



2nd Quarter 2024 Earnings Call

August 6, 2024



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “intends,” “predicts,” “potential,” or “continue” or other comparable terminology. Forward-looking statements in this communication include the Company's expectations regarding net sales, adjusted EBITDA, and free cash flow for the year ended December 31, 2024. Forward-looking statements are not guarantees of our future performance, are based on our current expectations and assumptions regarding our business, the economy and other future conditions, and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, including the risks described in Part I, Item 1A under the heading *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”), and in Part II, Item 1A under the heading *Risk Factors* in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. Factors that could cause future results to differ from those expressed by forward-looking statements include, but are not limited to, (i) our ability to maintain operations to support our customers and patients in the near-term and to capitalize on future growth opportunities, (ii) risks associated with acceptance of surgical products and procedures by surgeons and hospitals, (iii) development and acceptance of new products or product enhancements, (iv) clinical and statistical verification of the benefits achieved via the use of our products, (v) our ability to adequately manage inventory, (vi) our ability to recruit and retain management and key personnel, (vii) global economic instability and potential supply chain disruption caused by Russia's invasion of Ukraine and resulting sanctions, and (viii) the other risks and uncertainties more fully described in our periodic filings with the Securities and Exchange Commission (the “SEC”). As a result of these various risks, our actual outcomes and results may differ materially from those expressed in these forward-looking statements.

This list of risks, uncertainties, and other factors is not complete. We discuss some of these matters more fully, as well as certain risk factors that could affect our business, financial condition, results of operations, and prospects, in reports we file from time-to-time with the SEC, which are available to read at www.sec.gov. Any or all forward-looking statements that we make may turn out to be wrong (due to inaccurate assumptions that we make or otherwise), and our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to update, and expressly disclaim any duty to update, our forward-looking statements, whether as a result of circumstances or events that arise after the date hereof, new information, or otherwise, except as required by law.

The Company is unable to provide expectations of GAAP income (loss) before income taxes, the closest comparable GAAP measures to Adjusted EBITDA (which is a non-GAAP measure), on a forward-looking basis because the Company is unable to predict without unreasonable efforts the ultimate outcome of matters (including acquisition-related expenses, accounting fair value adjustments, and other such items) that will determine the quantitative amount of the items excluded in calculating Adjusted EBITDA, which items are further described in the reconciliation tables and related descriptions below. These items are uncertain, depend on various factors, and could be material to the Company's results computed in accordance with GAAP.

Orthofix

Q2 2024 Financial Highlights



Massimo Calafiore
President & Chief
Executive Officer

“ We delivered another strong quarter driven by successful execution of our key growth priorities. Based on continued positive momentum, the strength of our differentiated and expanding product portfolio, which continues to win share, and our confidence in sustainable growth trends, we are raising our full-year net sales and adjusted EBITDA guidance. We also are on track to achieve positive free cash flow for the second half of this year, much earlier than we originally anticipated. ”

(1) Constant Currency is calculated by applying foreign currency rates applicable to the comparable, prior-year period to present the current period net sales at comparable rates. Constant currency can be presented for numerous GAAP measures, but is commonly used by management to analyze net sales excluding the impact of changes in foreign currency rates.

(2) The reasons for and nature of non-GAAP disclosures by the Company, descriptions of the adjustments used to calculate those non-GAAP financial measures, and reconciliations of those non-GAAP financial measures to the most comparable GAAP financial measure, are provided in the Company's press release issued and Current Report on Form 8-K filed on August 6, 2024.

(3) Spine fixation is comprised of the Company's Spinal Implants product category, excluding motion preservation product offerings.

