# Supplemental Financials
# 4Q23 and FY23 Earnings

**March 5, 2024**

ORTHOFIX® SeaSpine®

# 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 and adjusted EBITDA 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. 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.

# Q4 and Full Year 2023 Results Summary

| Fourth Quarter 2023 Results Summary (in millions) | | | |
|---|---|---|---|
| | | Q4 2023 | Pro Forma Constant Currency Change |
| Bone Growth Therapies | $ | 58.7 | 15.1% |
| Spinal Implants, Biologics, and Enabling Technologies | $ | 111.1 | 4.0% |
| Global Spine | $ | 169.8 | 7.6% |
| Global Orthopedics | $ | 30.6 | 2.7% |
| Total Net Sales | $ | 200.4 | 6.9% |
| Adjusted Gross Margins | | 72.2% | 4.8% |
| Adjusted EBITDA | $ | 19.6 | 96.0% |

| Full Year 2023 Results Summary (in millions) | | | |
|---|---|---|---|
| | | FY 2023 | Pro Forma Constant Currency Change |
| Bone Growth Therapies | $ | 212.5 | 13.5% |
| Spinal Implants, Biologics, and Enabling Technologies | $ | 418.8 | 3.1% |
| Global Spine | $ | 631.3 | 6.4% |
| Global Orthopedics | $ | 115.3 | 5.2% |
| Total Net Sales | $ | 746.6 | 6.2% |
| Adjusted Gross Margins | | 71.4% | 3.9% |
| Adjusted EBITDA | $ | 46.3 | 69.0% |

Q4 Total Net Sales: $200M; 6.9% y/y growth
FY Total Net Sales: $747M; 6.2% y/y growth

Q4 Adjusted EBITDA: $19.6M; 9.8% of sales
vs $10M in 4Q22; 5.4% of sales

FY Adjusted EBITDA: $46.3; 6.2% of sales
vs $27.4M in FY22; 3.9% of sales

FY23 Sales & Marketing: $386M; 51.7% of sales

FY23 R&D: $80.2M; 10.7% of sales

# Q4 2023 Key Messages

- Strong fundamentals with compelling growth opportunity and value proposition across diverse portfolio
- Merger thesis remains intact
- Capitalizing on market disruption through expansion of distributor network
- Solid operational execution with sequential gains in Adjusted EBITDA and gross margin
- Commitment to profitable growth

