

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): **December 14, 2020**

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

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 December 2020
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: December 14, 2020

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



OrthoPediatrics Corp.
December 2020

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



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 5, 2020, 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, depreciation and amortization, stock-based compensation expense, 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.



An Innovation Leader Built to Last

Large Market

Proprietary Technology

Scalable Business

- OP Diversified medical device company focused exclusively on pediatric orthopedics
- OP Protected market opportunity: \$1.4 billion U.S., \$3.2 billion globally (2019 estimates)
- OP High U.S. procedure concentration: <300 pediatric centers and ~1,400 surgeons
- OP Focused call point: pediatric orthopedic surgeons are generalists who can use all OP products
- OP Sustainable competitive advantage:
 - Broadest pediatric-specific orthopedic product offering with 35 surgical systems
 - Strong relationships with pediatric orthopedic surgeons
 - Deep commitment to non-commercial clinical education
 - Sales personnel are a consultative resource who attend surgery
- OP Consistent 20+% growth since inception (until 2020)
 - FY19 revenue of \$72.6 million, up 26%
- OP 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



Improving Lives of Children and Families

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 **>188,000** patients since inception
-  **35** surgical systems; **~7,800** SKUs; strong pipeline
-  **6** additional systems from Orthex and ApiFix acquisitions
-  **109** direct employees; **166** focused sales reps¹
-  **Global** sales organization focused on pediatric orthopedic surgeons in **44** countries¹
-  **82** issued patents; **79** patent applications²
-  **Chief Medical Officer** is a fellow surgeon
-  **Average FDA approval time: < ½ industry average**
-  **History of stable reimbursement**

¹ As of September 30, 2020.

² As of September 30, 2020. Totals apply to patents issued to and/or applied by OrthoPediatics or one of its wholly-owned subsidiaries.



Environment and Company Response

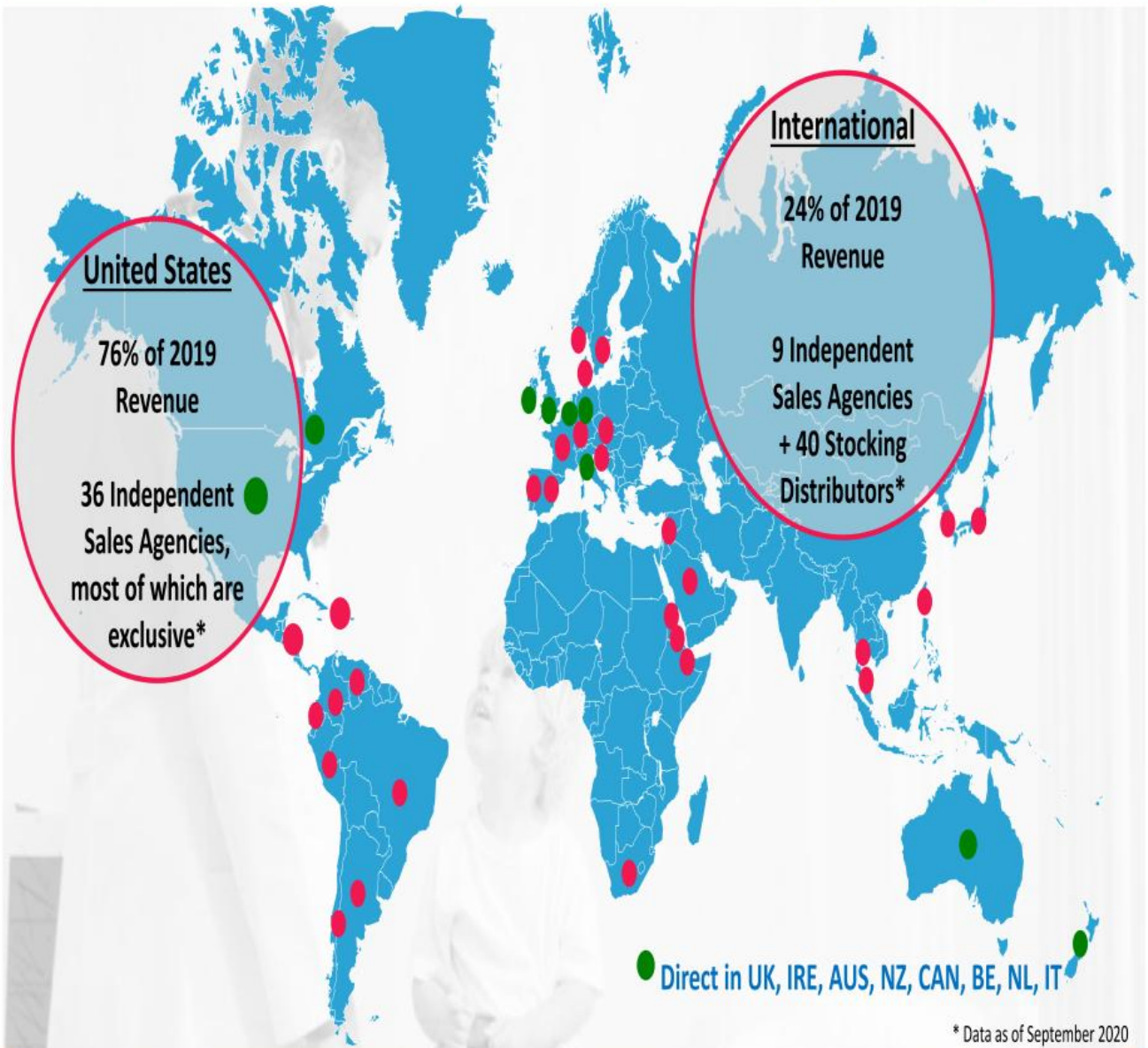
- Procedure trends in the U.S. have improved every month since April
International recovery lags the U.S. recovery
- Product development proceeds at normal pace
- Maintained set investment to support new product launches, including Orthex and ApiFix
- Committed to no lay-offs or base reduction salary 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

