



2024 Investor Presentation



 www.OrthoPediatrics.com



Disclaimer

Forward-Looking Statements

All statements, other than statements of historical facts, contained in this quarterly report, including statements regarding our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business, operations and financial performance and condition, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward looking statements speak only as of the date of this report. Forward-looking statements involve known and unknown risks, uncertainties and other factors, such as the impact of widespread health emergencies, such as COVID 19 and respiratory syncytial virus, that may cause our results, activity levels, performance or achievements to be materially different from the information expressed or implied by the forward-looking statements. Forward-looking statements may include, among other things, statements relating to: our ability to achieve or sustain profitability in the future; our ability to raise additional capital to fund our existing commercial operations, develop and commercialize new products and expand our operations; our ability to commercialize our products in development and to develop and commercialize additional products through our research and development efforts, and if we fail to do so we may be unable to compete effectively; our ability to generate sufficient revenue from the commercialization of our products to achieve and sustain profitability; our ability to comply with extensive government regulation and oversight both in the United States and abroad; our ability to maintain and expand our network of third-party independent sales agencies and distributors to market and distribute our products; and our ability to protect our intellectual property rights or if we are accused of infringing on the intellectual property rights of others; We cannot assure you that forward-looking statements will prove to be accurate, and you are encouraged not to place undue reliance on forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied by the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in our quarterly report, in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 8, 2024, and in other reports filed with the SEC that discuss the risks and factors that may affect our business. Other than as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information, events or circumstances occurring after the date of this quarterly report.

Use of Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures such as adjusted diluted loss per share and Adjusted EBITDA, which differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted loss per share in this press release represents diluted loss per share on a GAAP basis, plus the accreted interest attributable to acquisition installment payables, the fair value adjustment of contingent consideration, acquisition related costs, non-recurring Pega conversion fees, and minimum purchase commitment costs. The fair value adjustment of contingent consideration is associated with our estimates of the value of earn-outs in connection with certain acquisitions. We believe that providing the non-GAAP diluted 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 income (expense), net plus other income, provision for income taxes (benefit), depreciation and amortization, stock-based compensation expense, fair value adjustment of contingent consideration, acquisition related costs, nonrecurring Pega conversion fees, and the cost of minimum purchase commitments. 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 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 loss per share to non-GAAP diluted loss and net loss to non-GAAP Adjusted EBITDA.



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

+ 1,000,000

pediatric patients treated since inception¹

- 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**

Re-Purposed Adult Plate

Screws through growth plate



PediLoc Femur

Screws parallel to growth plate

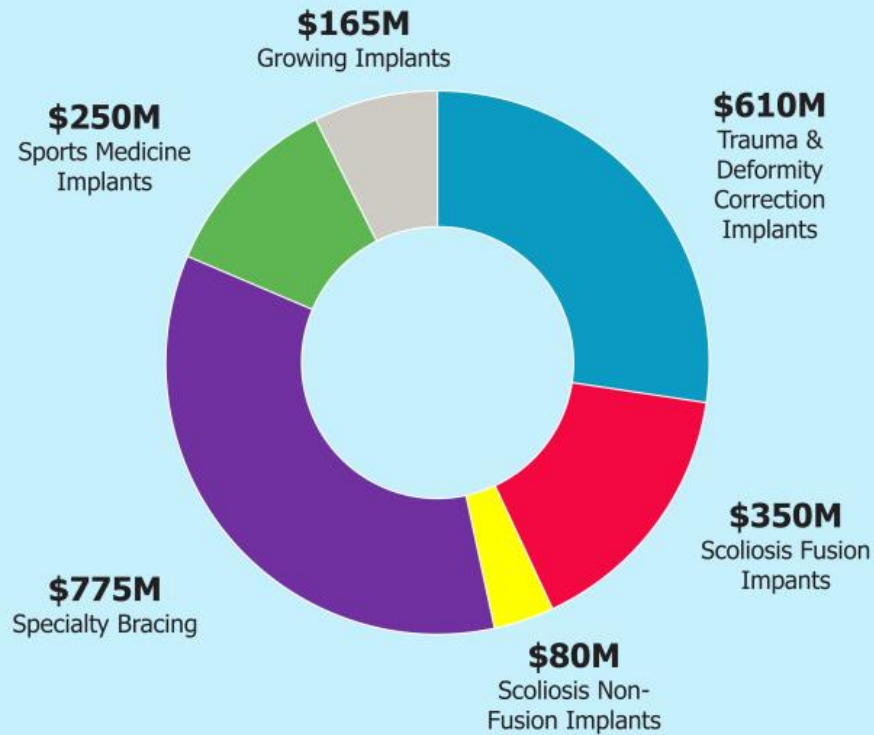


- ✓ Enhance surgeon confidence
- ✓ Increase surgical efficiency
- ✓ Improve surgical accuracy

- 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**

Total Global Addressable Market – \$5.0B

U.S. Addressable Market¹ — \$2.2B



Competitive Dynamics

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





Innovative Technology

71 unique pediatric 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.
~**200** domestic field representatives
Sell in **over 70** countries around the world



