

02-Mar-2026

Orthofix Medical, Inc. (OFIX)

Canaccord Genuity Musculoskeletal Conference

CORPORATE PARTICIPANTS

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

OTHER PARTICIPANTS

Caitlin Roberts

Analyst, Canaccord Genuity LLC

MANAGEMENT DISCUSSION SECTION

Caitlin Roberts

Analyst, Canaccord Genuity LLC

All right. Good morning, and thank you for joining us for this year's Canaccord Genuity Musculoskeletal Conference. My name is Caitlin Roberts and I am one of the medical device analysts here at Canaccord Genuity. I am here with Orthofix, a global medical device company specializing in differentiated orthopedic and spinal solutions. We're very pleased to be joined today by Julie Andrews, CFO; and Julie Dewey, Chief Investor Relations and Communications Officer.

And before we begin, I want to remind everyone of any relevant disclosures which can be found on our conference and our firm website. We'll begin with a fireside chat, and I'll try to leave a few minutes at the end for any questions from the audience.

QUESTION AND ANSWER SECTION

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

So with that, we'll get started. Just let's start off with the Q4 since you guys announced earnings last week. What do you really want investors to understand coming out of the results?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. Thank you, Caitlin. It's good to be here this morning. So, Q4 for us capped quarter of meaningful operational progress for the company and I think really demonstrated that our strategy is working. We exited the year with strong growth across – and strong momentum across our businesses, continuing growth with our BGT business, Bone Growth Therapies and our US Limb Reconstruction business and improving performance in Spine where we completed our distributor transitions for the year.

We also delivered our eighth quarter of EBITDA margin expansion and had a strong positive free cash flow, underscoring our discipline and our choices that we're making and the scalability of our model. So now, I think, as we kind of go into 2026, we have a fully aligned commercial channel, strong financial foundation and a robust innovation pipeline, so we're excited about the groundwork that we laid and where we're going.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

Great. And guidance is calling for 5.5% pro forma growth at the midpoint, 70 bps of adjusted EBITDA margin expansion and free cash flow positivity in fiscal year 2026. How are you thinking about the cadence of these goals throughout the year?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So we expect normalized – normal procedure volume and seasonality throughout the year. Net sales growth in the first half of the year is expected to be approximately 5% and then 6% in the second half of the year. As a reminder, Q1 has one less selling day. Q2 has one additional selling day. And then Q1 will also have some impact about 1% for total company related to the CMS pilot program on the BGT business.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then as it relates to that top line further, how are you thinking about growth within each of the segments?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yes. So, within each of the segments, we continue to expect Bone Growth Therapies to be a steady performer growing above market growth after we kind of get through Q1, we don't expect that CMS pilot program to be a material impact for the year. Our US Limb Reconstruction business, we expect will return to double-digit growth in the second half of the year after we finalized some sunseting of non-core products that we did towards the end of

last year. Spine, we expect – we exited 2025 on a good kind of momentum and so we expect improved performance throughout the year in Spine.

And then 7D, while it's a smaller part of our portfolio, it is very meaningful to us, especially as it's contributing to our Spine Fixation growth. We are intentionally moving our strategy away from capital sales and shifting it more of an earn-out program, so we'll have some overall impact to the growth specifically in that tech – in that space but we'll see the growth on the Spine Fixation business.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then what are your biggest levers this year, you would say, to drive outperformance on the top and the bottom lines?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. I mean, it's all about commercial execution on the top line, on the bottom line margin improvement. We have some specific targeted programs that we're working on to improve margin. And then continuing with our focus on financial discipline and building operational momentum that we've established over the last couple of years. So again, the scalable with our model we think is really starting to show with the EBITDA margin expansion that we've had over the past couple of years. This year with our guidance, we'll have since 2023 more than doubled our EBITDA for the – over that time period and then also returning to free cash flow positivity for the full year expected in 2026, we were near breakeven in 2025 after exiting a year two years ago with \$100 million in use of cash.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then just something else that you announced on your earnings call, just the long-range plan goals being pushed out one year from 2027 to 2028, but the same goals. What was the rationale for pushing these out? And then why did the Spine channel upgrade really caused that pushing out. And then any risk to the targets getting pushed out or change further given the channel upgrades?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. Thank you. The decision to recalibrate the timeline from 2027 to 2028 was really to fully capture the benefit of the Spine channel optimization that we exited throughout 2025. The recalibration of that timeline doesn't speak to the end markets or our belief in our ability to succeed in those end markets, but more around just the timeline of shifting as we really spent time in 2025 upgrading our channel and we felt like it was absolutely the right long-term move to do to upgrade our channel, but it will require us more time to fully see the benefits to materialize.