- Record 3Q 2020 sales of \$22.2M, up 7% vs prior year, record gross margin and record positive adjusted EBITDA
- 3Q 2020 U.S. sales continued strong acceleration, growing 17% year-over year
- 3Q 2020 international sales performance improved but continued to lag, declining 34% vs prior year, despite 26% Agency sales growth vs prior year
- Strong Q3 2020 growth in trauma continued to drive domestic sales; encouraging signs of recovery seen in elective deformity surgeries
- 4Q 2020 revenue growth expected to be similar to 3Q 2020. Domestic sales growth expected to accelerate slightly from 3Q; international sales growth expected to be similar



Sales Coverage in the U.S. and 43 Countries










OP 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



Building a Leading Portfolio through Organic Growth and Strategic M&A

Trauma & Deformity

Acquired June'19	Launched Sept'19	Launched Nov'19	Launched Dec'19	Launched Mar'20	Launching 2020	Launching 2020 / 2021
						
Orthex (External fixation hardware / software)	Next Generation Cannulated Screw Systems	PediFoot (First pediatric 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)



Transaction Details

- 🧠 In April 2020, OP purchased ApiFix¹ 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
- 🧠 **90-minute surgery time**, reduced blood loss, hospitalization stay, recovery time, and complication rates
- 🧠 Extremely **high sales/dollar** of set inventory
- 🧠 **Strong IP protection**: 46 granted patents and 25 patent applications