Clinical Education

Commitment to clinical education
Leading **sponsor** of critical pediatric medical societies
>**300** clinical product/education events per year
Founder of Foundation of Advancing Pediatric Orthopedics

**Consistent
20%+
Growth
Since Inception¹**

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

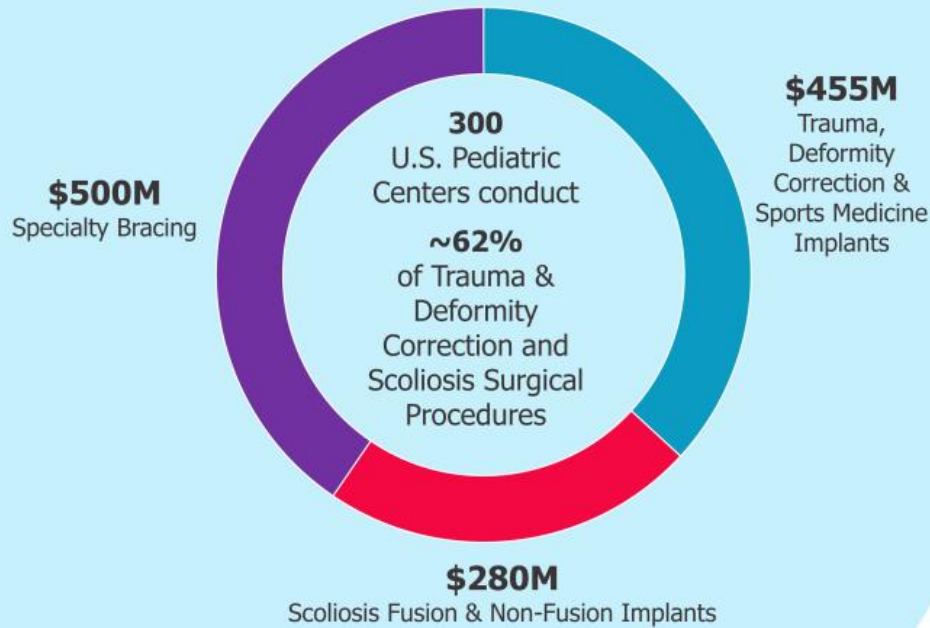


Train next generation of pediatric orthopedic surgeons

01 Focus on High-Vol Children's Hospitals

Current Global Target Market – \$2.8B

U.S. Current Target Market¹ — \$1.2B

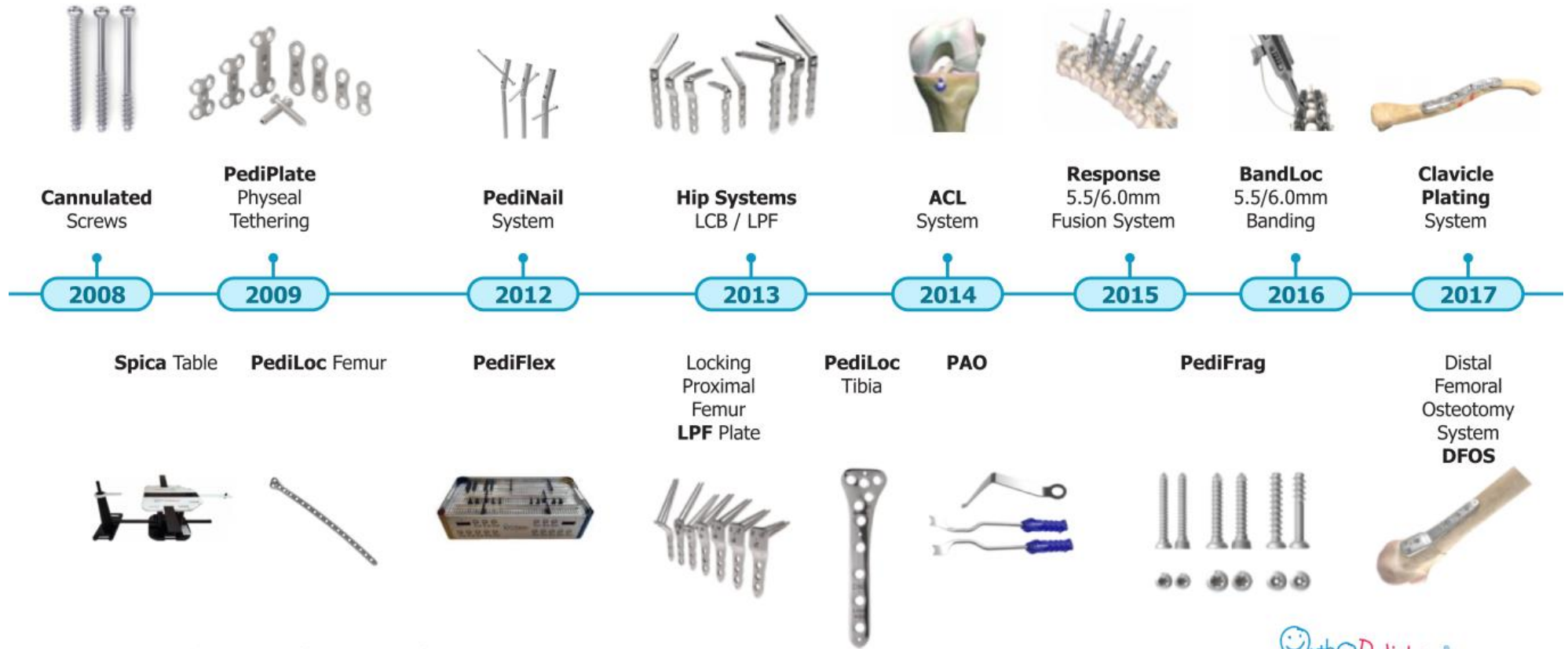


Comments

- 01 ~1,520 Fellowship Trained Pediatric Surgeons
- 02 Majority of Pediatric Centers are Teaching Hospitals
- 03 Centers Treat Most Complex Pediatric Conditions
- 04 ~80% of Pediatric Surgeons time is Non-Surgical

02 **Broad Product Portfolio**

Pre-IPO Transitioned from Early Entry to Clinically Significant



03 Expand Instr. Sets & Sales Personnel

Total Revenue (\$M)

+22% CAGR



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¹ Impacted by COVID

Accelerating Sales Growth Post-IPO
Through Strategic Investment and Innovation

	2016	2023	CAGR
U.S. Independent Sales Consultants	90	205	13%
Instrument Set Deployments	\$7M	\$22M	18%
Unique Pediatric Systems	17	71	23%
Intl. Independent Sales Agencies	0	14	Fav



