

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): **November 8, 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:

Title of Each Class

Common Stock, \$0.00025 par value per share

Trading Symbol(s)

KIDS

Name of each exchange on which registered

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 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

Exhibit No.

99.1

Description

OrthoPediatics Corp. Investor Presentation dated November 2019.

* * * * *

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: November 8, 2019

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



OrthoPediatrics Corp.
November 2019

**Mark Throdahl,
David Bailey,**



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, uncertainties and factors set forth under "Risk Factors" in OrthoPediatrics' Annual Report on Form 10-K filed with the SEC on March 7, 2019. Forward-looking statements speak only as of the date they were 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 from continuing operations, plus interest expense, net plus other expense, depreciation and amortization, stock-based compensation expense, accelerated vesting of restricted stock upon 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 available for management's discretionary use, as it does not reflect certain cash requirements such as debt service requirements, capital expenditures and cash costs that may recur in the future. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures and 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 from continuing operations 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 (2019 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 31 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**
 - **FY18 revenue of \$57.6 million, up 26%**
 - **FY19 revenue growth guidance updated to 24-25%**
-  **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 **157,000 patients** since inception
- 31** surgical systems; **~9,000 SKUs**; strong pipeline
- 3** additional systems from Vilex acquisition
- 88** direct employees; **158** focused sales reps¹
- Global** sales organization focused on pediatric orthopedic surgeons in **44** countries¹
- 29** issued patents; **37** pending patents²
- Chief Medical Officer** is a fellow surgeon
- Average FDA approval time: **< ½ industry average**
- History of **stable reimbursement**

¹ As of September 30, 2019

² As of September 30, 2019 and does not include Vilex/Orthex patents/patent applic