¹ApiFix generated \$0.5 million of revenue in 2019



New Competitors Would Face Formidable Obstacles

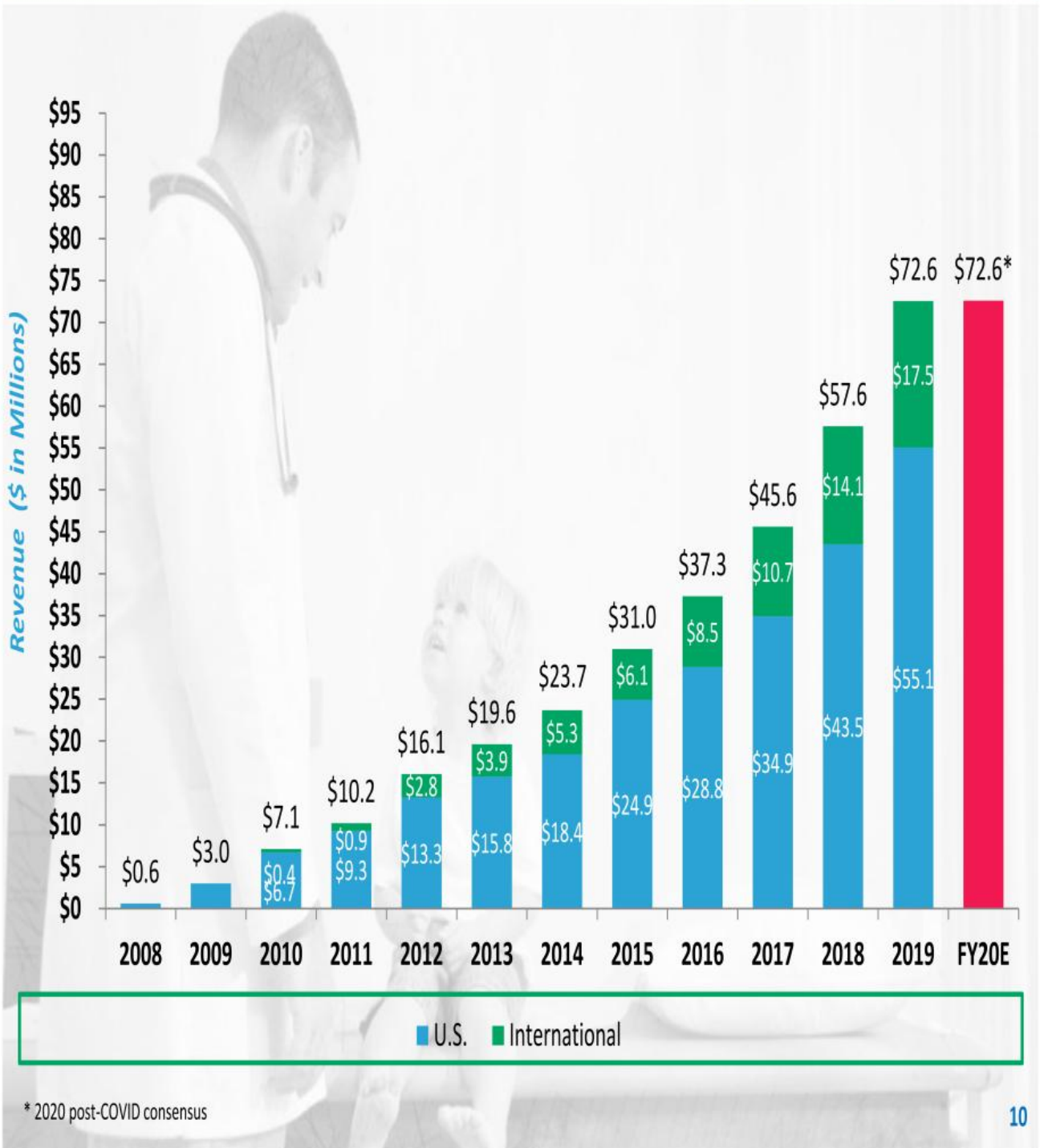


"The ship has sailed."

