

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): **March 30, 2021**

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	Nasdaq Global Market

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 OrthoPediatics 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>
99.1	Orthopediatrics Corp. Investor Presentation dated April 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* * * * *

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: March 30, 2021

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



OrthoPediatrics Corp.
April 2021

Mark Throdahl, CEO
Fred Hite, COO & CFO
Dave Bailey, President





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 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 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, net plus other expense, provision for income taxes (benefit), depreciation and amortization, stock-based compensation expense, fair value adjustment of contingent consideration, acquisition related costs and accrued legal settlement 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.



Large Market

Proprietary Technology

Scalable Business

- Diversified medical device company focused exclusively on pediatric orthopedics**
- Protected market opportunity: \$1.5 billion U.S., \$3.3 billion globally (2020 estimates)**
- 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 35 surgical systems
 - Strong relationships with pediatric orthopedic surgeons
 - Deep commitment to clinical education
 - Sales personnel are a consultative resource who attend surgery
- Consistent 20+% growth since inception, ex COVID**
 - FY20 revenue of \$71.1 million, down 2%
 - FY19 revenue of \$72.6 million, up 26%
- Recent Orthex and ApiFix acquisitions give OP proprietary, leading-edge technology in both external fixation and non-fusion scoliosis markets and expand the Company's total addressable market**



Environment and Company Response

- During the fourth quarter, our **domestic business grew 26%** and **international agency business grew 51%**, supporting the beginning of an international sales turnaround.
- Product development proceeds at normal pace**
- Maintained set investment to support new product launches, including Orthex and ApiFix**
- Committed to no lay-offs or base reduction salary cuts to all direct employees**
- Committed to no reductions in financial support of important surgical societies (unlike other industry sponsors)**
- Utilizing DocMatter website to sponsor webinars on pediatric orthopedic care

Impact on Financials

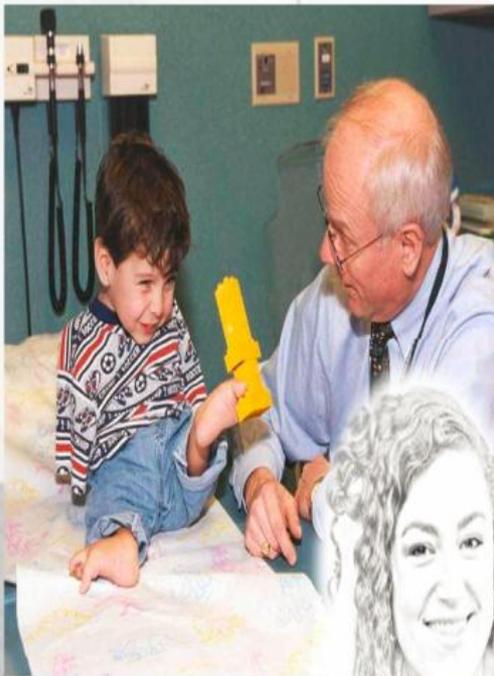
- 4Q 2020 sales of \$18.9M, down 0.1% vs prior year
- 4Q 2020 U.S. sales continued strong acceleration, growing 26% year-over year**
- 4Q 2020 international sales declined 77.7% vs 4Q 2019
- Cost savings realized in 2020 used to establish 2021 budget spending**



A Company Built on a CAUSE

Cause

Improving the lives of children with orthopedic conditions



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

Company Snapshot

-  Treated **>200,000** patients since inception
-  **35** surgical systems; **~7,800** SKUs; strong pipeline
-  **6** additional systems from Orthex and ApiFix acquisitions
-  **116** direct employees; **171** focused sales reps²
-  **Global** sales organization focused on pediatric orthopedic surgeons in **44** countries¹
-  **84** issued patents; **75** patent applications²
-  **Chief Medical Officer** is a fellow surgeon
-  **Average FDA approval time:** **< ½** industry average
-  **History of stable reimbursement**

¹ As of January 31, 2021.

² As of December 31, 2020. Totals apply to patents issued to and/or applied by OrthoPediatics or one of its wholly-owned subsidiaries.



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

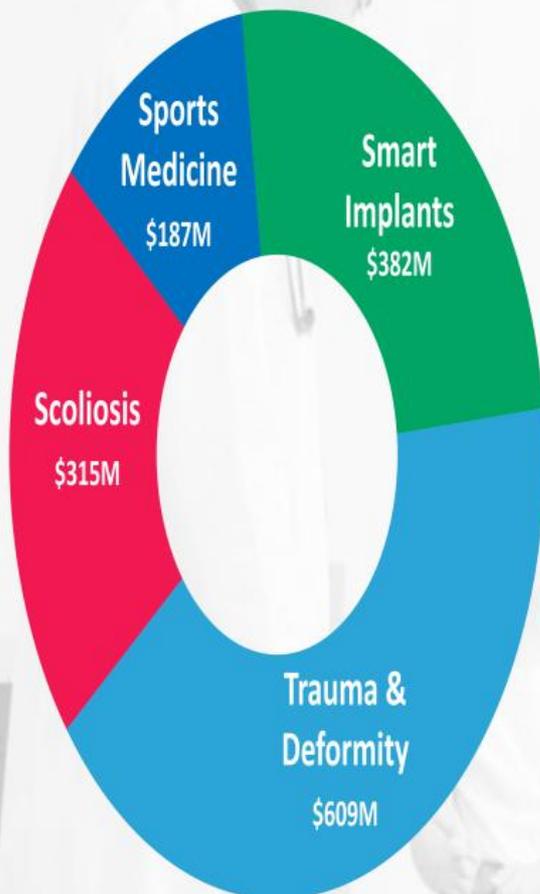
- 👤 **Address orthopedic industry's lack of focus** on product development, clinical education, and sales presence
- 👤 **Implants and instruments** avoid complications of re-purposed adult products
- 👤 **Product development** in collaboration with leading pediatric orthopedic surgeons
- 👤 **Dedicated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