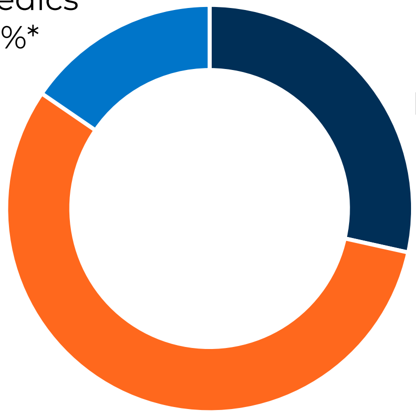
 

# Fourth Quarter and Full Year Revenues

**Diversified and complementary portfolio platform with broad clinical reach**

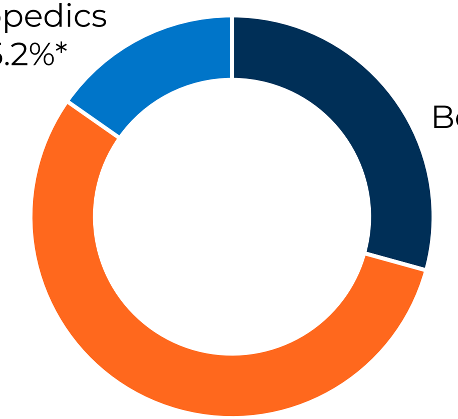
## Q4

**Total Revenues**
$200.3M
+6.9%*




## FY23

**Total Revenues**
$746.6M
+6.2%*




* Y/Y Growth (Decline) on Proforma Constant Currency basis

# Complementary High Growth Portfolio

**$7B** of Focused High-Growth Market Segments* | 6.1% CAGR

### Spinal Implants

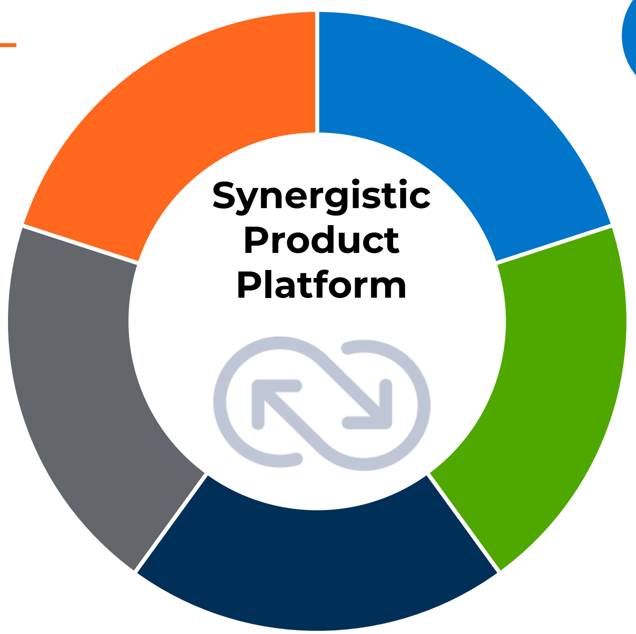
Motion Preservation

Spinal Fixation

### Orthopedics

Limb Reconstruction

Deformity Correction




### Biologics

Cellular Allograft

Demineralized Bone Matrices

Synthetic Bone Grafts

### Bone Growth Therapies

Bone Growth Stimulation

Non-Surgical Alternative

Regenerative Technology

### Enabling Technologies

Machine-vision 7D FLASH™ Navigation

SmartTRAK® 2022 – 2026 U.S. Estimates

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

ORTHOFIX SeaSpine

# 2024

## Full Year Guidance*

**$785 – 795M** Revenue

**$62 – 67M** Adjusted EBITDA

**Cash Flow Positive Exiting Q4 2024**

Revenue ranges above represent 5% to 7% year-over-year growth

Guidance information is as of March 5, 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 ay confirmation or update of, that guidance by Orthofix leadership as of any date other than March 5, 2024.

*As of the Company's Q4 2023 Earnings Call hosted on March 5, 2024

# 2024 Key Priorities

## Profitable Growth

- Sustainable differentiated growth engine
- Adjusted EBITDA improvements
- Effective management of cash flow
- Optimization of cost synergies
- Cash flow positive for Q4 2024
- Avoid "growth at all cost"

## Synergistic Product Platform

- Leverage technologies and sales channels across all product segments
- Diversified portfolio with complementary multifunctional applications
- Continuum of musculoskeletal care integrated by enabling technologies
- Cross selling opportunities

## Innovation

- Continued innovation as a growth driver
- Allocation of resources to high value businesses
- Product development that enables market share gain
- Extension of existing product pipeline

## Condensed Consolidated Balance Sheets

| (U.S. Dollars, in thousands, except par value data) | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | $ 33,107 | $ 50,700 |
| Restricted cash | 4,650 | — |
| Accounts receivable, net of allowances of $7,130 and $6,419, respectively | 128,098 | 82,857 |
| Inventories | 222,166 | 100,150 |
| Prepaid expenses and other current assets | 32,422 | 22,283 |
| Total current assets | 420,443 | 255,990 |
| Property, plant, and equipment, net | 159,060 | 58,229 |
| Intangible assets, net | 117,490 | 47,388 |
| Goodwill | 194,934 | 71,317 |
| Other long-term assets | 33,388 | 25,705 |
| **Total assets** | **$ 925,315** | **$ 458,629** |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable | $ 58,357 | $ 27,598 |
| Current portion of long-term debt | 1,250 | — |
| Current portion of finance lease liability | 708 | 652 |
| Other current liabilities | 104,908 | 55,374 |
| Total current liabilities | 165,223 | 83,624 |
| Long-term debt | 93,107 | — |
| Long-term portion of finance lease liability | 18,532 | 19,239 |
| Other long-term liabilities | 49,723 | 18,906 |
| Total liabilities | 326,585 | 121,769 |
| Contingencies | | |
| Shareholders' equity | | |
| Common shares $0.10 par value; 100,000 shares authorized; 37,165 and 20,162 issued and outstanding as of December 31, 2023 and 2022, respectively | 3,717 | 2,016 |
| Additional paid-in capital | 746,450 | 334,969 |
| Retained earnings (accumulated deficit) | (150,144) | 1,251 |
| Accumulated other comprehensive loss | (1,293) | (1,376) |
| Total shareholders' equity | 598,730 | 336,860 |
| **Total liabilities and shareholders' equity** | **$ 925,315** | **$ 458,629** |