- 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

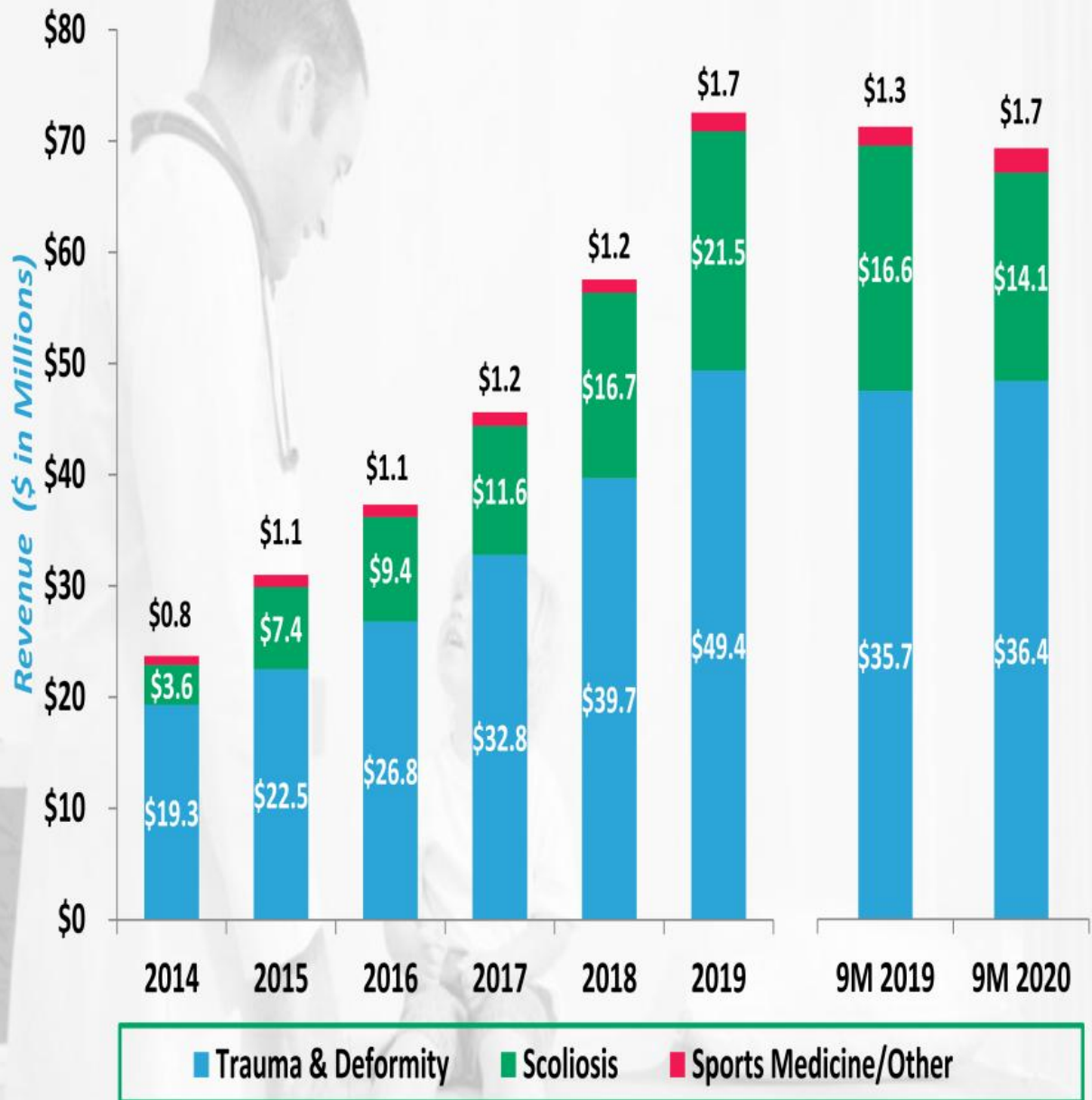


Consistent 20+% Revenue Growth Since Inception





Category Revenue Summary





Income Statement Summary

(\$ in Millions)

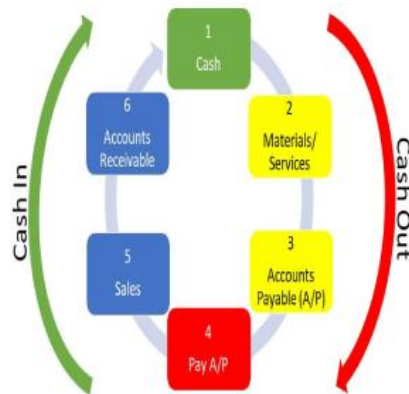
	FY 2016	FY 2017	FY 2018	FY 2019	9M 2019	9M 2020
Revenue	\$37.3	\$45.6	\$57.6	\$72.6	\$53.6	\$52.2
<i>Growth %</i>	20%	22%	26%	26%	25%	(3%)
Gross Profit	\$26.4	\$34.5	\$42.7	\$54.6	\$40.2	\$39.9
<i>Margin %</i>	71%	76%	74%	75%	75%	76%
Operating Expenses	\$32.5	\$40.9	\$52.2	\$63.7	\$46.2	\$53.9
Operating Loss	(\$6.1)	(\$6.5)	(\$9.6)	(\$9.1)	(\$6.0)	(\$14.0)
Net Loss	(\$6.6)	(\$8.9)	(\$12.0)	(\$13.7)	(\$8.3)	(\$18.9)
Net Loss per Share¹	(\$7.14)	(\$5.86)	(\$0.96)	(\$0.94)	(\$0.57)	(\$1.07)

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



Revenue Recognition & Inventories

Cash Conversion Cycle



US & 9 Countries OUS use sales agencies (paid commissions), we invoice hospitals for the implants which are used in the surgery

Deployed Sets consigned to sales agencies produce no revenue until implants are used

Record revenue to international stocking distributors (sets at cost / replenishment with margin) when we fulfill their PO at time of shipment

Inventories now stand at 1,000 days:

- COVID-related sales decline has disrupted metrics
- Investing in 17 new surgical systems since the IPO
- 2020 continued investing for future growth / deploying sets
- Converting larger international stocking distributors to sales agencies



Balance Sheet

(\$ in Millions)
As of September 30, 2020

Assets		Liabilities	
Cash & Restricted Cash	\$89.7	Accounts payable	\$6.9
Accounts receivable	17.1	Debt	1.2
Inventory (net)	52.0	Accrued expenses	4.8
Other current assets	2.5	All other liabilities	55.7
PP&E (net)	24.3	Paid-in capital	387.1
Intangibles	122.4	Accumulated deficit (net)	(147.8)
Total Assets	\$308.0	Total Liabilities / Equity	\$308.0

