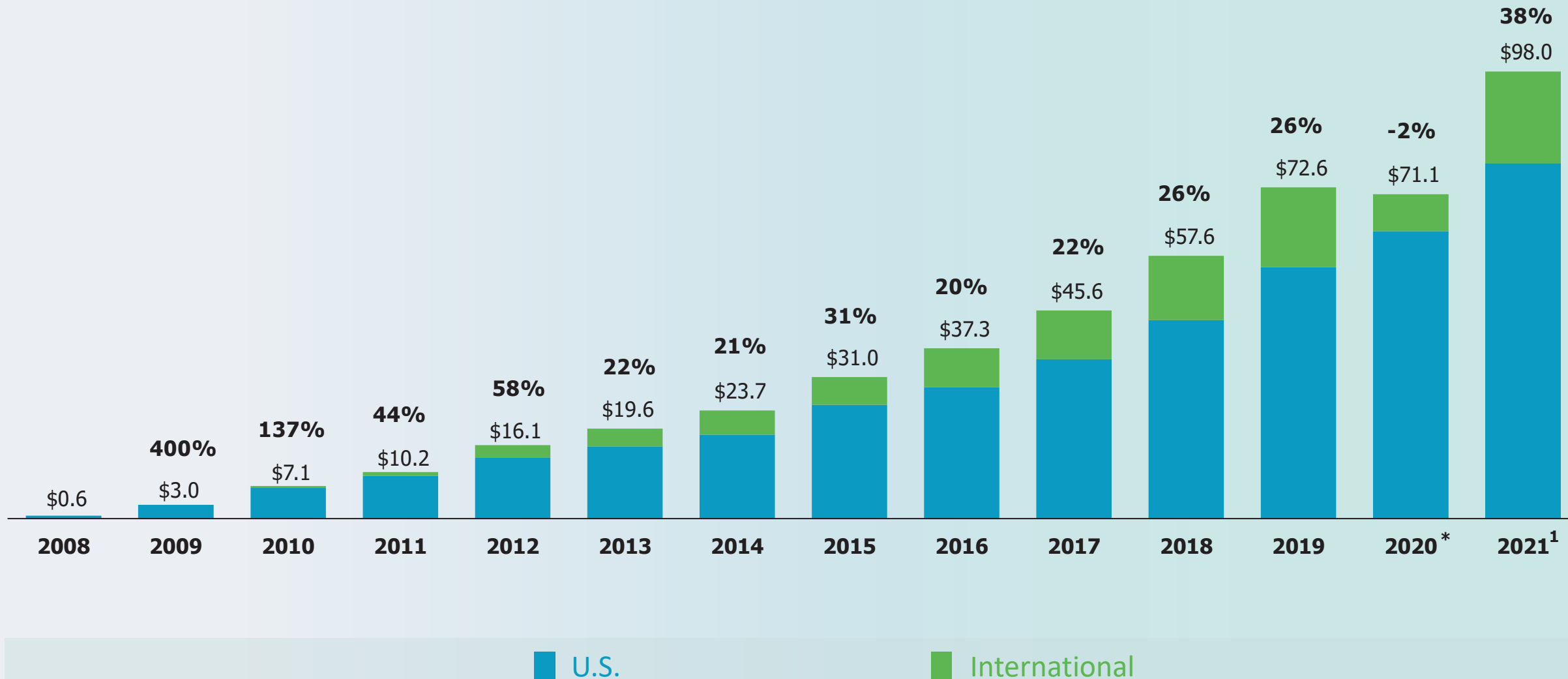


2020 Revenue by Product Family



- Trauma & Deformity
- Scoliosis
- Sports Medicine

## Strong History of Y/Y Growth (\$M)

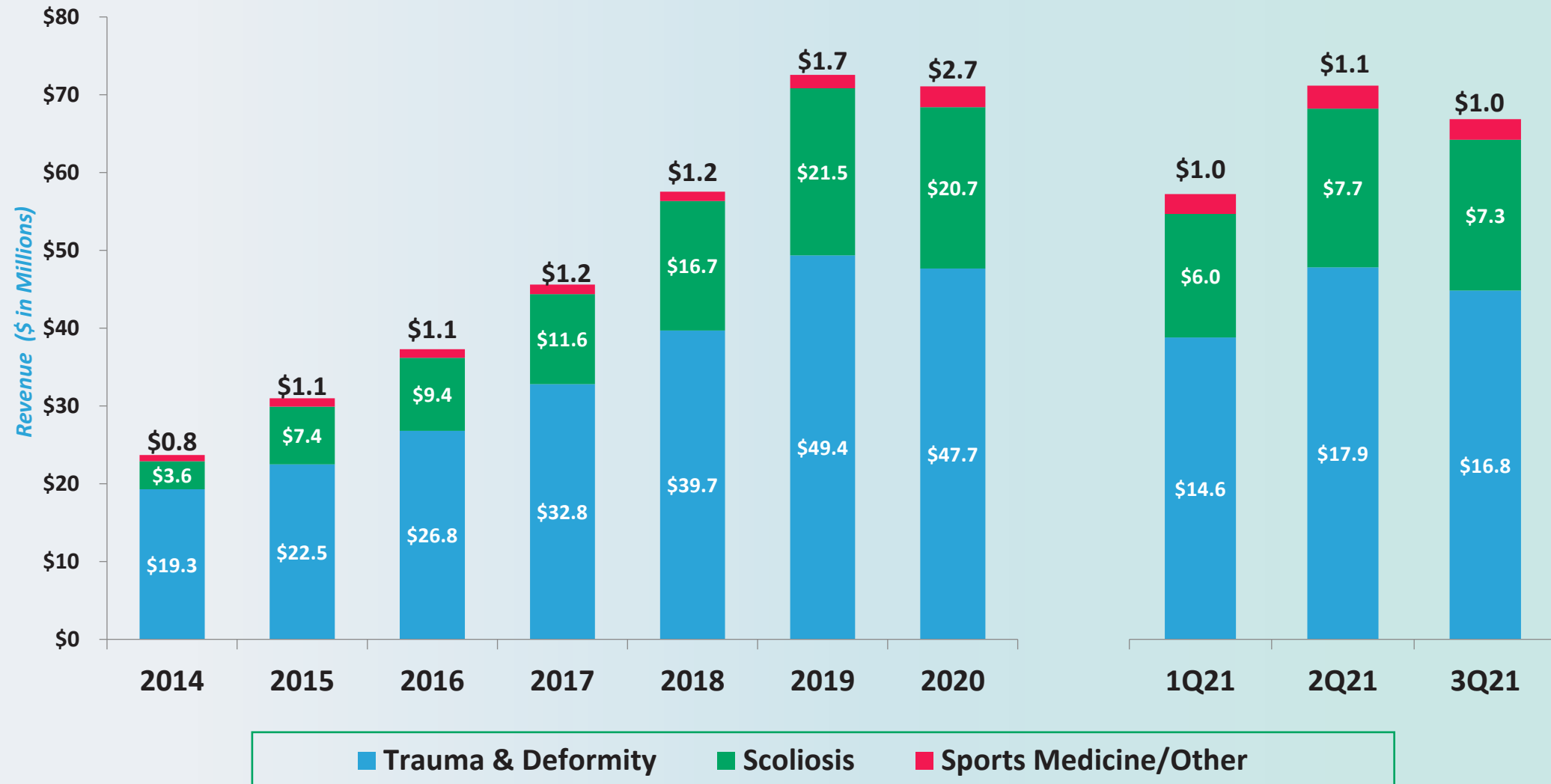


\*Impacted by COVID

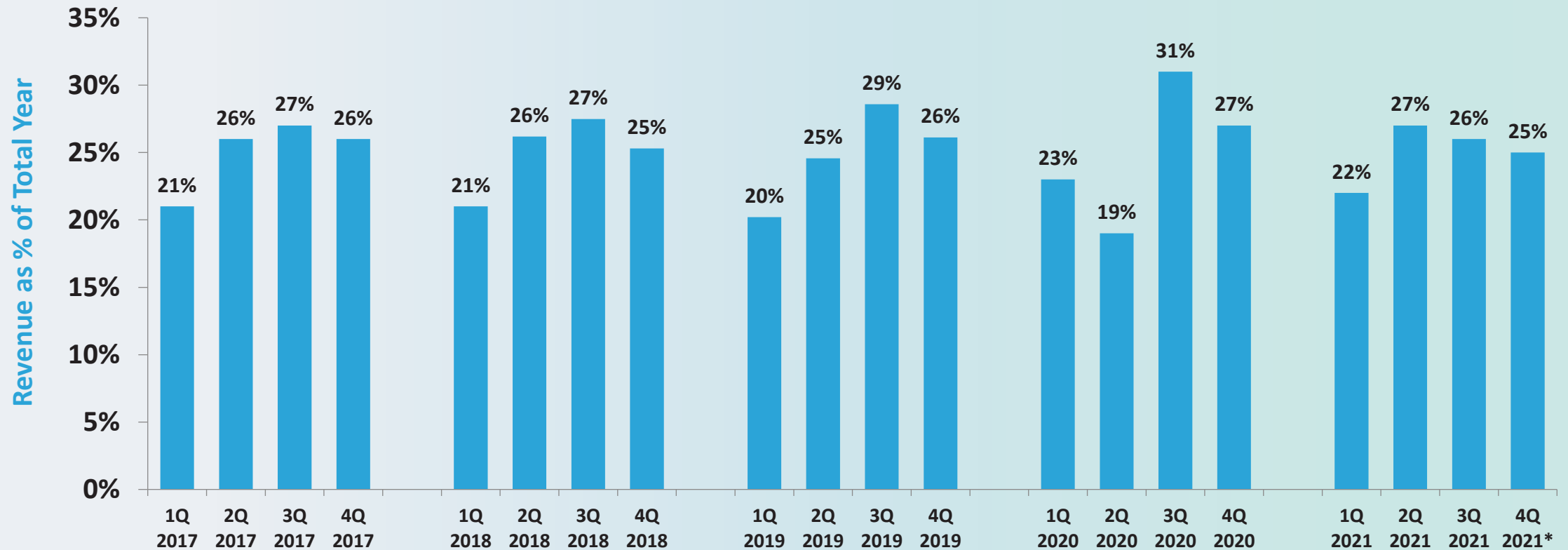
(1) 2021 preliminary unaudited revenue as of 1/10/22