## Condensed Consolidated Statements of Operations

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| (U.S. Dollars, in thousands, except share and per share data) | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | | | |
| Net sales | $ 200,415 | $ 122,229 | $ 746,641 | $ 460,713 |
| Cost of sales | 63,785 | 33,053 | 260,368 | 123,544 |
| Gross profit | 136,630 | 89,176 | 486,273 | 337,169 |
| Sales and marketing | 97,749 | 59,324 | 385,736 | 228,810 |
| General and administrative | 34,535 | 25,470 | 144,659 | 79,966 |
| Research and development | 18,941 | 13,152 | 80,231 | 49,065 |
| Acquisition-related amortization and remeasurement | 3,720 | 2,274 | 14,757 | (7,404) |
| Operating loss | (18,315) | (11,044) | (139,110) | (13,268) |
| Interest expense, net | (4,500) | (229) | (8,631) | (1,288) |
| Other income (expense), net | 766 | 4,286 | (938) | (3,150) |
| Loss before income taxes | (22,049) | (6,987) | (148,679) | (17,706) |
| Income tax expense | (125) | (75) | (2,716) | (2,043) |
| **Net loss** | **$ (22,174)** | **$ (7,062)** | **$ (151,395)** | **$ (19,749)** |
| Net loss per common share: | | | | |
| Basic | $ (0.59) | $ (0.35) | $ (4.12) | $ (0.98) |
| Diluted | (0.59) | (0.35) | (4.12) | (0.98) |
| Weighted average number of common shares (in millions): | | | | |
| Basic | 37.3 | 20.2 | 36.7 | 20.1 |
| Diluted | 37.3 | 20.2 | 36.7 | 20.1 |

## Net Sales by Major Product Category (as reported)

| (Unaudited, U.S. Dollars, in millions) | Three Months Ended December 31, 2023 | 2022 | Change | Constant Currency Change |
|---|---|---|---|---|
| Bone Growth Therapies | $ 58.8 | $ 51.0 | 15.3% | 15.3% |
| Spinal Implants, Biologics, and Enabling Technologies | 111.0 | 42.5 | 161.2% | 160.7% |
| Global Spine | 169.8 | 93.5 | 81.6% | 81.4% |
| Global Orthopedics | 30.6 | 28.7 | 6.8% | 2.7% |
| Net sales | $ 200.4 | $ 122.2 | 64.0% | 62.9% |

## Net Sales by Major Product Category (as reported)

| (Unaudited, U.S. Dollars, in millions) | Year Ended December 31, 2023 | 2022 | Change | Constant Currency Change |
|---|---|---|---|---|
| Bone Growth Therapies | $ 212.5 | $ 187.2 | 13.5% | 13.5% |
| Spinal Implants, Biologics, and Enabling Technologies | 418.8 | 166.0 | 152.4% | 152.4% |
| Global Spine | 631.3 | 353.2 | 78.8% | 78.7% |
| Global Orthopedics | 115.3 | 107.5 | 7.2% | 5.2% |
| Net sales | $ 746.6 | $ 460.7 | 62.1% | 61.6% |

## Net Sales by Major Product Category (pro forma)

| (Unaudited, U.S. Dollars, in millions) | Three Months Ended December 31, 2023 | 2022 Pro Forma | Change | Constant Currency Change |
|---|---|---|---|---|
| Bone Growth Therapies | $ 58.8 | $ 51.0 | 15.3% | 15.3% |
| U.S. Spinal Implants, Biologics and Enabling Technologies | 100.6 | 96.4 | 4.4% | 4.4% |
| International Spinal Implants, Biologics, and Enabling Technologies | 10.4 | 10.3 | 0.7% | 0.1% |
| Total Spinal Implants, Biologics, and Enabling Technologies | 111.0 | 106.7 | 4.0% | 4.0% |
| Global Spine | 169.8 | 157.7 | 7.7% | 7.6% |
| Global Orthopedics | 30.6 | 28.7 | 6.8% | 2.7% |
| Net sales | $ 200.4 | $ 186.4 | 7.5% | 6.9% |