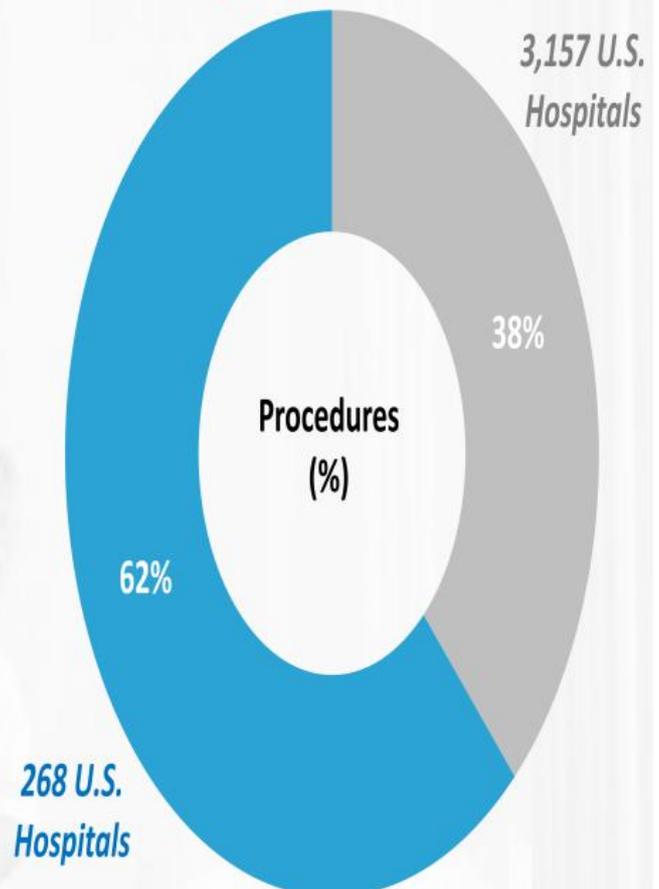
Large and Focused Market

OP'S \$3.3 Billion Current Addressable Global Market¹

\$1.5 Billion U.S. Addressable Market¹



High Concentration of Pediatric Trauma & Deformity and Scoliosis Procedures



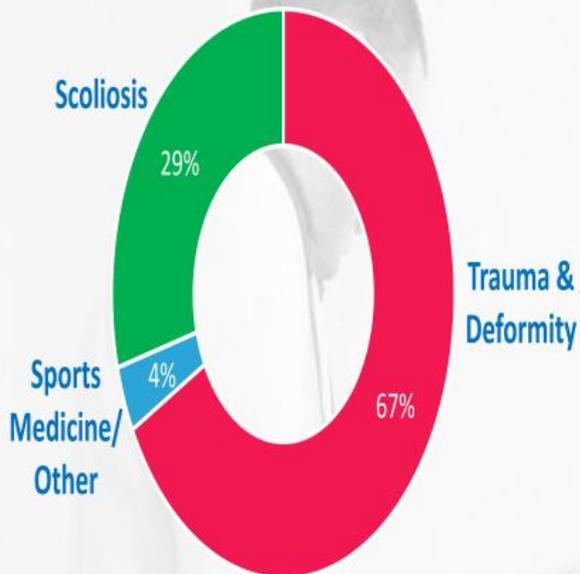
**Current products target three of the largest categories in Pediatric Orthopedics
Pipeline products underway to expand addressable market**

¹ Management's Dec. 2020 updates to IMS data from 2016



Product Line & Growth Diversification

2020 Revenue by Segment (% Total)



💡 \$71.1 million sales in 2020, decreased 2% vs prior year

💡 (\$2.7) million Dec '20 revenue reduction impacted 2020 growth by negative 4%

💡 \$72.6 million sales in 2019, increasing 26%

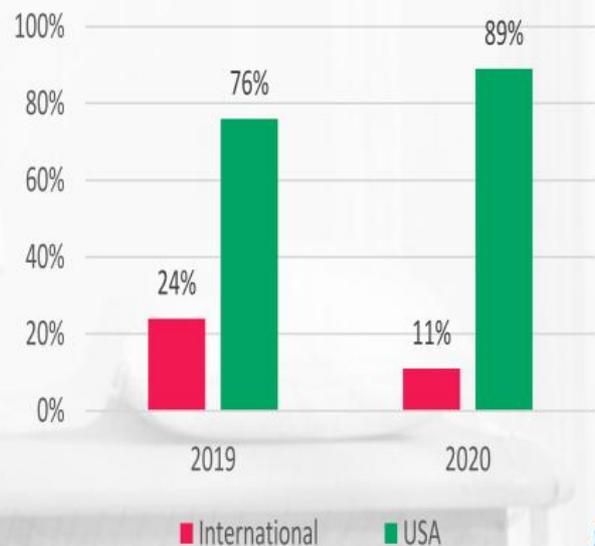
💡 Well diversified product sales and sources of growth