## Category Revenue Summary



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



\*2021 preliminary unaudited revenue as of 1/10/22

(\$ in Millions)

	FY 2018	FY 2019	FY 2020
Revenue	\$57.6	\$72.6	\$71.1
Growth %	26%	26%	(2%)
Gross profit	\$42.7	\$54.6	\$55.0
Margin %	74%	75%	77%
Operating expenses	\$52.2	\$63.7	\$81.8
Operating loss	(\$9.5)	(\$9.1)	(\$26.8)
<b>Net loss</b>	<b>(\$12.0)</b>	<b>(\$13.7)</b>	<b>(\$32.9)</b>
<b>Net loss per share<sup>1</sup></b>	<b>(\$0.96)</b>	<b>(\$0.94)</b>	<b>(\$1.82)</b>

3Q 2020	3Q 2021
\$22.2	\$25.1
7%	13%
\$17.6	\$18.6
79%	74%
\$20.1	\$22.2
(\$2.5)	(\$3.6)
<b>(\$4.5)</b>	<b>(\$2.2)</b>
<b>(\$0.24)</b>	<b>(\$0.11)</b>

## Adjusted EBITDA Reconciliation

(\$ in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	(\$2.2)	(\$4.5)	(\$16.3)	(\$18.9)
Interest expense, net	0.5	1.0	1.9	2.8
Other (income) expense	(0.3)	0.1	(0.8)	0.3
Provision for income tax (benefit)	(0.3)	-	(0.9)	-
Depreciation and amortization	2.7	2.4	7.9	5.7
Stock-based compensation	1.4	1.3	4.2	4.7
Fair value adjustment of contingent consideration	(1.4)	0.9	3.7	1.8
Acquisition related costs	-	-	-	0.3
Non-recurring professional fees	-	-	0.7	-
Accrued legal settlement costs	-	-	0.2	-
<b>Adjusted EBITDA</b>	<b>\$0.4</b>	<b>\$1.2</b>	<b>\$0.6</b>	<b>(\$3.3)</b>

## Adjusted EPS Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Earnings (loss) per share, diluted (GAAP)	(\$0.11)	(\$0.24)	(\$0.85)	(\$1.07)
Accretion of interest attributable to acquisition installment payments	0.03	0.04	0.09	0.09
Fair value adjustment of contingent consideration	(0.07)	0.05	0.19	0.10
Non-recurring professional fees	-	-	0.03	-
Accrued legal settlement costs	-	-	0.01	-
<b>Earnings (loss) per share, diluted (non-GAAP)</b>	<b>(\$0.15)</b>	<b>(\$0.15)</b>	<b>(\$0.53)</b>	<b>(\$0.88)</b>

(\$ in Millions)  
As of September 30, 2021

Assets	
Cash	\$59.1
Account receivable	\$18.1
Inventory (net)	\$55.5
Other current assets	\$2.7
PP&E (net)	\$28.8
Intangibles and goodwill	\$125.4
Other intangible assets	\$14.0
<b>Total Assets</b>	<b>\$303.6</b>

Liabilities	
Accounts payable	\$9.0
Debt	\$1.0
Accrued expenses	\$4.7
Acquisition Pay. & Other Liab.	\$67.8
Paid-in capital	\$392.9
Accumulated deficit (net)	(\$178.1)
Accumulated other	\$6.3
<b>Total Liabilities / Equity</b>	<b>\$303.6</b>





- 01 Only diversified company focused exclusively on pediatric orthopedics
- 02 Large, underpenetrated market opportunity in pediatrics
- 03 Highly concentrated customer base with targeted commercial strategy
- 04 Broad product portfolio with innovative solutions
- 05 Only provider committed to pediatric clinical education
- 06 Dynamic, award-winning corporate culture
- 07 Proven commercial execution and attractive financial profile