-

## Net Sales by Major Product Category (pro forma)

| (Unaudited, U.S. Dollars, in millions) | Year Ended December 31, 2023 | 2022 Pro Forma | Change | Constant Currency Change |
|---|---|---|---|---|
| Bone Growth Therapies | $ 212.5 | $ 187.2 | 13.5% | 13.5% |
| U.S. Spinal Implants, Biologics and Enabling Technologies | 379.4 | 352.5 | 7.6% | 7.6% |
| International Spinal Implants, Biologics, and Enabling Technologies | 39.4 | 53.6 | (26.5%) | (26.6%) |
| Total Spinal Implants, Biologics, and Enabling Technologies** | 418.8 | 406.0 | 3.1% | 3.1% |
| Global Spine | 631.3 | 593.3 | 6.4% | 6.4% |
| Global Orthopedics | 115.3 | 107.5 | 7.2% | 5.2% |
| Net sales*** | $ 746.6 | $ 700.8 | 6.5% | 6.2% |

** Pro forma net sales for 2022 for Spinal Implants, Biologics, and Enabling Technologies include the impact of final Spinal Implant stocking orders to European distributors prior to SeaSpine's exit from that market. Excluding the impact of these transactions, net sales growth for this product category was 6.3% on a pro forma reported basis and pro forma constant currency basis.

*** Pro forma net sales for 2022 include the impact of final Spinal Implant stocking orders to European distributors prior to SeaSpine's exit from that market. Excluding the impact of these transactions, net sales growth was 8.4% on a pro forma reported basis and 8.1% on a pro forma constant currency basis.

# Proforma Non-GAAP Financial Measures

## Adjusted EBITDA

| *($ in millions)* | Q4 22 (Proforma) OFIX | Q4 22 (Proforma) SPNE | Q4 22 (Proforma) NewCo | NewCo Q4 23 | NewCo Q4 22 | NewCo Change |
|---|---|---|---|---|---|---|
| **Loss before income taxes** | **$ (6.987)** | **$ (20.287)** | **$ (27.274)** | **$ (22.049)** | **$ (27.274)** | **$ 5.225** |
| *Non-GAAP adjustments* | | | | | | |
| Interest expense, net | $ 0.229 | $ 0.202 | $ 0.431 | $ 4.501 | $ 0.431 | $ 4.070 |
| Depreciation and intangible asset amortization expense | 7.421 | 4.349 | 11.770 | 13.969 | 11.770 | 2.199 |
| Share-based compensation expense | 4.923 | 3.412 | 8.335 | 3.141 | 8.335 | (5.194) |
| Foreign exchange impact and other non-operating expense/(gain) | (4.195) | (0.147) | (4.342) | (2.637) | (4.342) | 1.705 |
| SeaSpine merger-related expenses | 9.073 | 2.616 | 11.689 | 2.261 | 11.689 | (9.428) |
| Strategic investments | 0.771 | (0.016) | 0.755 | 0.390 | 0.755 | (0.365) |
| Acquisition-related fair value adjustments | 0.200 | - | 0.200 | 6.486 | 0.200 | 6.286 |
| Loss on investment securities | 0.001 | - | 0.001 | 1.781 | 0.001 | 1.780 |
| Legal judgments/settlements | 0.337 | 1.066 | 1.403 | 8.842 | 1.403 | 7.439 |
| Medical device regulation | 3.481 | - | 3.481 | 1.953 | 3.481 | (1.528) |
| Business interruption - COVID-19 | 0.512 | - | 0.512 | - | 0.512 | (0.512) |
| Succession and transition charges | - | - | - | 1.007 | - | 1.007 |
| Spinal set instrument replacement expense | - | 2.630 | 2.630 | - | 2.630 | (2.630) |
| European sales and marketing organization restructuring | - | 0.426 | 0.426 | - | 0.426 | (0.426) |
| **Total Non-GAAP adjustments** | **$ 22.753** | **$ 14.538** | **$ 37.291** | **$ 41.694** | **$ 37.291** | **$ 4.403** |
| **Adjusted EBITDA loss** | **$ 15.766** | **$ (5.749)** | **$ 10.017** | **$ 19.645** | **$ 10.017** | **$ 9.628** |