💡 All products have comparable gross margins

2020 Revenue by Product Family



Revenue by Geography



* Excluding (\$2.7) million revenue reduction



A Proven Strategy Since 2011

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

**Deploy
Instrument
Sets**

**Expand
Addressable
Procedures**

**Expand Clinical
Education
Programs**

Goals

 **Accelerate sales growth**

 **Develop and acquire novel technologies**

New Systems & Product Launches (2017-2018)

Trauma & Deformity



Titanium PediPlates® System
(Expands physcal tethering offering)



Clavicle Plate System
(First pediatric specific system)



Wrist Fusion Plate System
(First pediatric specific system)

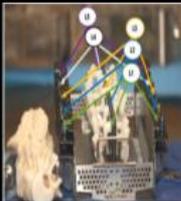


PediFlex Advanced



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)



Internal Developments & 2 Select Acquisitions

Trauma & Deformity

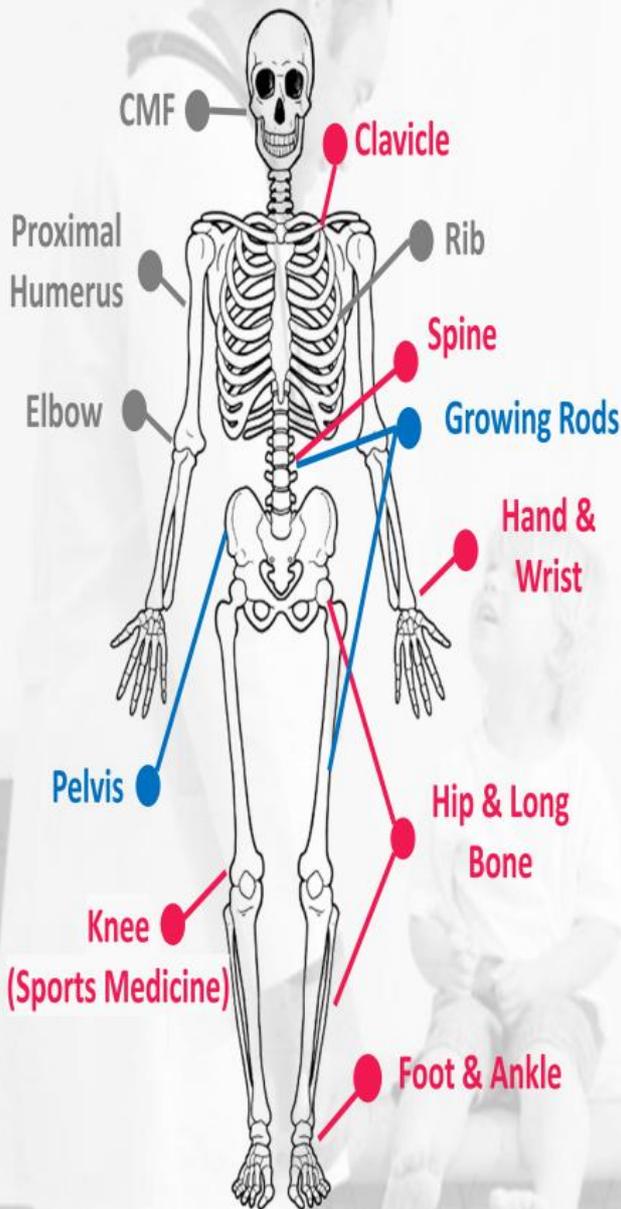
Acquired June'19	Launched Sept'19	Launched Nov'19	Launched Dec'19	Launched Mar'20	Launching 2021	Launched 2020 / 2021
						
Orthex (External fixation hardware / software)	Next Generation Cannulated Screw Systems	PediFoot (First pediatric foot system)	QuickPack™ Bone Void Filler	Large Fragment Cannulated Screw System	PediFoot Expansion	Orthex AUS / EMEA

Scoliosis

Launched Feb'19	Neuromuscular FDA approval Mar'20	Acquired Apr'20
		
BandLoc DUO System	RESPONSE™ Neuromuscular System	ApiFix MID-C System (Non-fusion technology)