\$198.6M

Q2 2024 Revenue

6% Growth YoY as reported
6% Growth YoY constant currency⁽¹⁾

12%

Q2 2024 U.S. Spine Fixation⁽³⁾ YoY Growth

Driven by distribution expansion and penetration in existing accounts

\$16.6M

Q2 2024 Non-GAAP Adjusted EBITDA

310 bps Growth YoY⁽²⁾

12%

Q2 2024 Bone Growth Therapies YoY Growth

6th consecutive quarter of double-digit growth

\$28.9M

Cash & Cash Equivalents, 6/30/2024

Includes \$2.5M in restricted cash

71.3%

Q2 2024 Non-GAAP Adjusted Gross Margin⁽²⁾

Compared to 71.6% for Q2 2023

Seasoned Executive Leadership Team

250+ years in spine/orthopedics



Massimo Calafiore
President and
Chief Executive Officer



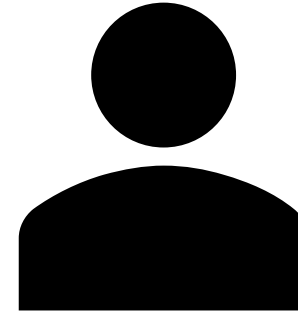
Julie Andrews
Chief Financial Officer



Max Reinhardt
President, Global Spine



Jason Shallenberger
President, Bone Growth Therapies



New Hire (starts mid-August)
President, Global Orthopedics



Beau Standish, PhD, PEng
Chief Enabling Technologies
Officer



Aviva McPherron
President, Global Operations and
Quality



Lucas Vitale
Chief People and Business
Operations Officer



Andrés Cedrón
Chief Legal Officer



Julie Dewey
Chief Investor Relations &
Communications Officer



Jill Mason
Chief Compliance and Risk Officer,
Deputy General Counsel, and Assistant
Corporate Secretary

Q2 2024 Key Messages



Strong fundamentals with compelling growth opportunity and value proposition across diverse portfolio



More focused commercial strategy with innovation in spine complemented by successful cross-selling



New leadership team well positioned to implement strategic vision and achieve sustainable, profitable growth across portfolio



Solid operational execution; on track to reach profitability objectives, including positive free cash flow for second half of 2024, much earlier than originally anticipated



Net sales and adjusted EBITDA guidance raised to reflect confidence in sustainable growth trends and commercial strategy and execution

Q2 2024 Results Summary

Second Quarter 2024 Results Summary (in millions)

	Q2 2024	Q2 2023	Constant Currency Change
Bone Growth Therapies	\$ 59.1	\$ 52.7	12.3%
Spinal Implants, Biologics, and Enabling Technologies	108.9	105.3	3.4%
Global Spine	168.0	158.0	6.4%
Global Orthopedics	30.6	29.0	6.3%
Total Net Sales	\$ 198.6	\$ 187.0	6.4%
Non-GAAP Adjusted Gross Margins	71.3%	71.6%	(0.4)%
Non-GAAP Adjusted EBITDA	\$ 16.6	\$ 9.9	67.7%

Q2 Total Net Sales: \$198.6M; 6% YoY constant currency growth

Q2 Non-GAAP Adjusted EBITDA: \$16.6M; 8% of sales vs \$9.9M in 2Q23; 5% of sales

Q2 Non-GAAP Adjusted Gross Margin: 71.3% vs 71.6% in 2Q23

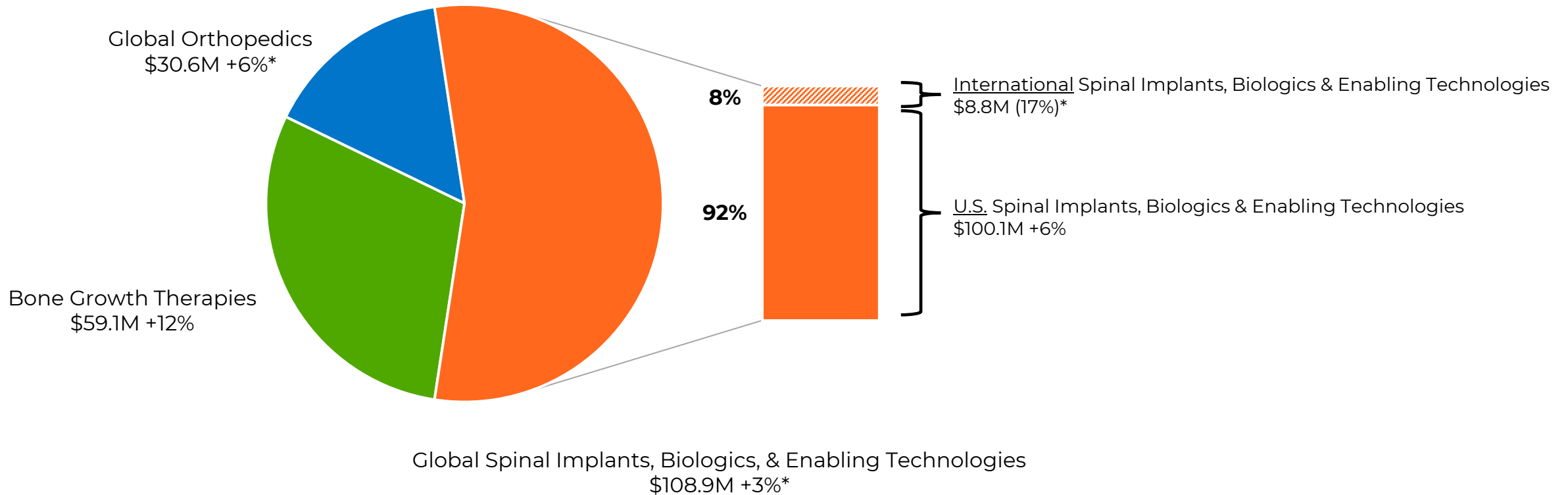
Q2 Non-GAAP Sales & Marketing: \$98.9M; 50% of sales vs \$96.8M in 2Q23; 52% of sales