## Adjusted Gross Margin

| *($ in millions)* | Q4 22 (Proforma) OFIX | Q4 22 (Proforma) SPNE | Q4 22 (Proforma) NewCo | | NewCo Q4 23 | NewCo Q4 22 | NewCo Change |
|---|---|---|---|---|---|---|---|
| Total revenue, net | $ 122.229 | $ 64.144 | $ 186.373 | | $ 200.415 | $ 186.373 | $ 14.042 |
| Gross profit | $ 89.176 | $ 38.515 | $ 127.691 | (1) | $ 136.630 | $ 127.691 | $ 8.939 |
| Add back: | - | - | | | | | |
| Share-based compensation expense | 0.217 | 0.102 | 0.318 | | $ 0.462 | $ 0.318 | $ 0.144 |
| SeaSpine merger-related costs | - | - | - | | 0.214 | - | 0.214 |
| Strategic investments | 0.439 | - | 0.439 | | 0.125 | 0.439 | (0.314) |
| Acquisition-related fair value adjustments | - | - | - | | 7.037 | - | 7.037 |
| Amortization/depreciation of acquired long-lived assets | - | - | - | | 0.373 | - | 0.373 |
| Medical device regulation | 0.001 | - | 0.001 | | (0.072) | 0.001 | (0.073) |
| Adjusted gross profit | $ 89.833 | $ 38.617 | $ 128.450 | | $ 144.769 | $ 128.450 | $ 16.320 |
| **Adjusted gross margin (Adjusted gross profit / Total revenue, net)** | **73.5%** | **60.2%** | **68.9%** | | **72.2%** | **68.9%** | **3.3%** |

(1) SeaSpine gross profit reflects reclassifications of certain expenses to conform to Orthofix presentation.

On the Company's Q4 2023 earnings call held on March 5, 2024, Orthofix management presented Proforma Adjusted EBITDA and Adjusted Proforma Gross Margin, both of which are non-GAAP financial measures, for the 4th quarter of 2022. Those proforma non-GAAP financial measures are intended to report the financial impact of the merger with SeaSpine on Adjusted EBITDA and Adjusted Gross Margin as if the merger had occurred on January 1, 2022, in order to assist investors with comparing those proforma results to those same non-GAAP financial measures as reported for the 4th quarter of 2023.

A reconciliation of proforma Adjusted EBITDA for each quarter of 2022 to the nearest GAAP financial measure for each of SeaSpine and Orthofix is presented on this slide.

For further information on the reasons for and nature of non-GAAP disclosures by Orthofix and descriptions of the adjustments used to calculate non-GAAP financial measures, please see the Company's Current Report on Form 8 K filed on March 5, 2024.