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

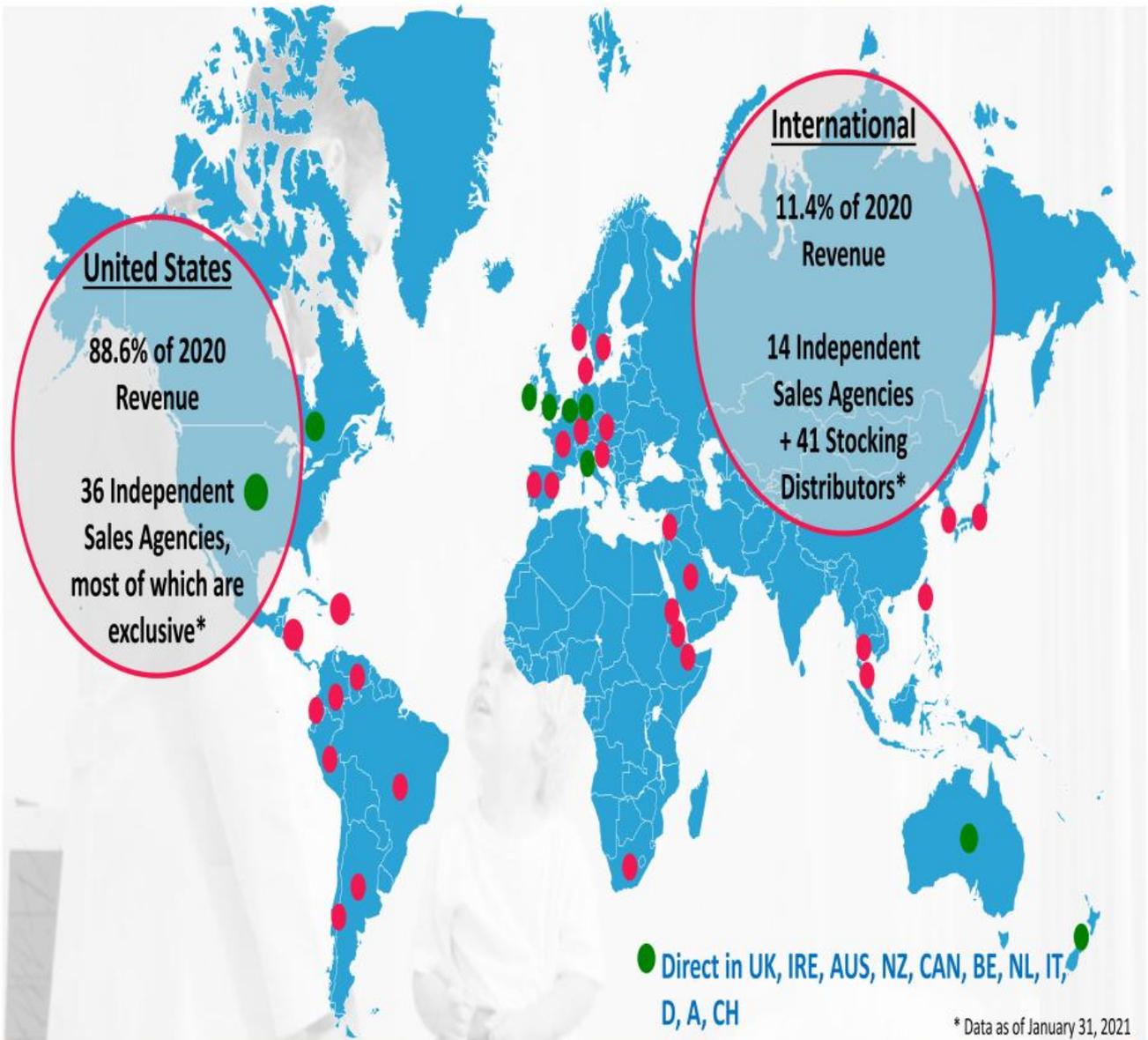
Early Onset Scoliosis

- Emerging surgical trends not being pursued by major spine companies
- Intervention in patients as young as 10
- Reversible, non-fusion procedures
- Developing IP portfolio
- Working with panel of leading surgeons





Sales Coverage in the U.S. and 44 Countries



OP's U.S. business shifted from hybrid model to 100% indirect in 2016

Sales agencies are independent legal entities that take title to and resell product very rarely

Converting to agency model in select markets has significantly increased volumes, ASPs, and gross margin



Transaction Details

-  **Acquisition:** In June 2019 OP purchased Vilex¹ and its Orthex Hexapod² system with proprietary point-and-click planning software, for \$60 million (\$50 million cash + \$10 million shares)
-  **Divestiture:** In December 2019 OP sold the adult assets and Orthex license for non-pediatrics market to Squadron Capital for \$25 million cash.
-  **Net:** Orthex Hexapod investment of \$35 million



Benefits

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



¹ Vilex generated \$6.7 million of revenue in 2018 (most of which was adult)

² Hexapod had 50% annual revenue growth since FDA clearance in mid-2016; generated \$5.1 million of revenue in 2018

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

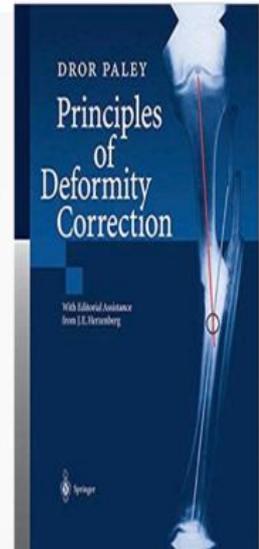
-  Introduced Ilizarov method in U.S.

Defend competitive position and risk

-  Defend other potential acquirers from entering the pediatric space



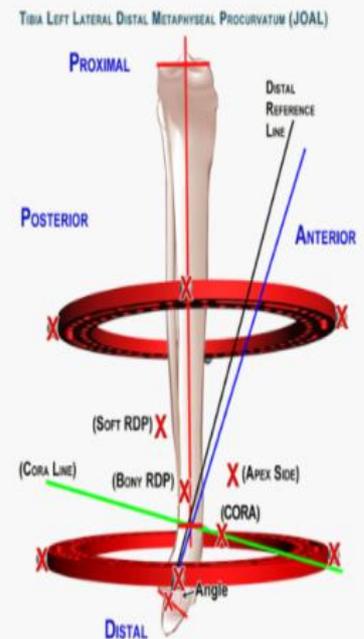
ORTHex



ML X-Ray

ML STEP II of TI: 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

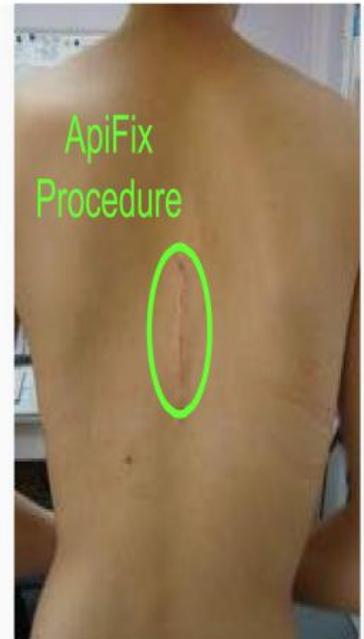


Transaction Details

- Acquisition:** In April 2020, OP purchased ApiFix¹ and its MID-C minimally invasive deformity correction system, for 934,768 shares of common stock and \$2 million in cash paid at closing, plus milestone payments and an earnout over a period of four years