Q2 Non-GAAP Research & Development: \$17.7M; 9% of sales vs \$16.9M in 2Q23; 9% of sales

Notable growth across each business segment

Led primarily by strength in U.S. markets

Q2 Total Revenues \$198.6M +6% YoY*



* YoY Growth (Decline) on Constant Currency basis

Q2 2024 Business Segment Highlights

SPINE

- U.S. Spine Fixation grew 12% - more than 2x the market rate
- Initiated limited market release of Reef[®] L Lateral Lumbar Interbody 
- Initiated limited market release of WaveForm[®] A Interbody, a new addition to Meridian[®] ALIF portfolio 

BONE GROWTH THERAPIES

- Sixth consecutive quarter of double-digit net sales increases in both spine and fracture channels
- Positive 12-month post-market data for patients treated with CervicalStim[™] device published in [Clinical Spine Surgery](#)

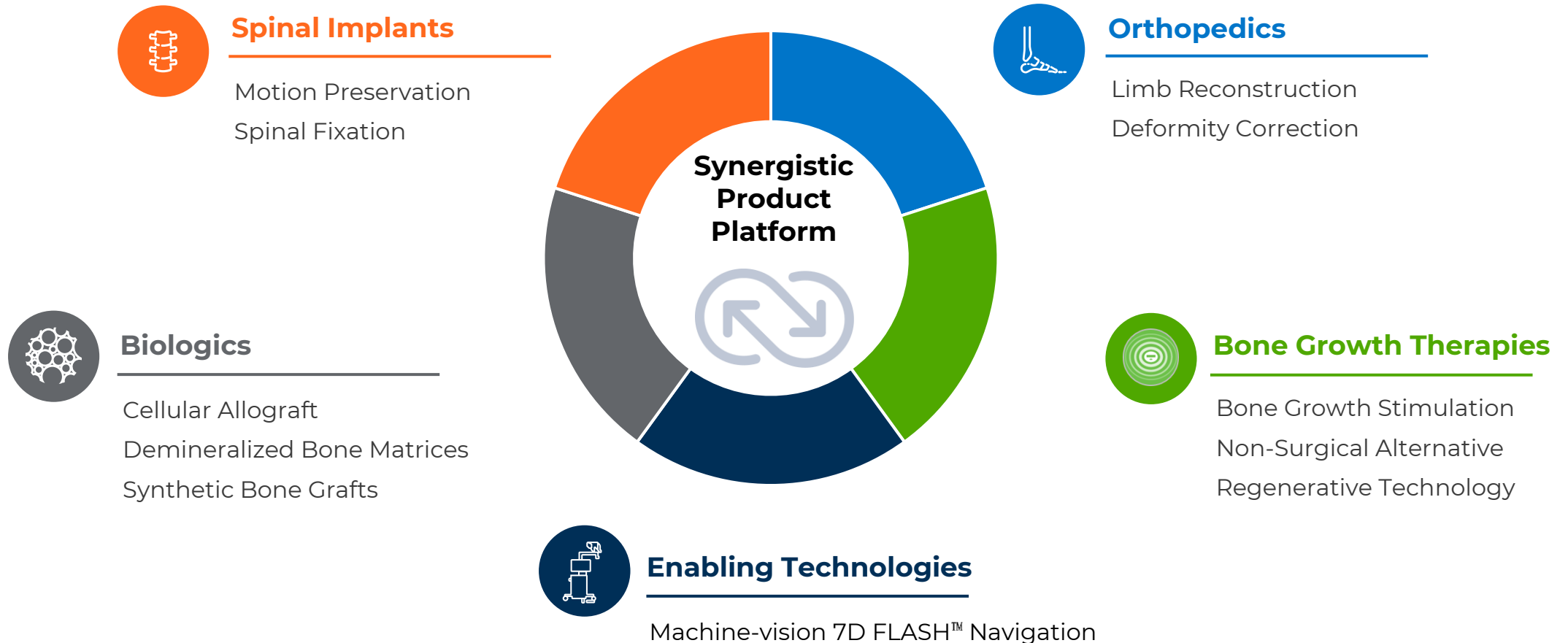


ORTHOPEDICS

- Global Orthopedics grew 6% on constant currency basis; U.S. Orthopedics grew 7%
- 510(k) clearance for Fitbone[™] Trochanteric Nail and Fitbone[™] Transport and Lengthening System – both in limited market release, full launch expected in Q2 2025 