So, those are now mainly behind us. The commercial channel is fully aligned, and we're seeing healthier momentum as we start this year and as we exited 2025. So, we feel confident in the timeline that we've established. We've got the heavy lifting behind us on the channel optimization. We did sign up some new IDN accounts at the end of the year last year and so that we believe the business is setup well for 2026 and beyond.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then maybe just turning to Spine even further with these upgrades, just maybe speak to the efforts last year you noted you were done with the upgrades, but then are these really best practices that you'll continue to utilize going forward?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. I mean the significant work that we did, we would say is done is behind us. But, of course, if there is always an opportunity to make changes in certain specific targeted areas, we will take advantage of that. I think one of the things that is encouraging to us, if you look at our business now, over 75% of our business is with our top 30 distributors. And if you go back to 2024, that was less than 50%. So we've really done a significant job to consolidate our channel, which is really important. And so, we have an aligned channel, they are focused, they are two partners and so we really feel good about where we are. But, of course, if there is opportunity in specific areas, we'll take advantage of that.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then what would you say your selling points are to the distributors and the surgeons as a smaller company in the space? Is there anything such as gaps in your portfolio that would make a surgeon or distributor hold back from becoming a customer?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yes. So, I mean, I think our selling point points are focused. We do have differentiated technology and we're able to partner in a very nimble way. Our innovation pipeline now is stronger than it's been in recent years. We're making meaningful and continued enhancements to 7D, which helps them with their business and is a growth catalyst for our partners. And we don't, at this point, see any significant gaps in our portfolio. We feel like we have a broad base. They can really represent all of the therapies that your physician would need.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then also the landscape is really continuing to evolve competitively as certain strategics really shut their Spine businesses, others maintain a steady focus. How you've been able to really capitalize on that disruption in the marketplace?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah, I mean, so we've been able to take advantage of that in 2025 with bringing new distributors on. And we think that anytime there is a disruption, it can create opportunity. And as we see that opportunity, if it makes sense for us with our goals, we'll take advantage of that opportunity.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then maybe we'll touch on 7D further, where did you end 2025 with 7D from an adoption perspective?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, we don't specifically talk about placements, but our earn-out placements were 30% up above 2024, so strong activity in the year. And then, another thing with those placements is that we saw that our placement accounts collectively were over 50% of their volume commitments. So, really strong usage with those earn-outs that we're placing that. We're really seeing high attachments to our other products and the ability for to pull through. So, very encouraging results.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And 7D really has this image list workflow and quick registration which are positive selling points, and how much has – have those the radiation reduction really been selling points to doctors and is it something they're increasingly concerned about?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. I think it has become more of a discussion, a more frequent discussion and is increasingly getting awareness. Over the past few years, that trend is only continuing. And what we consistently hear is that clinicians are concerned about their exposure, but not only their exposure, the OR staff exposure as well as their patients. And so, is this kind of is continuing, it perfectly kind of aligns with what 7D can provide in an OR from a radiation-free or 98% radiation-free environment in the OR.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then just reception in different sites of care, what's your mix currently between inpatient versus outpatient ASC placements of 7D?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So again, we don't specifically talk about that, but 7D is very well-positioned to succeed in either care setting. Its footprint is small and so it can succeed either in a hospital setting or in the ASC setting, and we have examples where it's doing well in both of those care settings.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then can you speak to the pipeline? Any new features you plan to add to the system in the coming years?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yes. So, what I would say is that those features, while we're not going to talk about them specifically, that they are focused on the themes that make 7D so attractive, which is workflow efficiency, clinical precision and reduced radiation exposure. So, those are the areas where we're really focusing as we think about what's next for 7D and bringing new technology to that.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

Maybe just rounding out this channel and talking about biologics. So on the earnings call, I think you noted a renewed focus on biologics and how the Spine distribution upgrades really impacted this business and what have you done internally to refocus?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, over the past year or so, we have seen some softness in biologics, particularly as we've worked through this channel optimization on Spine. And so we've really taken steps to reenergize this business. We've made some internal changes in terms of optimizing our sales channel and our leadership, we're strengthening kind of our oversight of that business and investing more in clinical data for that business. And we're excited about what we're seeing as we start to Q4 – or Q1, excuse me.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And just maybe to understand the channel a bit better, does a distributor necessarily have to carry your biologics with your spinal implants? Or can this be separate lines of business? Do most end up utilizing both?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. Generally speaking, a Spine distributor will also carry our biologics bag as well, but we're not limited to that, so we can't go beyond. And so, where it makes sense, in addition, we are seeing opportunity with our Limb Reconstruction business that it's not just a Spine platform, but can also be used with Limb Reconstruction. So, we see opportunity beyond just our Spine channel, which makes it a great durable business for us.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

Maybe just turning to Limb Recon, you renamed the segment this quarter from Orthopedics. Just give us maybe the rationale for the switch.