Children Are Not Small Adults

Superior Clinical Outcomes

Re-Purposed Adult Plate



Screws Through Growth Plate

OP's Solution



Screws Parallel To Growth Plate



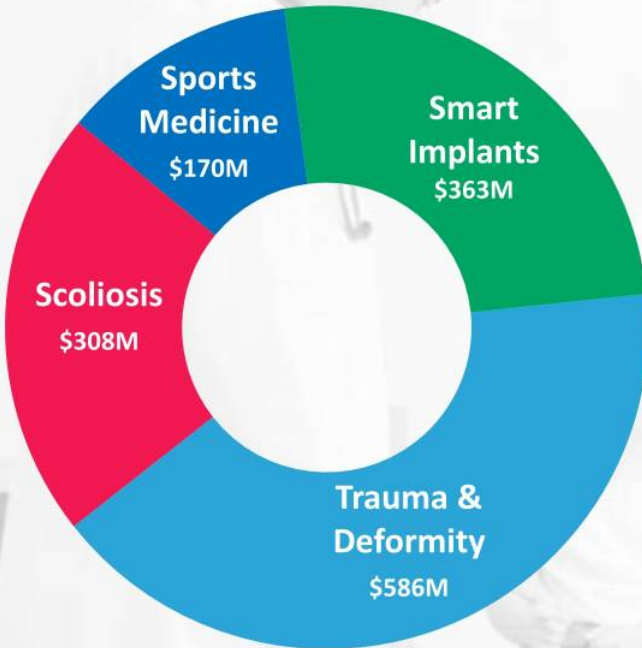
OP's Market Impact

- 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**

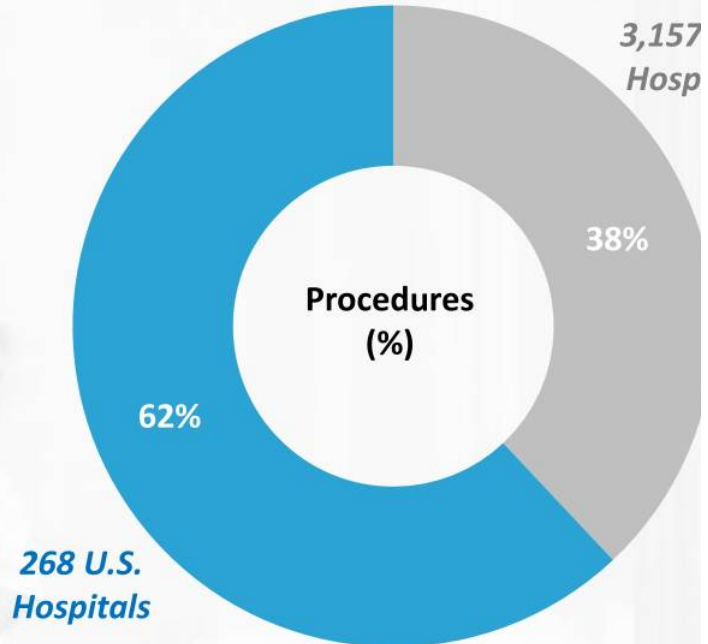


OP'S \$3.2 Billion Current Addressable Global Market¹

\$1.4 Billion U.S. Addressable Market¹



High Concentration of Pediatric Trauma & Deformity and Scoliosis Procedures



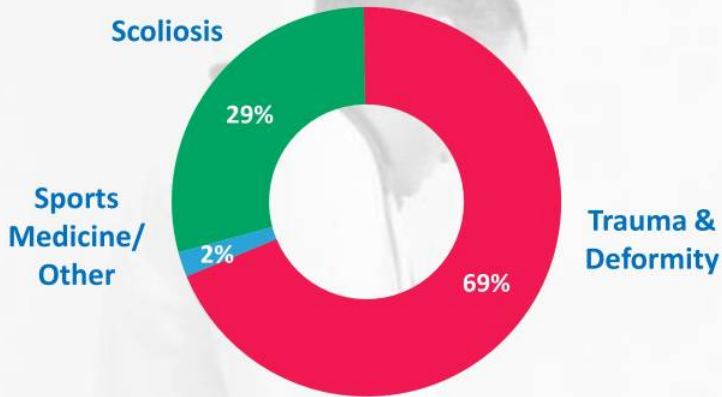
**Current products target three of the largest categories in Pediatric Orthopedics
Pipeline products underway to expand addressable market**

¹ Management's 2019 updates to IMS data from 2016



Product Line Diversification

2018 Revenue by Segment

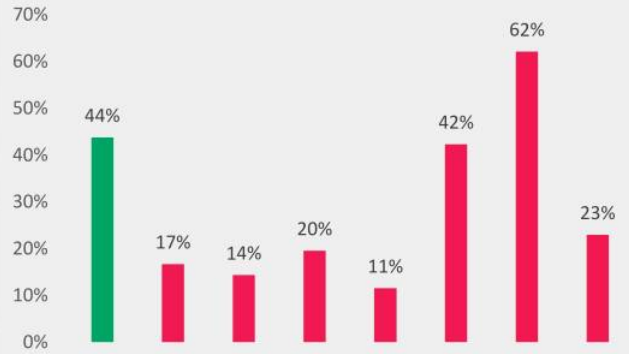


- OP \$57.6 million sales in 2018, increasing 26%
- OP Well diversified sources of growth
- OP All major product families supported FY 2018 26% revenue growth
- OP Firefly, PNP | Femur, and PediFrag were key growth drivers
- OP All products have comparable gross margins

2018 Revenue by Product Family



2018 Revenue Growth % by Product Family





A Proven Strategy Since 20

**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)

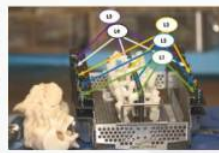
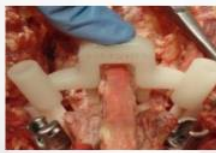


**PediFlex
Advanced**



**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 (2019-2020)

Trauma & Deformity

Launched
Sept'19



Next Generation
Cannulated
Screw Systems

Launching
4Q19



QuickPack™
Bone Void
Filler

Launching
4Q19



PediFoot
(First pediatric
system)