Benefits

- Expands OP's Scoliosis business into **non-fusion market**, the holy grail of pediatric scoliosis surgery
- One of only two non-fusion technologies** approved by the U.S. FDA and granted pediatric HDE
- Least invasive, removable system** that acts as an internal brace with **motion-preserving capabilities** to avoid permanently limiting range of motion
- Measurable reductions** in surgery time, blood loss, hospitalization, recovery time, and complication rates
- Extremely high sales/dollar of set inventory**
- Strong IP protection:** 46 granted patents and 26 patent applications²



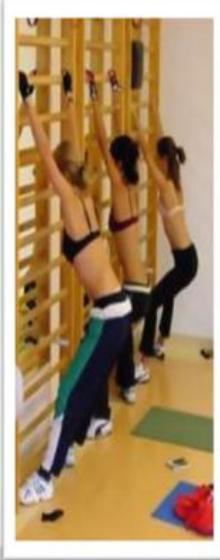
¹ ApiFix generated \$0.5 million of revenue in 2019

² As of December 31, 2020



A Novel Surgical Option

ApiFix is a Viable Alternative to Failed Bracing and Spinal Fusion for the Treatment of Progressive Scoliosis



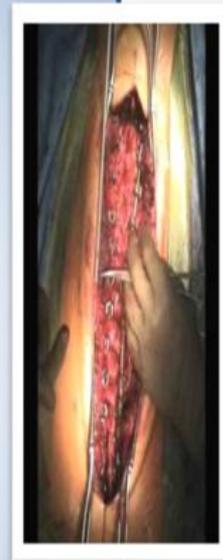
Exercise
Curves $< 25^\circ$



Brace
Curves $25^\circ - 40^\circ$



ApiFix System
Curves $35^\circ - 60^\circ$



Fusion Surgery
Curves $> 50^\circ$

Minimally Invasive Deformity Correction (MID-C) System for Scoliosis



- Viable alternative to failed bracing and spinal fusion with **motion-preserving** technique
 - Self-adjusting rod and novel polyaxial joints
- **Least invasive** surgical solution
 - Placed posteriorly and unilaterally on the concave aspect of the curvature
 - No thoracic surgeon; no need to collapse the lung
- **Removable** (burns no bridges)
- Surgery time **1-2 hours**; Incision size **10-15cm**; Blood loss **50cc**
- Post-surgery hospital stays of **1-2 days**
 - Patient recovery measured in days, not months
- **Low complication and revision** rates
- FDA and CE Mark approved procedure backed by **clinical data** on 370+ patients and long-term (8 year) data



New Competitors Would Face Formidable Obstacles



"The ship has sailed."

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



What Does Category Leadership Mean?

Surgeon relationships and clinical education

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

Broadest, most innovative product offering

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



Robust organic growth opportunities

- \$3.3 billion addressable global market
- Limited focused competition
- Focused, experienced distribution
- Instrument set placements drive growth

Attractive growth and margin profile

- Consistent growth since inception
- 77% gross margin in FY 2020
- History of efficient capital utilization