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, we renamed our Orthopedics business to Limb Reconstruction. We believe it more accurately reflects kind of our strategic priority and our strategic focus. The old name Orthopedics was also often conflated with hips and knees and which was in our business and what we did. So, the new name for us highlights kind of our differentiation – our differentiated portfolio and the surgeons that we're really supporting. And so, it really focuses on four high-value clinical areas; limb preservation, limb lengthening, complex fracture management and extremity and deformity correction, and better reflects what we do and what we provide in the marketplace.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And we've talked a lot about the Spine distribution upgrades you've made, but maybe talk to the US Ortho go-to-market strategy here and how greenfield is it for you guys?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah, so it's still very much a greenfield. The US is still very much a greenfield opportunity for us. The Limb Reconstruction business is primarily the majority of the business is international right now outside the US and about 70% and about 30% in the US, so we see a significant opportunity. There is a \$2.6 billion TAM in the markets that we play in, and we see a significant opportunity to focus there. There is not other companies that are focused on it. We believe in the same way that we are right now and so we're excited. We're continuing to see enthusiasm from our distributors that are looking to partner with a company that's bringing these unique capabilities to the market.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And then what products do you have left to fully launch or even just launch initially in the US in this segment, anything new to the products portfolio coming down the pipeline that you want to highlight?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, we are still focused on launching our TRUELOK Elevate product line and our FITBONE Bone Transport as well in Trochanteric Nails, so those were launches last year. They are market development opportunities. So, there is a long ramp to get where we want to get and make those meaningful. We're also looking at helping additional – bring additional technologies that automate those procedures. And so really investing, we believe that that's an area that's really untapped today in the marketplace than we're focusing on.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And you noted the business is pretty leveraged to international at this point. What's really the strategy over time and do you expect to become more leveraged to the US versus international?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, our international Limb Recon business is definitely more penetrated than the US. It's a very important part of our business. It's where the business started back in 1980, was really around this business in Verona, Italy. And so, we will continue look to be a meaningful part of our portfolio. But we believe that in the US, really to make the business what it needs to be, we also need to have a focus on the US and so that's really the transition you've seen from us over the past, I would say, 18 months or so as we brought on new leadership, and we've really refocused and really defined ourselves as a limb recon company.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And you've had pretty high growth in the US recently. I mean, how long do you expect to really sustain that high-growth trajectory?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. I mean, we see that being sustained and that our US Limb Recon business will grow faster than the overall company growth rate over a number of years. Again, it's a really large TAM. We've got really compelling technology that we're bringing into that space and we're just really at the beginning of that journey.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

And maybe let's quickly touch on M&A. How are you viewing the opportunities in the space? Where would you like to bolster your portfolio inorganically?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. So, I mean, we always keep our eye on external opportunities. Right now, we're focused on running the business and generating positive free cash flow. But if something makes sense, I'd say more of a tuck-in type of thing, we would definitely be looking at that and we're kind of now at the phase with what we've done financially with strengthening our balance sheet over the past two years that we're able to consider those things and take them on.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Q

Awesome. And then just maybe wrapping up anything you want to leave investors with about the business and about the quarter to highlight as we finish up?

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

A

Yeah. Thank you. Yeah. I mean, Orthofix today is, I think, fundamentally a stronger company than it was a couple of years ago. We're commercially aligned, innovative, innovation-driven and we have a much greater financial discipline than we've had at any point in our recent past.

Our financial foundation is strong, and we've – so, we're very excited as we're looking forward. I think from my perspective, the opportunity that we have ahead is very meaningful and makes Orthofix a compelling story and a place where we can create long-term shareholder value.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Wonderful. A few minutes left. If anybody has any questions in the audience. All right. We can wrap up early then. Thank you.

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

Shout out for the lunch panel, our Chief Enabling Technologies Officer, Beau Standish, will be participating. So if you're interested in learning more about 7D and a few things that Julie talked about in terms of that lunchtime panel today.

Caitlin Roberts

Analyst, Canaccord Genuity LLC

Thank you, Julie. Great shout-out. Thank you, everyone.

Julie B. Andrews

Chief Financial Officer, Orthofix Medical, Inc.

Thank you.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.