Launching
1H20



Slipped Capital
Femoral Epiphysis
System

Development
in Process



Osteogenesis
Imperfecta
Nail System

Development
In Process



PNP | Titanium

Scoliosis

Launched
Feb'19



BandLoc DUO System



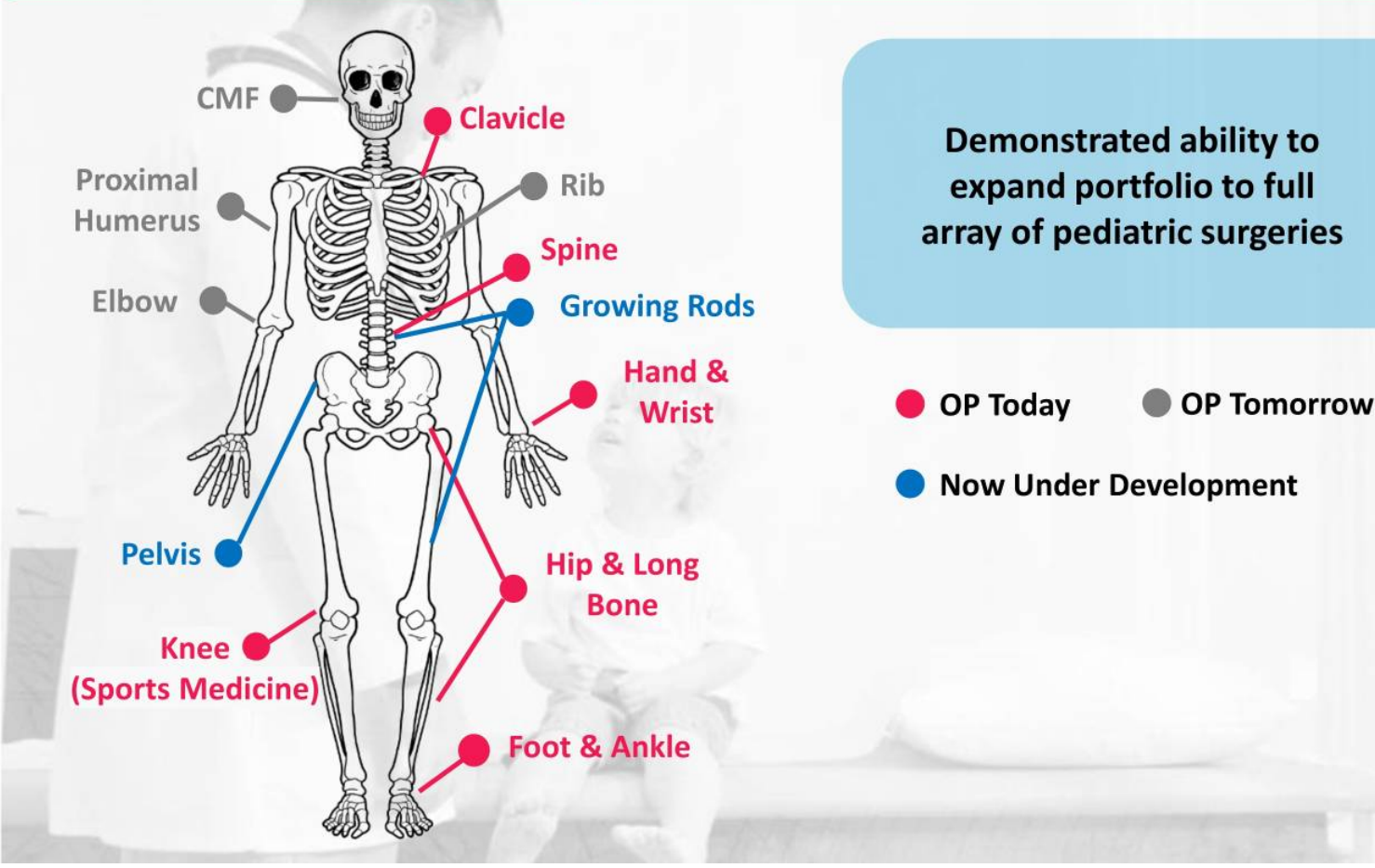
Development
In Process



Neuromuscular
Scoliosis System



Expanding Our Addressable Market



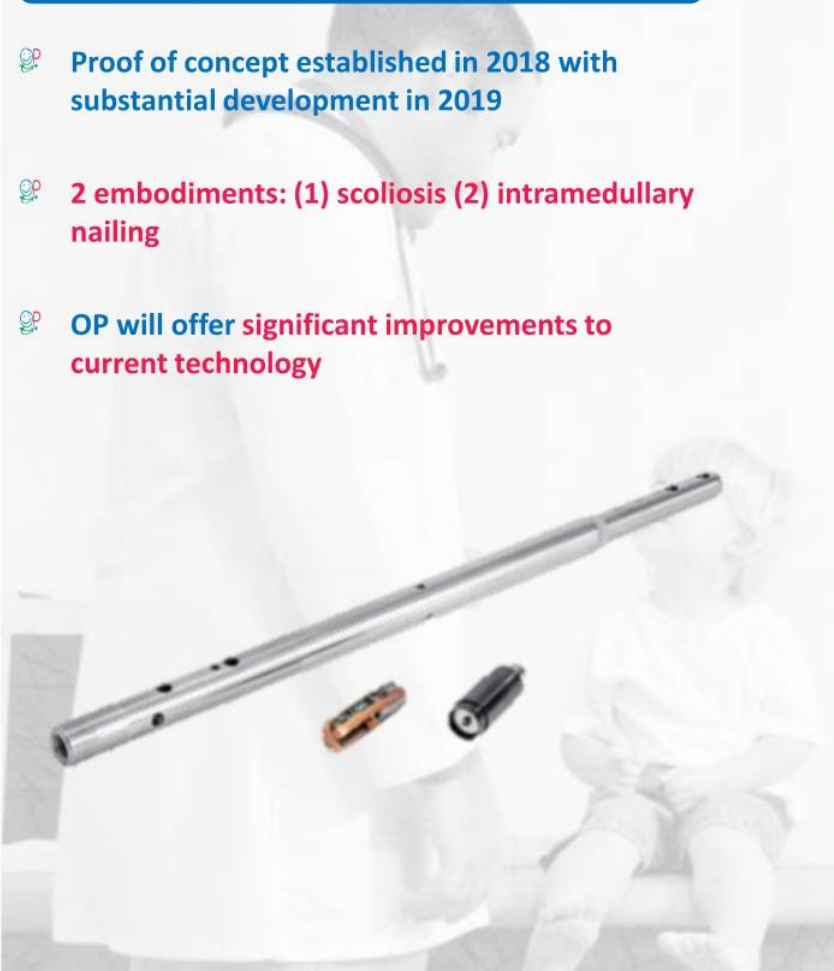


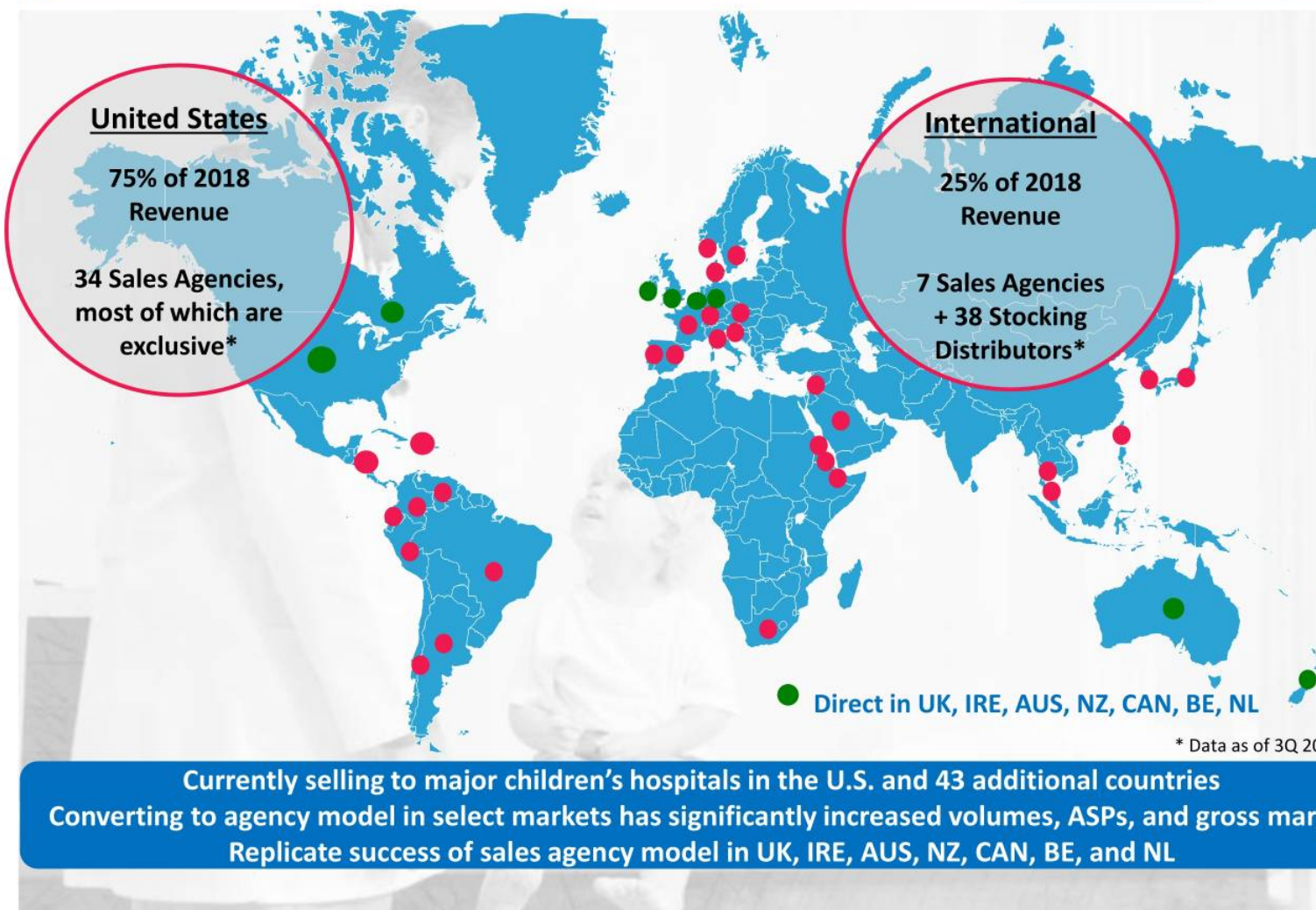
Smart Implants

- 🧠 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







Transaction