Accelerate Revenue Growth



Increase Hospital Penetration



Improve Profitability

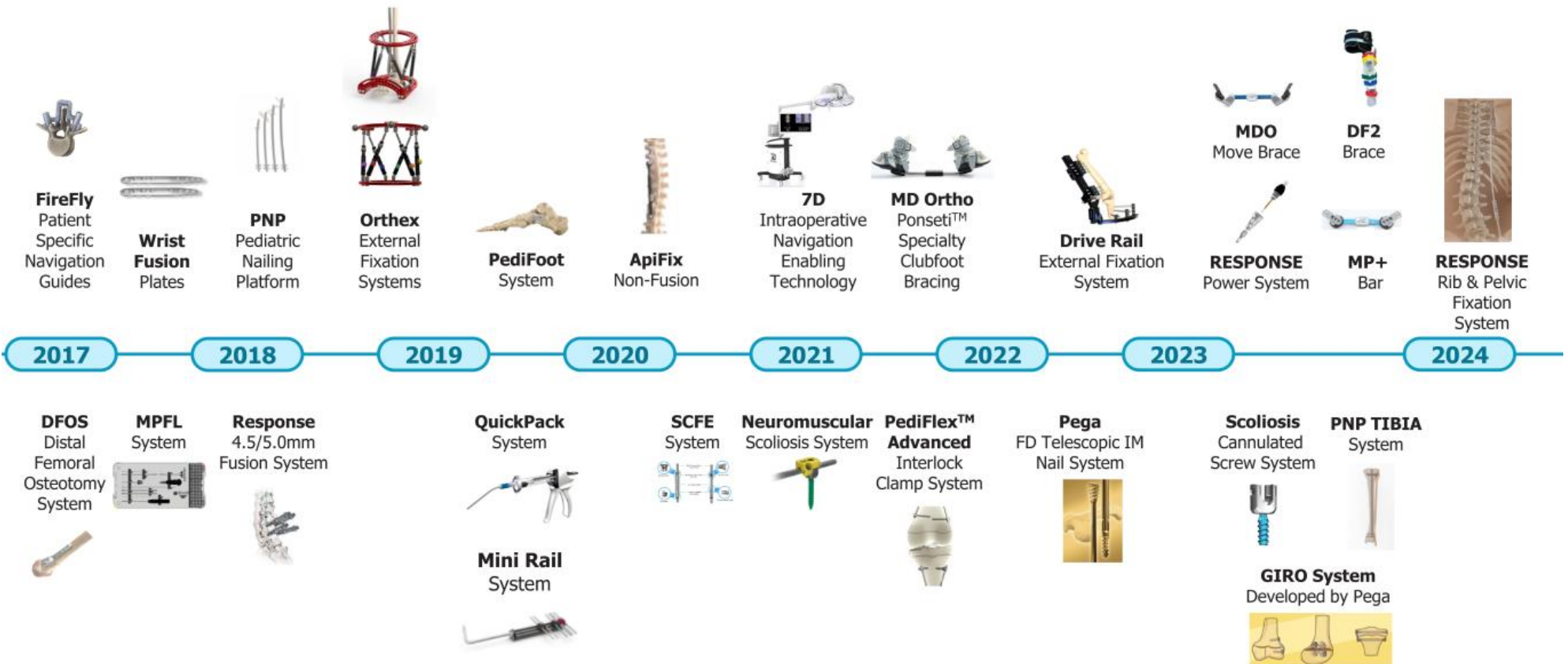


Leverage Balance Sheet



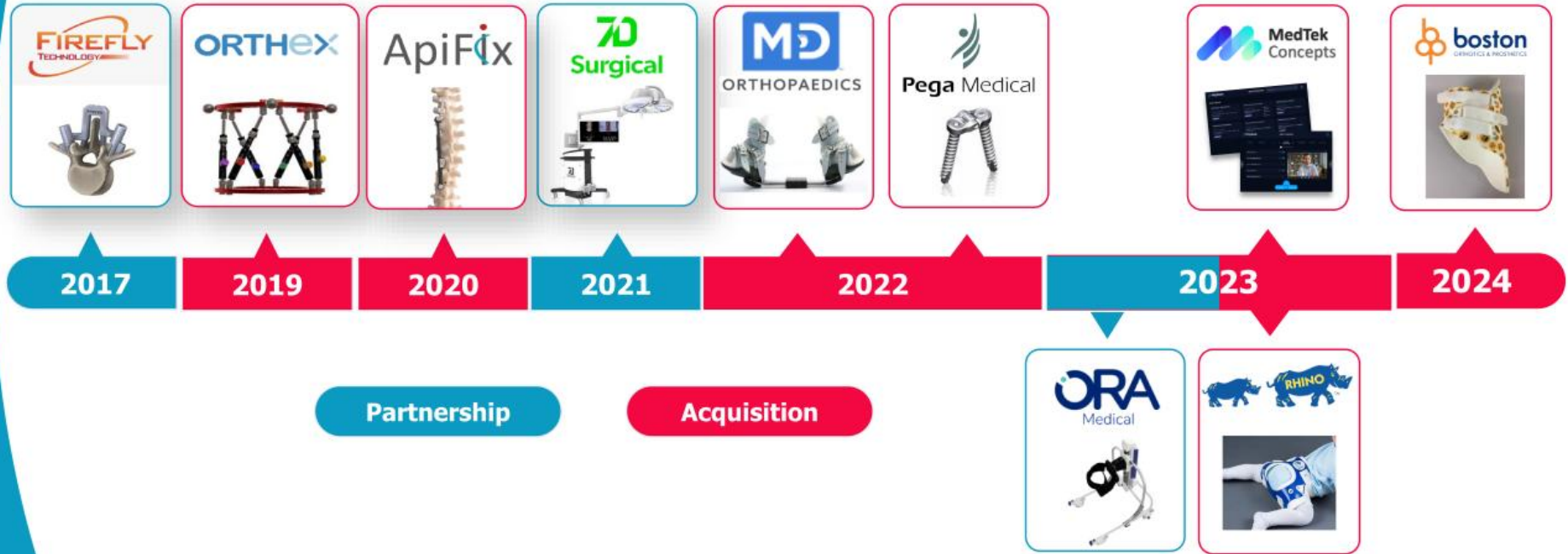
04 Expand Market with R&D

Post-IPO moved from Clinically Significant to Disruptive



04 Expand Market with M&A

Strategic Acquisitions & Partnerships



04 Expand Market with M&A

Boston Orthotics & Prosthetics

- Pioneered the original patient-specific, custom **Boston Scoliosis Brace**
- Currently has **5 disease state focuses** with **17 different product offerings**
- **Custom manufacturing** and fabrication center based outside of Boston, MA
- Newly established **headquarters** for the OrthoPediatrics Specialty Bracing (OPSB) division
- Owns and operates **26 pediatric / adolescent focused O&P clinics** (w/CPOs) in 10 states, mainly New England area

Terms:

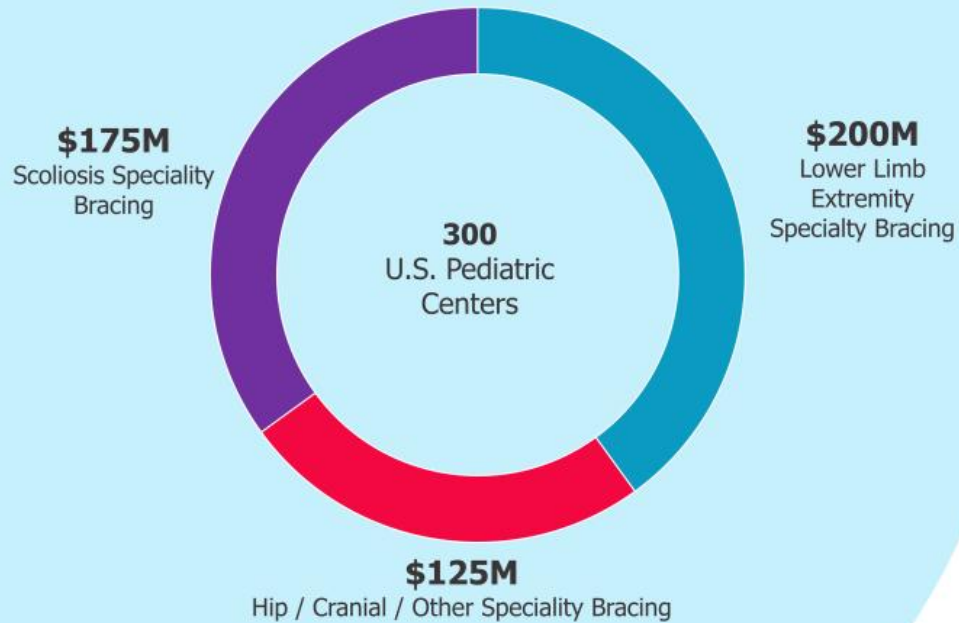
- Closed January 5, 2024
- \$22M Cash

State-of-the-Art Products - - That Better Each Patient's Life



04 Expand Market with M&A

U.S. Specialty Bracing Market ¹ — \$0.5B



¹ Management's Estimate as of January 2024

Current Global Target Market – \$1.1B



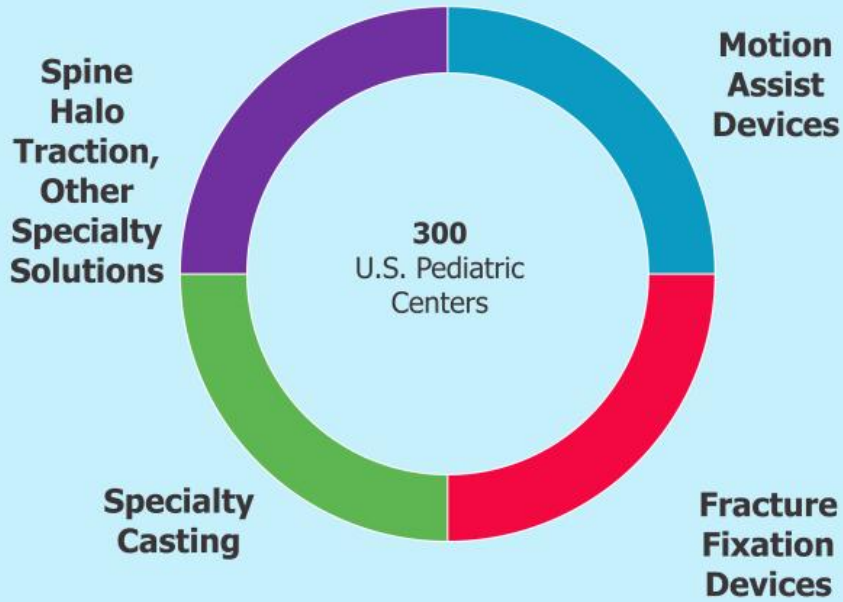
Comments

- 01 ~80% of Pediatric Surgeons Time is Non-Surgical
- 02 Same Surgeons Who Use OP Surgical Products
- 03 Relationship with OP Sales Channel
- 04 Surrounds the Surgeon with all the Products They Need



04 Expand Market with M&A

U.S. Potential Target Market ¹ — \$1.0B



¹ Management's Estimate as of January 2024

Potential Global Target Market – \$2.2B



Levity Device for Gait Assist



Dynamic Femur Fracture (DF2) Brace

PLAYBOOK

Workflow & Care Optimization for the OR

Better care requires improved planning, communication & support to deliver reproducible outcomes

DYNAMIC PRE-OP PLANNING

offers coordination and communication across CPD, Rep and Care Team

REAL-TIME SURGEON PREF CARD UPDATES with notifications to drive accountability for changes

DIGITAL WORK INSTRUCTIONS define best practices for each user's role throughout the entire surgical procedure



INTERACTIVE LIVE SURGERY VIEW for remote support, education and training

DATA ANALYTICS
Surgical Debrief provides real-time **PERFORMANCE VISUALIZATION** metrics

QUALITY CHECKLISTS are initiated based on surgery phase and step completion

04 Expand Market with M&A

MD Orthopaedics

- Develops, manufactures and sells the patented Mitchell Ponseti Ankle-Foot Orthosis (AFO) to treat clubfoot
- Dr. Ignacio Ponseti developed the gold standard for treating clubfoot which has >90% success rate
- Casting is used from 0-3mos then bracing from 3mos-4 years. Requires multiple sizes as child grows creating repeat revenue.
- Products sold in 90 countries including e-commerce platform direct to consumers
- Approximately 80% of a pediatric surgeon's treatment time is non-surgical
- Creates a profitable platform business for OP to develop and manufacture best-in-class specialty bracing with speed to market (class 1 device) as well as no consignment inventory required to grow the business

Terms:

- Closed April 1, 2022
- \$8.2M cash, \$8.9M shares, \$2.5M RSA

Acquired Innovative Technologies



PLANTAR FLEXION STOP



Standard AFO



4 PONSETI®
AFO
SOLUTIONS



TOE STILT



PLANTAR FLEXION STOP / TOE STILT



Pega Medical

- Developed the Fassier-Duval Telescopic Intramedullary Nail System (FD Nail)
- FD Nail is cutting-edge implant designed to treat bone deformities in children with Osteogenesis Imperfecta without disrupting their normal growth
- Pega offers 7 products in total, 6 of which focus on limb deformity correction, and 1 trauma
- Products sold in 70 countries
- Approximately 35,000 children suffer from Osteogenesis Imperfecta in the U.S.