ORTHOFIX SeaSpine

# Historical 2022 Quarterly Proforma Adjusted EBITDA

| **Proforma Historical Adjusted EBITDA** | Q1 22 | | | Q2 22 | | | Q3 22 | | | Q4 22 | | | FY 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ in millions)* | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo |
| **Loss before income taxes** | **$ (4.389)** | **$ (16.832)** | **$ (21.221)** | **$ 3.042** | **$ (15.094)** | **$ (12.052)** | **$ (9.372)** | **$ (15.111)** | **$ (24.483)** | **$ (6.987)** | **$ (20.287)** | **$ (27.274)** | **$ (17.706)** | **$ (67.324)** | **$ (85.030)** |
| *Non-GAAP adjustments* | | | | | | | | | | | | | | | |
| Interest expense, net | $ 0.375 | $ - | $ 0.375 | $ 0.407 | $ 0.293 | $ 0.700 | $ 0.277 | $ 0.149 | $ 0.426 | $ 0.229 | $ 0.202 | $ 0.431 | $ 1.288 | $ 0.644 | $ 1.932 |
| Depreciation and intangible asset amortization expense | 7.516 | 4.202 | 11.718 | 6.512 | 4.295 | 10.807 | 7.570 | 4.341 | 11.911 | 7.421 | 4.349 | 11.770 | 29.019 | 17.187 | 46.206 |
| Share-based compensation expense | 4.332 | 2.819 | 7.151 | 4.460 | 3.701 | 8.161 | 4.728 | 3.652 | 8.380 | 4.923 | 3.412 | 8.335 | 18.443 | 13.584 | 32.027 |
| Foreign exchange impact and other non-operating expense/(gain) | 1.242 | (0.002) | 1.240 | 2.991 | 0.266 | 3.257 | 3.253 | 0.270 | 3.523 | (4.195) | (0.147) | (4.342) | 3.291 | 0.387 | 3.678 |
| SeaSpine merger-related expenses | - | - | - | - | - | - | 2.937 | 1.412 | 4.349 | 9.073 | 2.616 | 11.689 | 12.010 | 4.028 | 16.038 |
| Strategic investments | 0.970 | 0.372 | 1.342 | 1.824 | (0.010) | 1.814 | 0.455 | 0.016 | 0.471 | 0.771 | (0.016) | 0.755 | 4.020 | 0.362 | 4.382 |
| Acquisition-related fair value adjustments | (5.500) | 0.125 | (5.375) | (10.714) | 0.083 | (10.631) | 0.419 | - | 0.419 | 0.200 | - | 0.200 | (15.595) | 0.208 | (15.387) |
| Loss on investment securities | 0.065 | - | 0.065 | 0.123 | - | 0.123 | (0.001) | - | (0.001) | 0.001 | - | 0.001 | 0.188 | - | 0.188 |
| Legal judgments/settlements | 0.193 | - | 0.193 | 0.148 | - | 0.148 | 0.125 | 0.544 | 0.669 | 0.337 | 1.066 | 1.403 | 0.803 | 1.610 | 2.413 |
| Medical device regulation | 1.952 | - | 1.952 | 2.246 | - | 2.246 | 2.582 | - | 2.582 | 3.481 | - | 3.481 | 10.261 | - | 10.261 |
| Business interruption - COVID-19 | 0.343 | - | 0.343 | 0.316 | - | 0.316 | 1.216 | - | 1.216 | 0.512 | - | 0.512 | 2.387 | - | 2.387 |
| Succession and transition charges | 0.010 | - | 0.010 | 0.068 | - | 0.068 | 0.068 | - | 0.068 | - | - | - | 0.146 | - | 0.146 |
| Spinal set instrument replacement expense | - | 1.018 | 1.018 | - | 1.665 | 1.665 | - | 1.866 | 1.866 | - | 2.630 | 2.630 | - | 7.179 | 7.179 |
| European sales and marketing organization restructuring | - | 0.279 | 0.279 | - | 0.127 | 0.127 | - | 0.152 | 0.152 | - | 0.426 | 0.426 | - | 0.984 | 0.984 |
| **Total Non-GAAP adjustments** | **$ 11.498** | **$ 8.813** | **$ 20.311** | **$ 8.381** | **$ 10.420** | **$ 18.801** | **$ 23.629** | **$ 12.402** | **$ 36.031** | **$ 22.753** | **$ 14.538** | **$ 37.291** | **$ 66.261** | **$ 46.173** | **$ 112.434** |
| **Adjusted Proforma EBITDA (proforma for SeaSpine merger)** | **$ 7.109** | **$ (8.019)** | **$ (0.910)** | **$ 11.423** | **$ (4.674)** | **$ 6.749** | **$ 14.257** | **$ (2.709)** | **$ 11.548** | **$ 15.766** | **$ (5.749)** | **$ 10.017** | **$ 48.555** | **$ (21.151)** | **$ 27.404** |

On the Company's Q4 2023 earnings call held on March 5, 2024, Orthofix management presented Proforma Adjusted EBITDA and Adjusted Proforma Gross Margin, both of which are non-GAAP financial measures, for the 4th quarter of 2022. Those proforma non-GAAP financial measures are intended to report the financial impact of the merger with SeaSpine on Adjusted EBITDA and Adjusted Gross Margin as if the merger had occurred on January 1, 2022, in order to assist investors with comparing those proforma results to those same non-GAAP financial measures as reported for the 4th quarter of 2023.