OrthoPediatrics

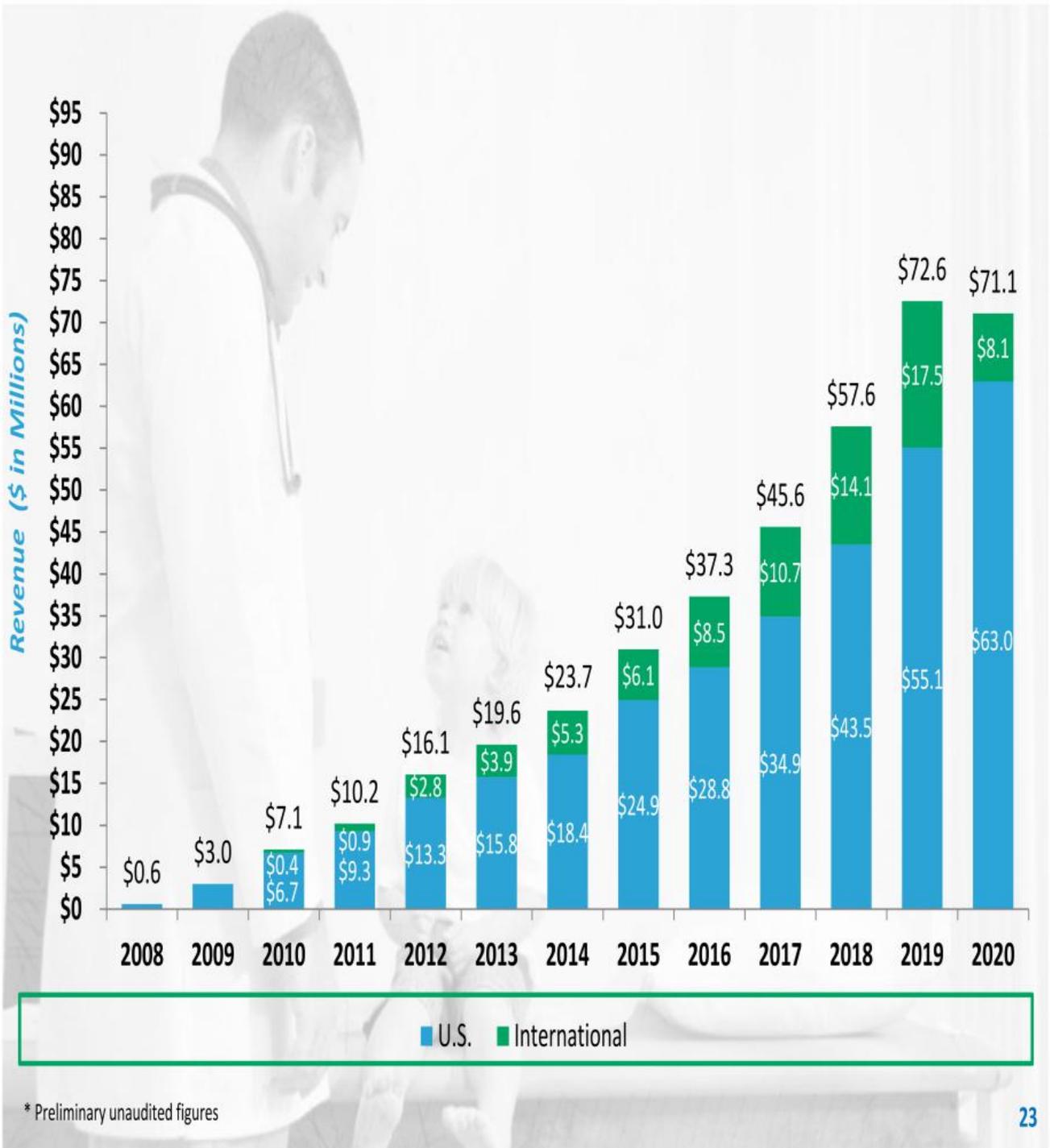


Financial Review



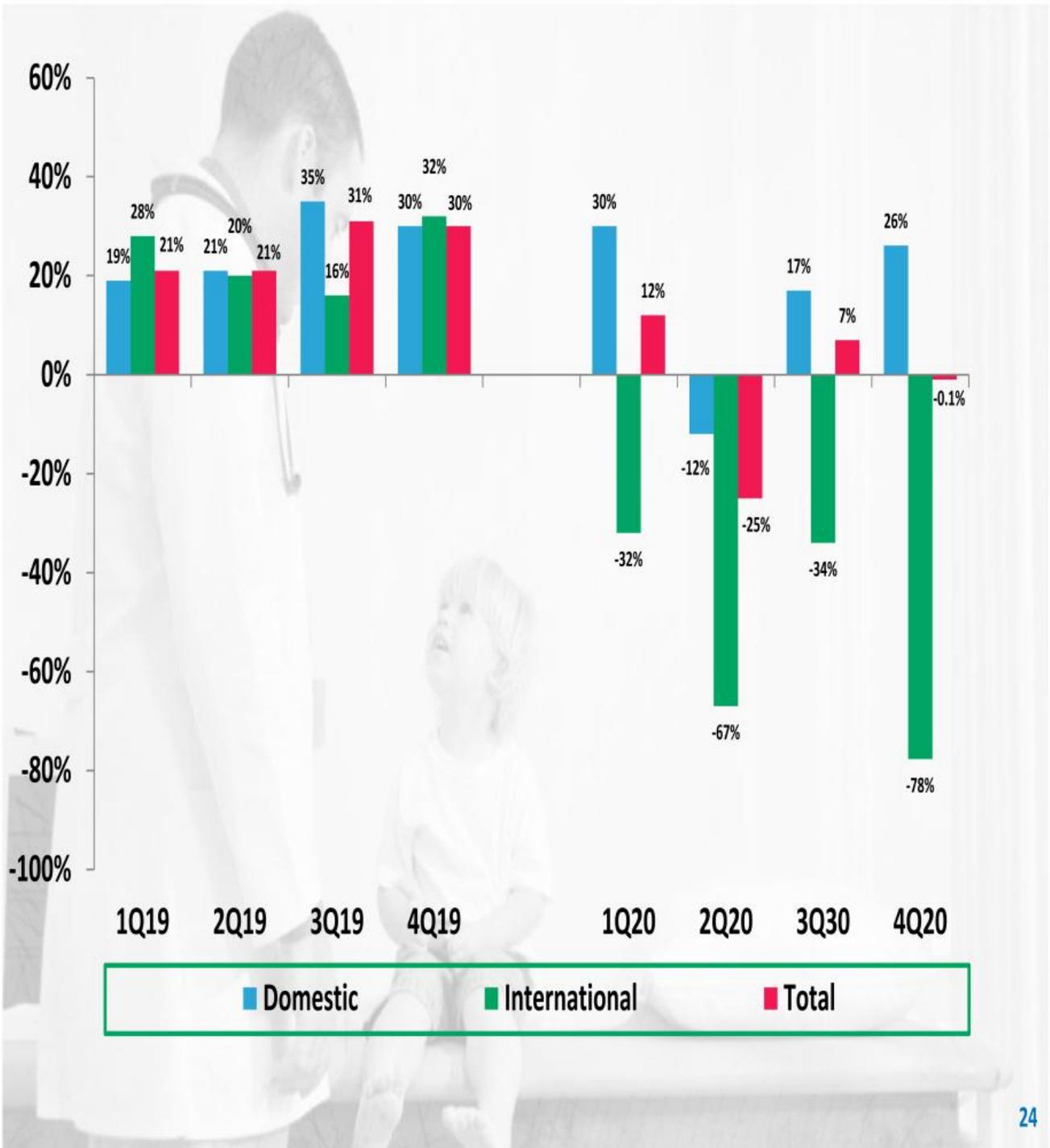


Consistent 20+% Revenue Growth Since Inception

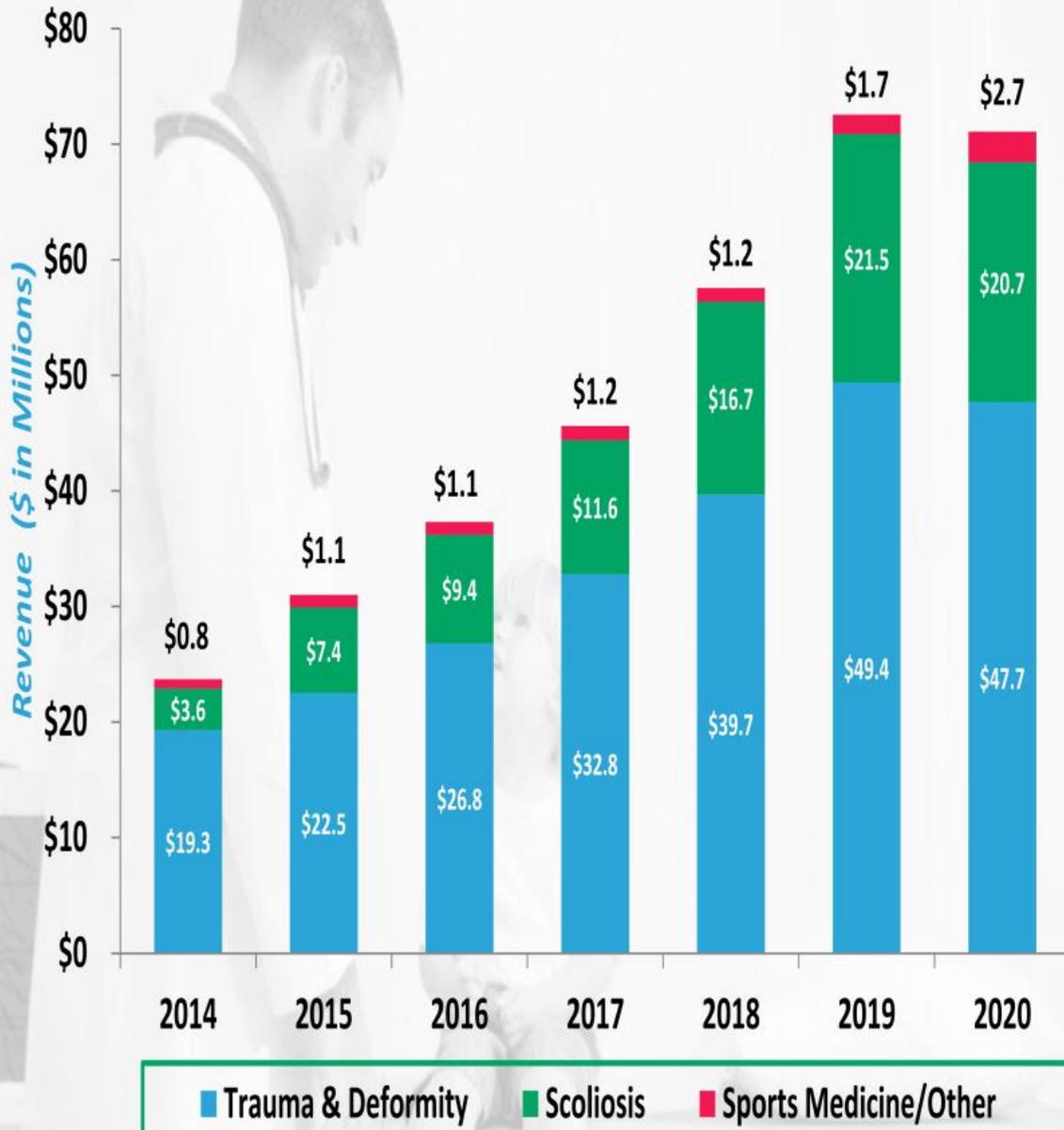




Growth by Geography



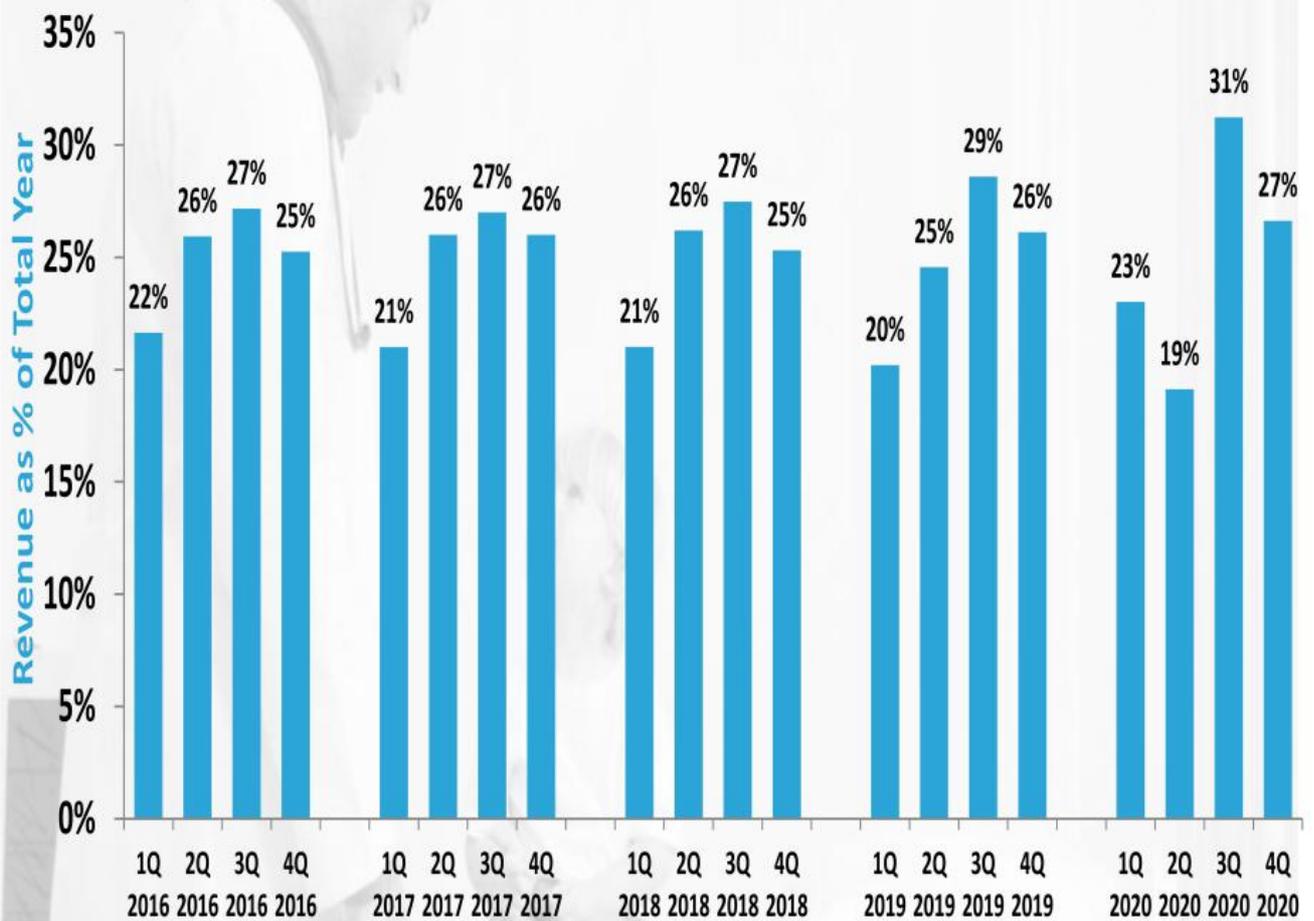
Category Revenue Summary





Revenue Seasonality

Seasonality Drives Stronger Performance in Summer Months and Holiday Periods





Income Statement Summary

(\$ in Millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	\$37.3	\$45.6	\$57.6	\$72.6	\$71.1
Growth %	20%	22%	26%	26%	(.01%)
Gross Profit	\$26.4	\$34.5	\$42.7	\$54.6	\$55.0
Margin %	71%	76%	74%	75%	77%
Operating Expenses	\$32.5	\$40.9	\$52.2	\$63.7	\$81.8