Terms:

- Closed July 5, 2022
- \$31M cash, \$2M stock



04 Expand Market with M&A

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

05 Train Next-Gen Surgeons

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

Ryan Goodwin, MD, MBA, FAOA
The Cleveland Clinic ”



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Physician Education and Awareness

01

OP Hands-on sales training and support

- Annually invests 3% of sales on clinical education
- Conducts >300 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
- Expanding of external fixation portfolio
- Expanding specialty bracing portfolio
- Solutions for rare bone disease

Scoliosis

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

Enabling Technologies

- Orthex surgical software
- Firefly patient-specific planning/guides
- 7D spinal interoperative navigation
- PediPortal app
- Medtech Concepts – Acquired May 1, 2023





Trauma & Deformity



72% of Revenue



Scoliosis



25% of Revenue

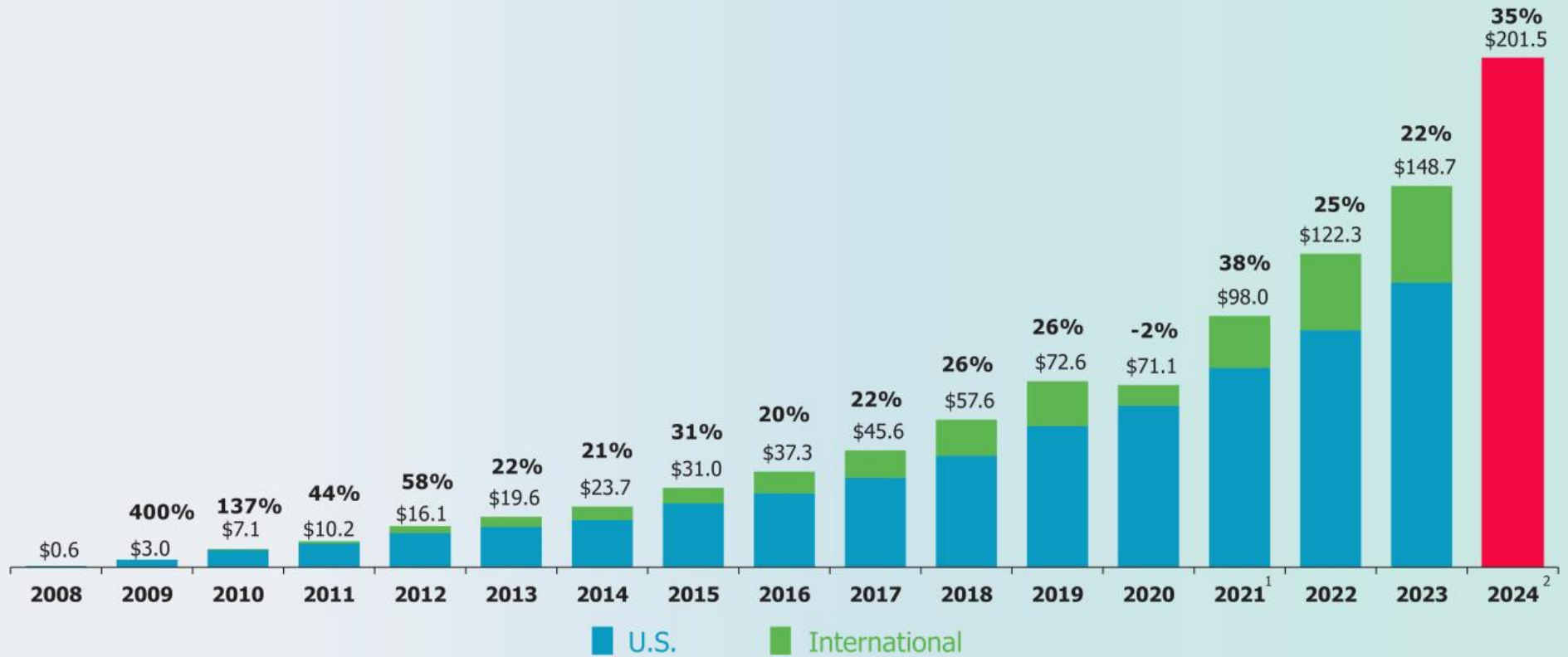


2023 Revenue by Product Family

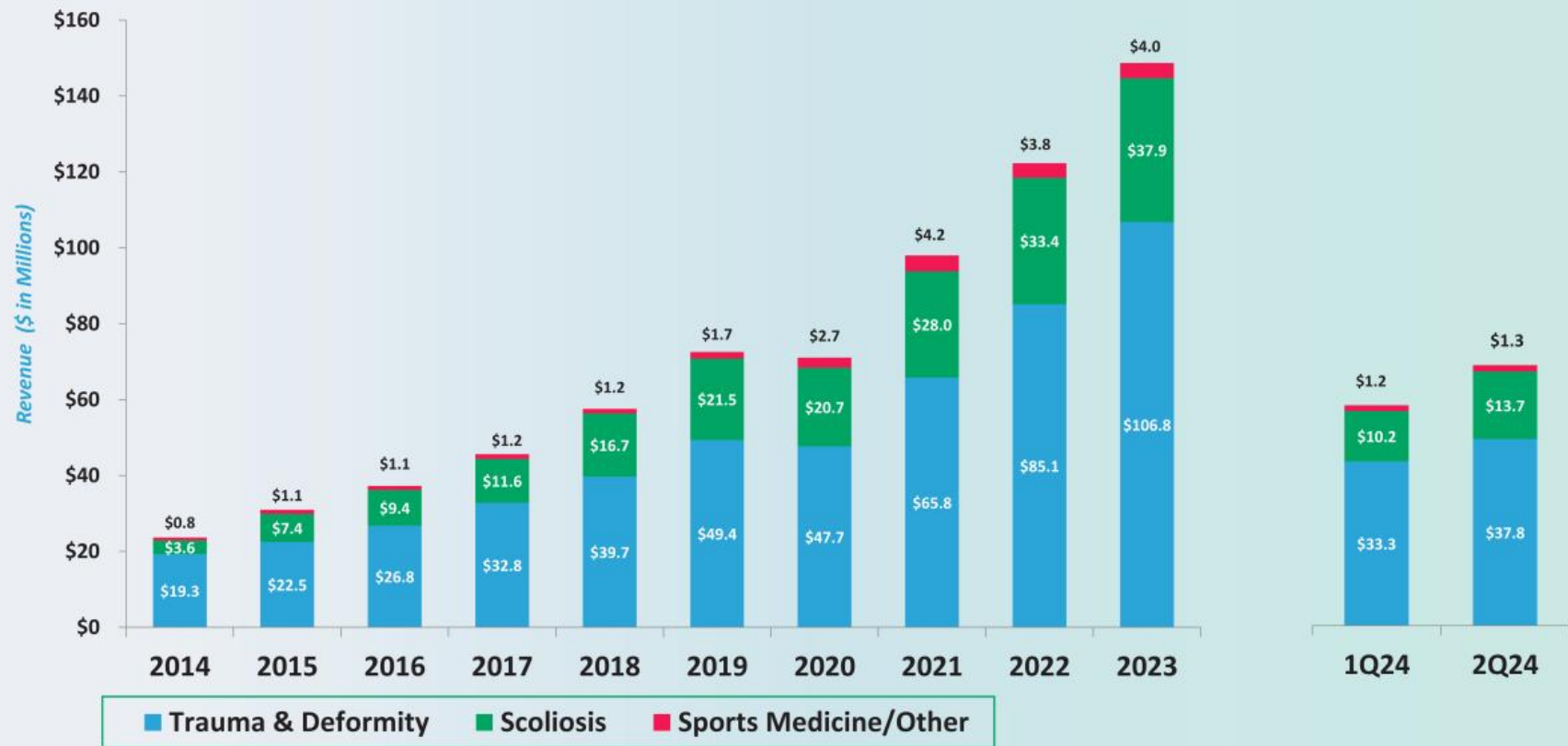


- Trauma & Deformity
- Scoliosis
- Sports Medicine

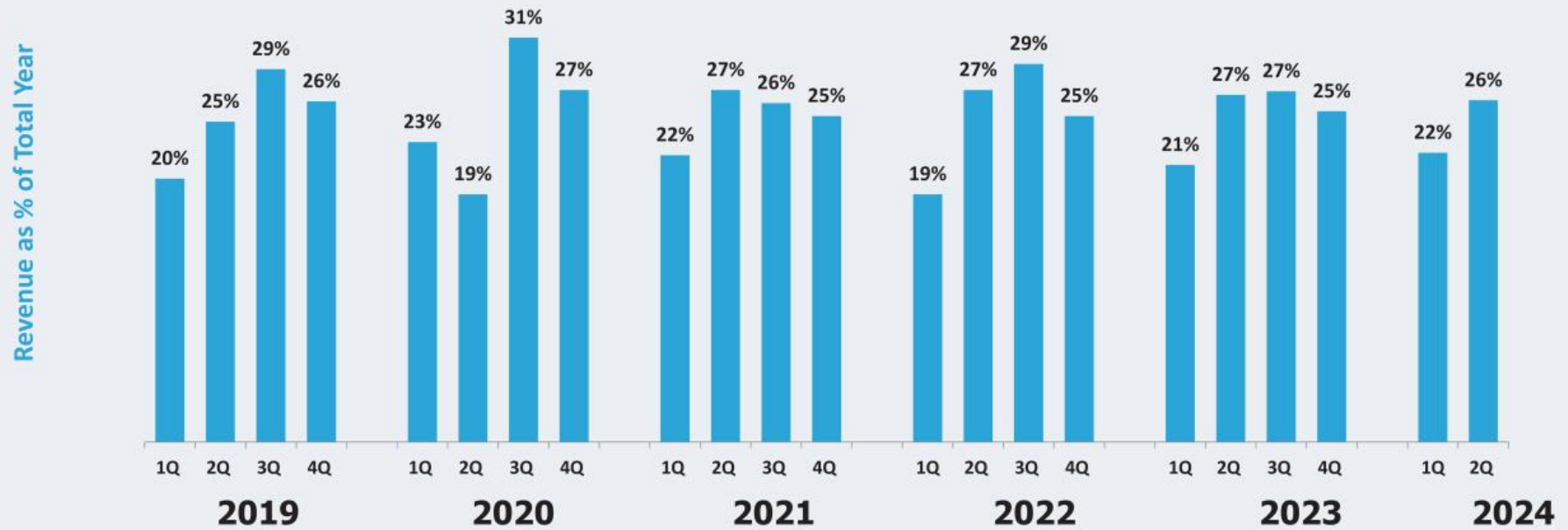
Strong History of Y/Y Growth (\$M)