A reconciliation of proforma Adjusted EBITDA for each quarter of 2022 to the nearest GAAP financial measure for each of SeaSpine and Orthofix is presented on this slide.

For further information on the reasons for and nature of non-GAAP disclosures by Orthofix and descriptions of the adjustments used to calculate non-GAAP financial measures, please see the Company's Current Report on Form 8 K filed on March 5, 2024.

# Historical 2022 Quarterly Proforma Adjusted Gross Margin

| **Proforma Historical Adjusted Gross Margin** | Q1 22 | | | Q2 22 | | | Q3 22 | | | Q4 22 | | | FY 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ in millions)* | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo | OFIX | SPNE | NewCo |
| Total revenue, net | $ 106.418 | $ 51.263 | $ 157.681 | $ 118.070 | $ 56.942 | $ 175.012 | $ 113.996 | $ 67.772 | $ 181.768 | $ 122.229 | $ 64.144 | $ 186.373 | **$460.713** | **$ 240.121** | **$ 700.834** |
| Gross profit[1] | $ 78.100 | $ 28.966 | $ 107.066 | $ 86.470 | $ 35.768 | $ 122.238 | $ 83.423 | $ 38.585 | $ 122.008 | $ 89.176 | $ 38.515 | $ 127.691 | $ 337.169 | $ 141.834 | $ 479.003 |
| Add back: | | | | | | | | | | | | | | | |
| Share-based compensation expense | 0.211 | 0.078 | 0.289 | 0.204 | 0.082 | 0.286 | 0.195 | 0.103 | 0.299 | 0.217 | 0.102 | 0.318 | 0.827 | 0.365 | 1.192 |
| SeaSpine merger-related costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Strategic investments | 0.025 | - | 0.025 | 0.566 | - | 0.566 | 0.304 | - | 0.304 | 0.439 | - | 0.439 | 1.334 | - | 1.334 |
| Acquisition-related fair value adjustments | - | 0.125 | 0.125 | - | 0.083 | 0.083 | - | - | - | - | - | - | - | 0.208 | 0.208 |
| Amortization/depreciation of acquired long-lived assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Medical device regulation | 0.006 | - | 0.006 | 0.008 | - | 0.008 | - | - | - | 0.001 | - | 0.001 | 0.015 | - | 0.015 |
| Adjusted gross profit | $ 78.342 | $ 29.169 | $ 107.511 | $ 87.248 | $ 35.933 | $ 123.181 | $ 83.922 | $ 38.688 | $ 122.611 | $ 89.833 | $ 38.617 | $ 128.450 | $ 339.345 | $ 142.407 | $ 481.752 |
| **Adjusted gross margin (Adjusted gross profit / Total revenue, net)** | **73.6%** | **56.9%** | **68.2%** | **73.9%** | **63.1%** | **70.4%** | **73.6%** | **57.1%** | **67.5%** | **73.5%** | **60.2%** | **68.9%** | **73.7%** | **59.3%** | **68.7%** |

(1) SeaSpine gross profit reflects reclassifications of certain expenses to conform to Orthofix presentation.

On the Company's Q4 2023 earnings call held on March 5, 2024, Orthofix management presented Proforma Adjusted EBITDA and Adjusted Proforma Gross Margin, both of which are non-GAAP financial measures, for the 4th quarter of 2022. Those proforma non-GAAP financial measures are intended to report the financial impact of the merger with SeaSpine on Adjusted EBITDA and Adjusted Gross Margin as if the merger had occurred on January 1, 2022, in order to assist investors with comparing those proforma results to those same non-GAAP financial measures as reported for the 4th quarter of 2023.

A reconciliation of proforma Adjusted EBITDA for each quarter of 2022 to the nearest GAAP financial measure for each of SeaSpine and Orthofix is presented on this slide.

For further information on the reasons for and nature of non-GAAP disclosures by Orthofix and descriptions of the adjustments used to calculate non-GAAP financial measures, please see the Company's Current Report on Form 8 K filed on March 5, 2024.