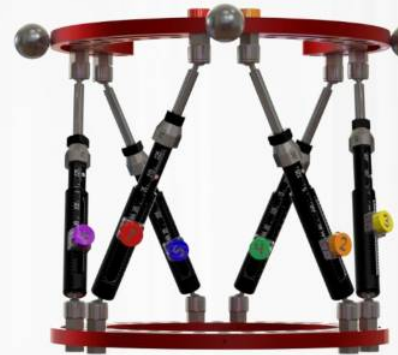
- 🧠 In June OP purchased Vilex, including its **Orthex Hexapod** system and proprietary point-and-click planning software
- 🧠 Includes a small adult foot and ankle business

Consideration

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





OP Retains Orthex

- Hexapod and its proprietary software, Ex-Fix, and Mini-Rail systems
- Hexapod had 50% annual revenue growth since FDA clearance in mid-2016
- \$5.1 million of revenue in 2018

ORTHex



Divest Vilex's Adult Systems

- \$6.7 million of 2018 revenue, most of which is adult
- Extensive development pipeline
- Special board committee has engaged advisors to find buyer. Anticipate closing in Q4'19.
- OP private label for 3 Vilex systems for pediatrics

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

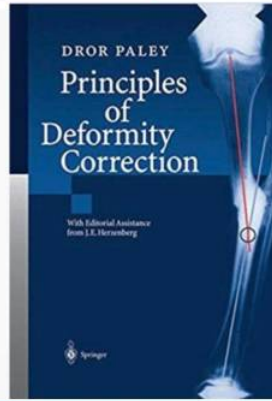
- 🔗 Introduced Ilizarov method in U.S.

Defend competitive position and risk

- 🔗 Defend other potential acquirers from entering the pediatric space



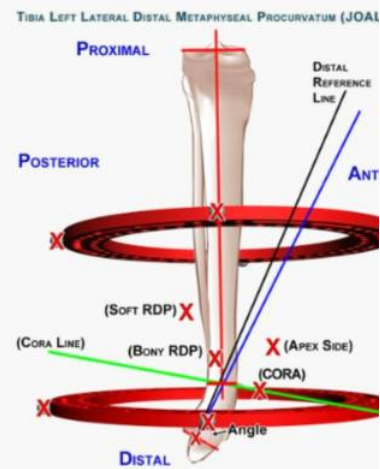
ORTHex



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."