Category Revenue Summary



Seasonality Drives Stronger Performance in Summer Months and Holiday Periods



(\$ in Millions)

Income Statement Summary

	FY 2021	FY2022	FY2023
Revenue	\$98.0	\$122.3	\$148.7
Growth %	38%	25%	22%
Gross profit	\$73.4	\$90.7	\$111.3
Margin %	75%	74%	75%
Operating expenses	\$91.4	\$116.1	\$138.0
Operating loss	(\$18.0)	(\$25.4)	(\$26.8)
Net (loss) income	(\$16.2)	\$1.3	(\$21.0)
EPS diluted	(\$0.84)	\$0.06	(\$0.92)

	2Q 2023	2Q 2024
	\$39.6	\$52.8
	20%	33%
	\$30.0	\$40.8
	76%	77%
	\$35.6	\$46.5
	(\$5.6)	(\$5.7)
	(\$2.9)	(\$6.0)
	(\$0.13)	(\$0.26)

(\$ in Millions)

Revenue By Geography and Product Category

	Three Months Ended June 30,	
Product Sales by geography	2023	2024
U.S.	\$29.6	\$41.2
International	10.0	11.6
Total Revenue	\$39.6	\$52.8

	Three Months Ended June 30,	
Product Sales by category	2023	2024
Trauma and deformity	\$27.5	\$37.8
Scoliosis	10.9	13.7
Sports medicine/other	1.2	1.3
Total Revenue	\$39.6	\$52.8

(\$ in Millions)

Adjusted EBITDA Reconciliation

	Three Months Ended June 30,	
	2023	2024
Net loss	(\$2.9)	(\$6.0)
Interest expense (income), net	0.3	0.3
Other income	(0.3)	0.1
Provision for income taxes (benefit)	(0.4)	(0.0)
Depreciation and amortization	4.1	4.7
Stock-based compensation	3.3	3.0
Fair value adjustment of contingent consideration	(2.3)	-
Acquisition related costs	0.2	0.1
Minimum purchase commitment cost	0.3	0.4
Adjusted EBITDA	\$2.3	\$2.6

Adjusted EPS Reconciliation

	Three Months Ended June 30,	
	2023	2024
Loss per share, diluted (GAAP)	(\$0.13)	(\$0.26)
Accretion of interest attributable to acquisition installment payable	0.02	-
Fair value adjustment of contingent consideration	(0.10)	-
Acquisition related costs	0.01	0.01
Minimum purchase commitment cost	0.01	0.02
Adjusted loss per share, diluted (non-GAAP)	(\$0.19)	(\$0.23)

(\$ in Millions)
As of June 30, 2023

Assets	
Cash, cash equivalents & short-term investments	\$30.9
Account receivable	42.0
Inventory (net)	116.4
Other current assets	4.5
Total Current Assets	193.8
PP&E (net)	53.5
Intangibles and goodwill	183.5
Total Assets	\$430.8

Liabilities	
Accounts payable	\$17.0
Debt	9.9
Accrued comp. & other liab.	28.9
Acquisition pay. & cont. consideration	3.7
Paid-in capital	593.1
Accumulated deficit (net)	(211.6)
Accumulated other comprehensive loss	(10.2)
Total Liabilities / Equity	\$430.8

(\$ in Millions)
Pro Forma Balance Sheet

Assets	
Cash, cash equivalents & short-term investments (as of June 30, 2024)	\$30.9
Convertible notes	50.0
Initial term loan	25.0
Outstanding debt repayment	~(10.0)
Proforma Cash, cash equivalents & short-term investments*	~90.0
Delayed draw term loan (available within 12 months of closing)	25.0
Stock repurchase program	\$5.0

Term Loan:

- Initial term loan of \$25 million and access to a delayed draw term loan facility for an additional \$25 million
- Interest rate on term loan SOFR + 6.50% with option to make a payment-in-kind interest payment equal to 1.00% per annum of the rate
- Payments are interest only until the maturity date in August 2029

Convertible Notes:

- Convertible notes will accrue interest at a rate of 4.75% per annum.
- Payments will consist of interest only until the maturity date in February 2030
- Notes are convertible into common stock at an initial conversion price of \$40.98, which represents a 30% premium to volume weighted average common stock price for the thirty trading days ended August 2, 2024

*Post closing and before any share repurchases and assuming the financing closed on June 30, 2024, OrthoPediatrics cash, cash equivalents and restricted cash balance would have been approximately \$90 million on a pro forma basis, excluding the delayed draw \$25 million term loan

(\$ in Millions)

Full Year 2024 Guidance

2024 Guidance

	FY2024
Revenue	\$200.0 to \$203.0
Adjusted EBITDA	\$8.0 to \$9.0

Assumptions

	FY2024
2024 Total Revenue Growth %	34% to 36%
Set Deployment	<\$20.0



- 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