Operating Loss	(\$6.1)	(\$6.5)	(\$9.6)	(\$9.1)	(\$26.8)
Net Loss	(\$6.6)	(\$8.9)	(\$12.0)	(\$13.7)	(\$32.9)
Net Loss per Share ¹	(\$7.14)	(\$5.86)	(\$0.96)	(\$0.94)	(\$1.82)

¹ Net loss per share attributable to common stockholders – basic and diluted

Adjusted EBITDA Reconciliation

(\$ in Millions)

	Full Year Ended December 31,	
	2019	2020
Net loss from continuing operations	(\$12.7)	(\$32.9)
Interest expense, net	3.5	3.4
Other expense	0.1	-
Provision for income tax (benefit)	-	(0.7)
Depreciation and amortization	4.7	8.0
Stock-based compensation	2.6	6.2
Fair value adjustment of contingent consideration	-	3.5
Acquisition related costs	0.7	0.3
Accrued Legal Settlement Costs	-	6.3
Adjusted EBITDA	(\$1.1)	(\$5.9)

Some numbers may not add up to due rounding



Balance Sheet

(\$ in Millions)
As of December 31, 2020

Assets		Liabilities	
Cash & Restricted Cash	\$85.3	Accounts payable	\$10.1
Accounts receivable	17.2	Debt	1.2
Inventory (net)	53.0	Accrued expenses	12.6
Other current assets	3.0	All other liabilities	61.8
PP&E (net)	27.2	Paid-in capital	388.6
Intangibles	134.7	Accumulated deficit (net)	(161.8)
		Accumulated other	7.9
Total Assets	\$320.4	Total Liabilities / Equity	\$320.4



Surgeon relationships and clinical education

Broadest, most innovative product offering



Robust organic growth opportunities

Attractive growth and margin profile