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



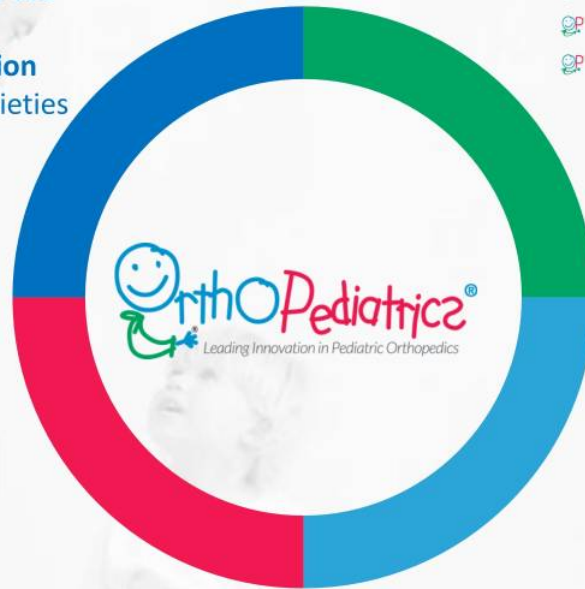
What Does Category Leadership Mean

Surgeon relationships and clinical education

- 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**

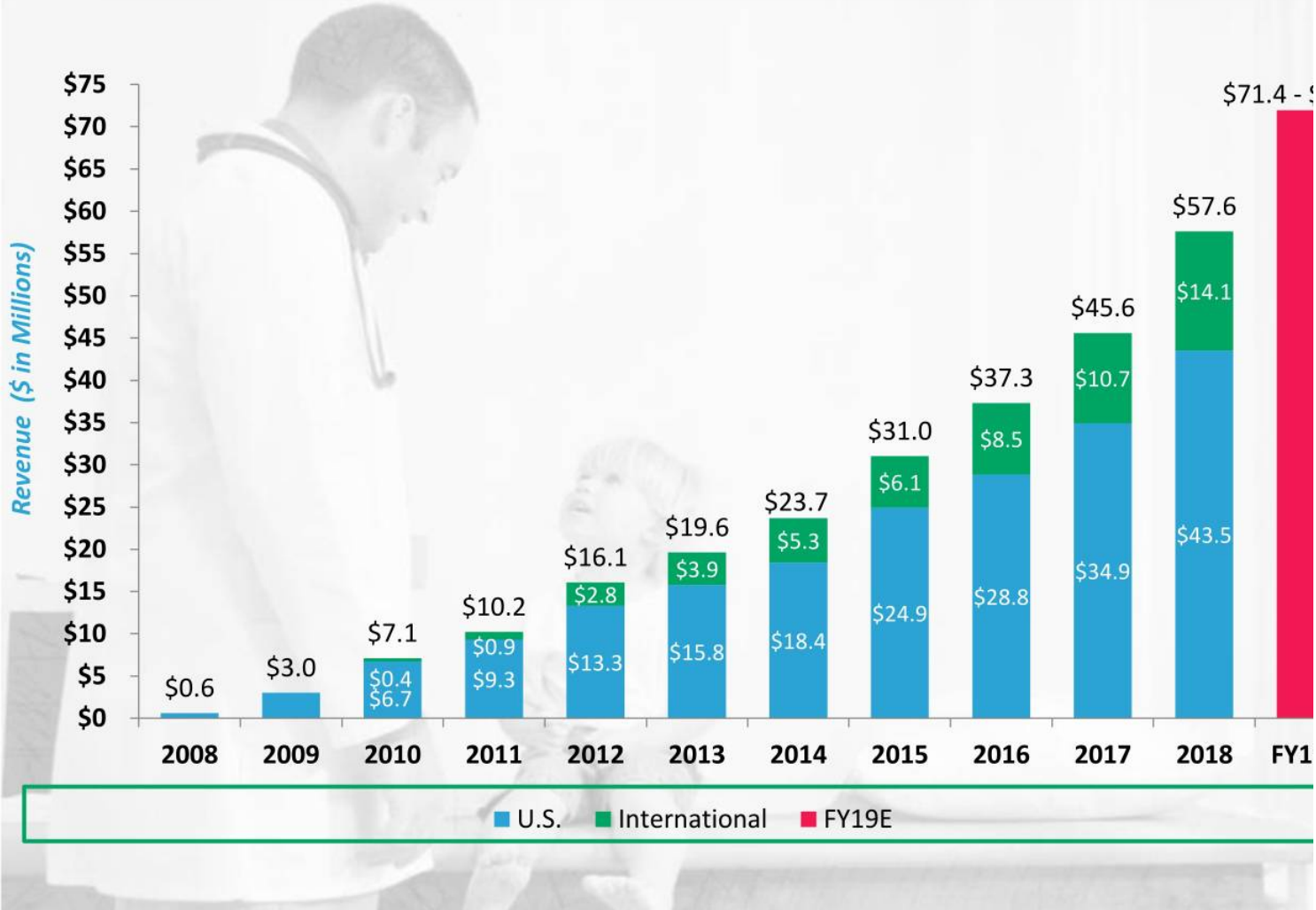


Financial Review



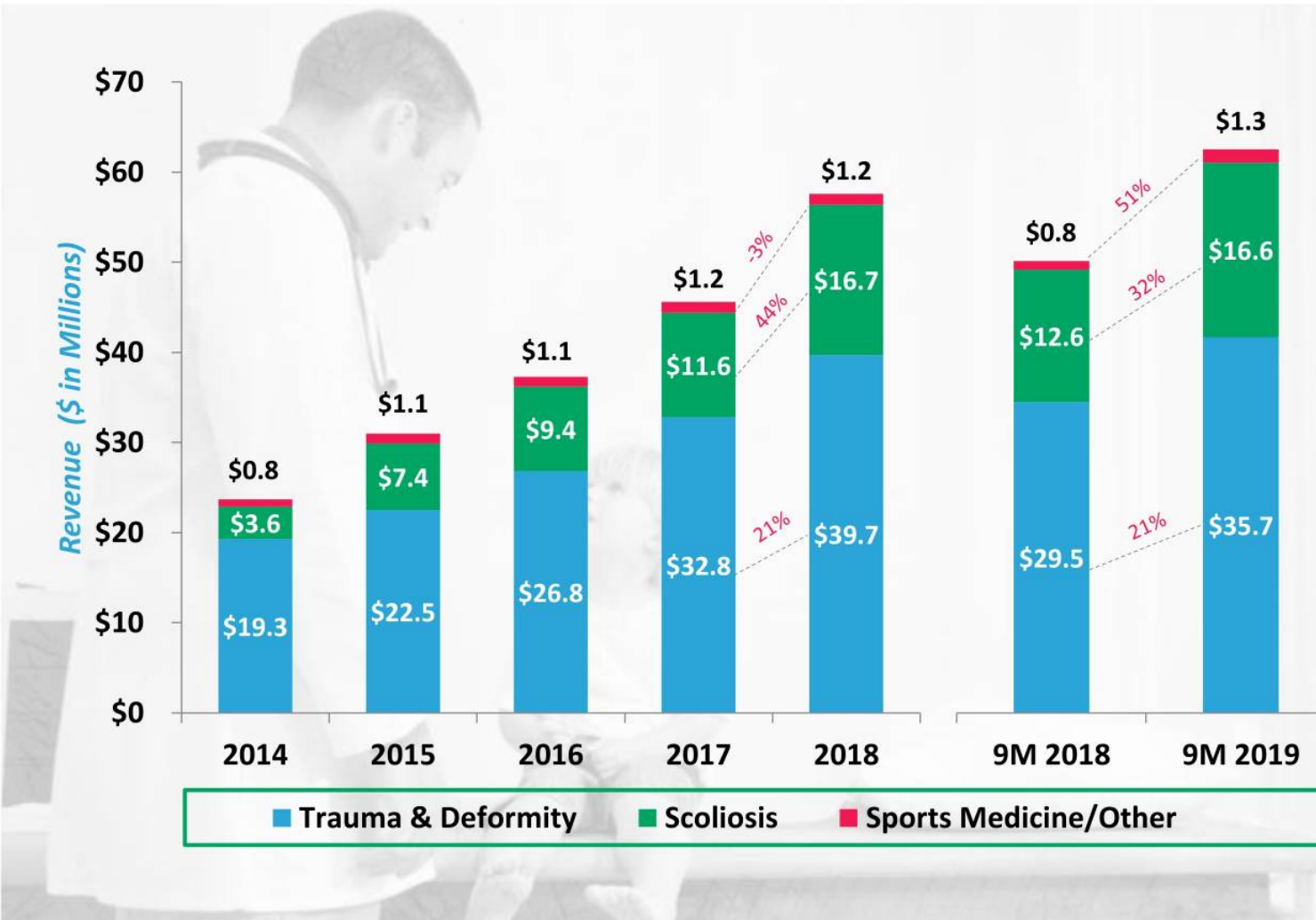


Consistent 20+% Revenue Growth Since Incepti



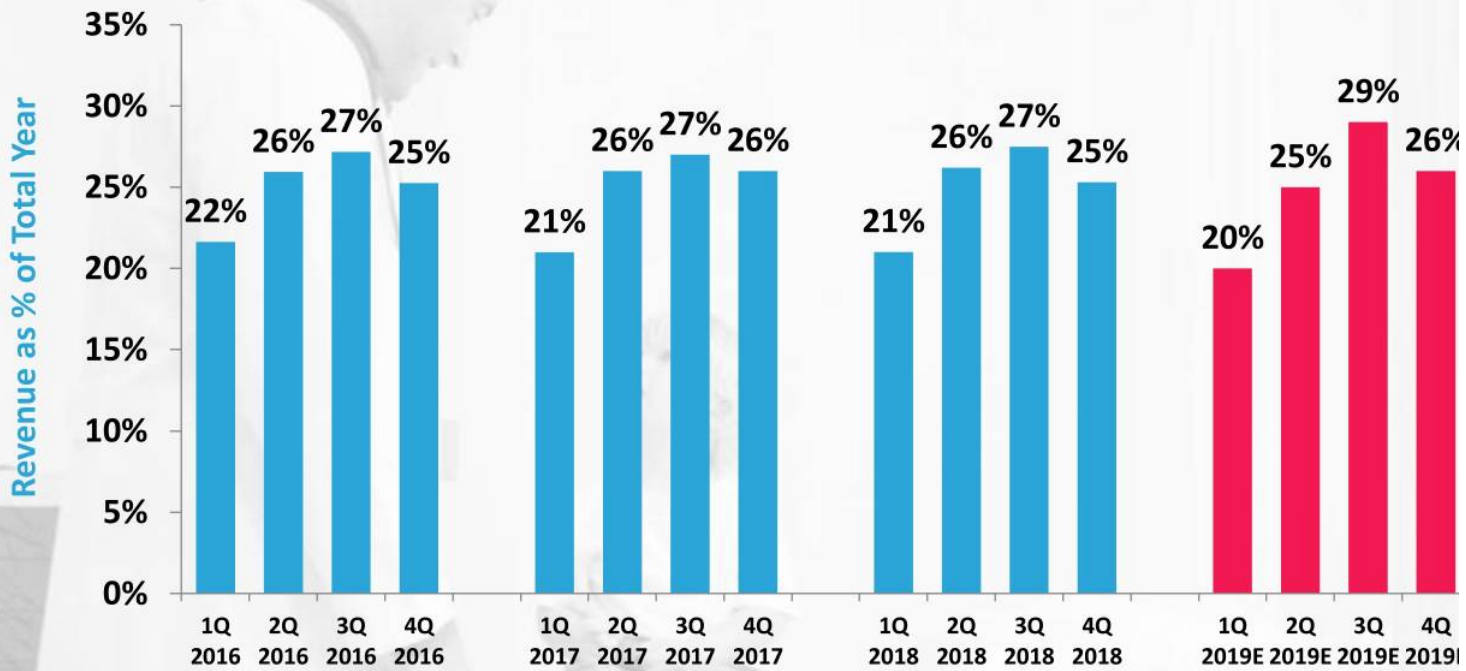


Category Revenue Summary





Seasonality Drives Stronger Performance in Summer Months and Holiday Periods



* 2019 seasonality is based on FY19E annual revenue growth guidance of 25%.



Income Statement Summary

(\$ in Millions)

	FY 2016	FY 2017	FY 2018	9M 2018	9M 2019