Synergistic product platforms lay foundation for sustainable, profitable growth

\$7B of Focused, High-Growth Market Segments* | 6% CAGR



SmartTRAK® 2022 – 2026 U.S. Estimates

*Focused growth segments include Enabling Technologies, Motion Preservation, Interbody, DBM, LLIF/OLIF, MIS and Long Bone Stimulation

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FLASH™ Navigation with 7D Technology



World's First Machine-Vision image-guided surgical system, registering spinal anatomy in mere seconds without the need for intraoperative radiation

Scan QR Code to see simplicity of FLASH Navigation in action



Enabling Technologies

Servicing the full continuum of surgical care



7D FLASH™ Navigation is revolutionizing spinal navigation



Eliminates Radiation

Based off preoperative CT or MRI, no intraoperative radiation is required, eliminating exposure to surgeons, staff and patients



Cuts Registration Time

Fastest 3D reconstruction in under 30 seconds



Improves Accuracy & Outcomes

Quickly register segmentally regardless of patient position or movement



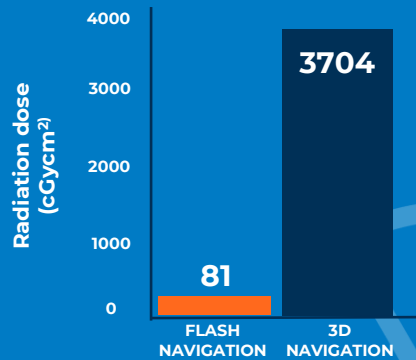
Reduces Costs, Increases Efficiency

Cost-effective, surgeon-controlled, sterile system
Optimized workflow with no line-of-sight challenges

Meaningful advantages with FLASH™ 7D technology

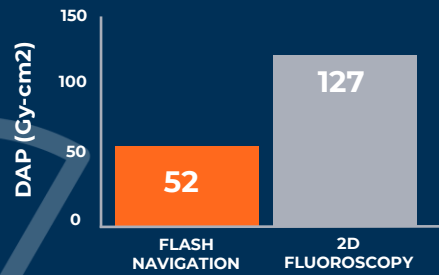
97.8%

reduction in intraoperative radiation during adult degenerative spinal fusions^{1*}



61.0%

reduction in intraoperative radiation during complex pediatric deformity spinal fusions^{2*}



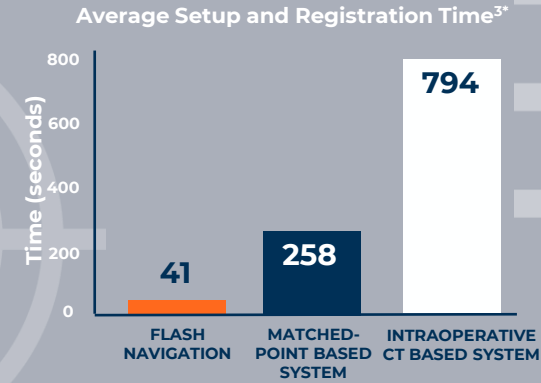
98.8%

accurate with no pedicle breach^{1*}

No neurovascular injuries or return to theatre for screw repositioning^{1-5*}

94.8%

faster than intraoperative CT-based systems^{3*}



63.6

minutes saved per case^{2*}

(1) Malham GM, Munday NR. Comparison of novel machine vision spinal image guidance system with existing 3D fluoroscopy-based navigation system: a randomized prospective study. Spine J. 2022;22(4):561-569. doi:10.1016/j.spinee.2021.10.002

(2) Comstock CP, Wait E. Novel Machine Vision Image Guidance System Significantly Reduces Procedural Time and Radiation Exposure Compared With 2-dimensional Fluoroscopy-based Guidance in Pediatric Deformity Surgery. J Pediatr Orthop. 2023;43(5):e331-e336. doi:10.1097/BPO.0000000000002377