Revenue	\$37.3	\$45.6	\$57.6	\$43.0	\$53.6
<i>Growth %</i>	20%	22%	26%	27%	25%
Gross Profit	\$26.4	\$34.5	\$42.7	\$32.2	\$40.2
<i>Margin %</i>	71%	76%	74%	75%	75%
Operating Expenses	\$32.5	\$40.9	\$52.2	\$39.9	\$46.2
Operating Loss	(\$6.1)	(\$6.5)	(\$9.6)	(\$7.7)	(\$6.0)
Net Loss	(\$6.6)	(\$8.9)	(\$12.0)	(\$9.6)	(\$8.3)
Net Loss per Share*	(\$7.14)	(\$5.86)	(\$0.96)	(\$0.77)	(\$0.57)

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



Adjusted EBITDA Reconciliati

(\$ in Millions)

	Nine Months Ended September 30,	
	2018	2019
Net loss from continuing operations	(\$9.6)	(\$8.4)
Interest expense, net	1.7	2.2
Other expense	0.1	0.1
Depreciation and amortization	2.2	3.2
Stock-based compensation	0.9	1.9
Accelerated vesting of restricted stock upon IPO	2.0	-
Acquisition related costs	-	0.7
Adjusted EBITDA	(\$2.6)	(\$0.2)



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

Assets		Liabilities	
Cash	\$19.7	Accounts payable	\$7
Accounts receivable	14.2	Debt	51
Inventory (net)	34.5	Accrued expenses	3
Other current assets	40.3	All other liabilities	4
PP&E (net)	21.5	Paid-in capital	210
Intangibles	23.2	Accumulated deficit (net)	(124)
Total Assets	\$153.4	Total Liabilities / Equity	\$153



Surgeon relationships and clinical education

Broadest, most innovative product offering

Robust organic growth opportunities

Attractive growth and margin profile