(3) Jakubovic R, Guha D, Gupta S, et al. High Speed, High Density Intraoperative 3D Optical Topographical Imaging with Efficient Registration to MRI and CT for Craniospinal Surgical Navigation. Sci Rep. 2018;8(1):14894. Published 2018 Oct 5. doi:10.1038/s41598-018-32424-z

(4) Lim KBL, Yeo ISX, Ng SWL, Pan WJ, Lee NKL. The machine-vision image guided surgery system reduces fluoroscopy time, ionizing radiation and intraoperative blood loss in posterior spinal fusion for scoliosis [published correction appears in Eur Spine J. 2023 Oct;32(10):3694. doi:10.1007/s00586-023-07869-0]. Eur Spine J. 2023;32(11):3987-3995. doi:10.1007/s00586-023-07848-5

(5) Dorilio J, Utah N, Dowe C, et al. Comparing the Efficacy of Radiation Free Machine-Vision Image-Guided Surgery With Traditional 2-Dimensional Fluoroscopy: A Randomized, Single-Center Study. HSS J. 2021;17(3):274-280. doi:10.1177/15563316211029837

* Not a 7D sponsored clinical study

Key Priorities for 2024

Profitable Growth

Sustainable, differentiated growth engine – avoid “growth at all cost”

- Efficient working capital management – specifically inventory and instrument utilization and DSO efficiency
- Adjusted EBITDA expansion and improved cash flow – now expect to be free cash flow positive for 2H of 2024

Synergistic and Balanced Product Platforms

Leverage technologies and sales channels across complementary product segments

- Diversified portfolio with complementary multifunctional applications
- Continuum of musculoskeletal care integrated by enabling technologies

Strategic Innovation

Focus on continuous innovation to drive growth and capture market share

- Resources deployed to high-value businesses
- Extension of existing product pipeline

2024

Increased Full-Year
Financial Guidance*



\$795M - \$800M Revenue
(Was \$790M - \$795M)

\$64M - \$69M Adjusted EBITDA
(Was \$62M - \$67M)

Free cash flow positive for 2nd Half of 2024

Revenue range above represents 6.7% to 7.4% year-over-year constant currency growth

Guidance information is as of August 6, 2024, based on guidance provided by Orthofix leadership on that date. Inclusion of this information in this presentation is not a confirmation or an update of, and should not be construed or otherwise assumed to reflect any confirmation or update of, that guidance by Orthofix leadership as of any date other than August 6, 2024.

For additional information, please contact:

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NASDAQ: OFIX

Appendix

Condensed Consolidated Balance Sheets

(U.S. Dollars, in thousands, except par value data)	June 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 26,366	\$ 33,107
Restricted Cash	2,500	4,650
Accounts receivable, net of allowances of \$8,368 and \$7,130, respectively	125,361	128,098
Inventories	210,040	222,166
Prepaid expenses and other current assets	21,798	32,422
Total current assets	386,065	420,443
Property, plant, and equipment, net	154,111	159,060
Intangible assets, net	108,310	117,490
Goodwill	194,934	194,934
Other long-term assets	38,578	33,388
Total assets	\$ 881,998	\$ 925,315
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 50,362	\$ 58,357
Current portion of long-term debt	4,688	1,250
Current portion of finance lease liability	734	708
Other current liabilities	100,183	104,908
Total current liabilities	155,967	165,223
Long-term debt	113,315	93,107
Long-term portion of finance lease liability	18,160	18,532
Other long-term liabilities	48,552	49,723
Total liabilities	335,994	326,585
Contingencies		
Shareholders' equity		
Common shares \$0.10 par value; 100,000 shares authorized; 38,039 and 37,165 issued and outstanding as of June 30, 2024, and December 31, 2023, respectively	3,804	3,717
Additional paid-in capital	764,538	746,450
Accumulated deficit	(219,607)	(150,144)
Accumulated other comprehensive loss	(2,731)	(1,293)
Total shareholders' equity	546,004	598,730
Total liabilities and shareholders' equity	\$ 881,998	\$ 925,315

Condensed Consolidated Statements of Operations

(Unaudited, U.S. Dollars, in thousands, except share and per share data)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net sales	\$ 198,620	\$ 187,016	\$ 387,228	\$ 362,220
Cost of sales	63,871	67,465	125,237	132,340
Gross profit	134,749	119,551	261,991	229,880
Sales and marketing	100,224	99,249	200,267	193,040
General and administrative	33,994	34,177	65,642	82,988
Research and development	18,049	19,424	37,541	42,731
Acquisition-related amortization and remeasurement	7,388	3,333	12,784	7,467
Operating loss	(24,906)	(36,632)	(54,243)	(96,346)
Interest expense, net	(4,943)	(1,266)	(9,501)	(2,555)
Other income (expense), net	(2,510)	(20)	(3,784)	656
Loss before income taxes	(32,359)	(37,918)	(67,528)	(98,245)
Income tax benefit (expense)	(1,084)	(1,508)	(1,935)	(2,119)
Net loss	\$ (33,443)	\$ (39,426)	\$ (69,463)	\$ (100,364)
Net loss per common share:				
Basic	\$ (0.88)	\$ (1.07)	\$ (1.84)	\$ (2.77)
Diluted	(0.88)	(1.07)	(1.84)	(2.77)
Weighted average number of common shares (in millions):				
Basic	38.0	36.8	37.8	36.3
Diluted	38.0	36.8	37.8	36.3

Net Sales by Major Product Category by Reporting Segment

Three Months Ended June 30,

(Unaudited, U.S. Dollars, in millions)	2024	2023	Change	Constant Currency Change
Bone Growth Therapies	\$ 59.1	\$ 52.7	12.3%	12.3%
Spinal Implants, Biologics and Enabling Technologies	108.9	105.3	3.4%	3.4%
Global Spine	168.0	158.0	6.4%	6.4%
Global Orthopedics	30.6	29.0	5.3%	6.3%
Net sales	\$ 198.6	\$ 187.0	6.2%	6.4%

Non-GAAP Financial Measures

Adjusted Gross Margin	Three Months Ended June 30,	
	2024	2023
<i>(Unaudited U.S. Dollars, in thousands)</i>		
Gross profit	\$ 134,749	\$ 119,551
Share-based compensation expense	497	482
SeaSpine merger-related costs	3,115	3,782
Strategic investments	63	29
Acquisition-related fair value adjustments	3,047	9,449
Amortization/depreciation of acquired long-lived assets	209	544
Medical device regulation	—	41
Adjusted gross profit	\$ 141,680	\$ 133,878
Adjusted gross margin (Adjusted gross profit / net sales)	71.3%	71.6%

Adjusted EBITDA	Three Months Ended June 30,	
	2024	2023
<i>(Unaudited U.S. Dollars, in thousands)</i>		
Net Loss	\$ (33,443)	\$ (39,426)
Income tax expense (benefit)	1,084	1,508
Interest expense, net	4,943	1,266
Depreciation and amortization	14,032	13,327
Share-based compensation expense	9,959	13,246
Foreign exchange impact	851	(269)
SeaSpine merger-related expenses	5,897	8,206
Strategic investments	311	309
Acquisition-related fair value adjustments	6,117	8,149
Interest and loss on investments	1,813	—
Litigation and investigation costs	(277)	1,291
Succession charges	5,346	262
Medical device regulation	—	2,050
Adjusted EBITDA	\$ 16,633	\$ 9,919
Adjusted EBITDA as a percentage of net sales	8.4%	5.3%

Adjusted Net Income	Three Months Ended June 30,	
	2024	2023
<i>(Unaudited U.S. Dollars, in thousands)</i>		
Net loss	\$ (33,443)	\$ (39,426)
Share-based compensation expense	9,959	13,246
Foreign exchange impact	851	(269)
SeaSpine merger-related costs	5,967	8,049
Strategic investments	371	348
Acquisition-related fair value adjustments	6,117	8,149
Amortization/depreciation of acquired long-lived assets	4,648	5,810
Litigation and investigation costs	(277)	1,291
Succession charges	5,346	262
Medical device regulation	—	2,055
Interest and loss on investments	1,764	—
Long-term income tax rate adjustment	416	1,224
Adjusted net income (loss)	\$ 1,719	\$ 739

On the Company's Q2 2024 earnings call held on August 6, 2024, Orthofix management presented Adjusted EBITDA and Adjusted Gross Margin, both of which are non-GAAP financial measures, for the 2nd quarter of 2024. These tables present reconciliations of various financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), to various non-GAAP financial measures that exclude items specified in the tables. The GAAP measures shown in the tables represent the most comparable GAAP measure to the applicable non-GAAP measure(s) shown in the table. For further information regarding the nature of these exclusions, why the Company believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K regarding the press release filed on August 6, 2024 with the SEC and available on the SEC's website at www.sec.gov and on the "Investors" page of the Company's website at www.orthofix.com.