UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

COMMISSION FILE NO. 001-36905

SeaSpine Holdings Corporation

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	**47-3251758**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	**(I.R.S. EMPLOYER IDENTIFICATION NO.)**

5770 Armada Drive, Carlsbad, CA 92008

(Address of principal executive offices) (zip code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (760) 727-8399

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**SPNE**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	x
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, $0.01 par value, outstanding as of April 29, 2021 was 33,161,083.

SEASPINE HOLDINGS CORPORATION
INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2021	**2020**
Total revenue, net	$ 41,954	$ 36,111
Cost of goods sold	15,366	13,812
Gross profit	26,588	22,299
Operating expenses:		
Selling and marketing	23,399	20,476
General and administrative	10,427	8,554
Research and development	4,506	3,895
Intangible amortization	792	792
Impairment of intangible assets	—	1,325
Total operating expenses	39,124	35,042
Operating loss	(12,536)	(12,743)
Other (expense) income, net	(159)	227
Loss before income taxes	(12,695)	(12,516)
Provision for income taxes	25	35
Net loss	$ (12,720)	$ (12,551)
Net loss per share, basic and diluted	$ (0.46)	$ (0.48)
Weighted average shares used to compute basic and diluted net loss per share	27,913	26,420

The accompanying notes are an integral part of these condensed consolidated financial statements.

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2021	**2020**
Net loss	$ (12,720)	$ (12,551)
Other comprehensive (loss) income		
Foreign currency translation adjustments	(357)	(164)
Unrealized gain on investments	—	190
Comprehensive loss	$ (13,077)	$ (12,525)

The accompanying notes are an integral part of these condensed consolidated financial statements.

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except par value data)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 87,749	$ 76,813
Trade accounts receivable, net of allowances of $123 and $192	25,030	26,154
Inventories, net	58,182	54,041
Prepaid expenses and other current assets	2,729	3,884
Total current assets	173,690	160,892
Property, plant and equipment, net	35,779	31,422
Right of use assets	7,274	7,658
Intangible assets, net	13,373	13,883
Other assets	300	546
Total assets	$ 230,416	$ 214,401
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, trade	12,086	5,006
Accrued compensation	7,346	8,198
Accrued commissions	9,051	8,199
Short-term debt	1,393	1,114
Short-term lease liability	2,159	2,147
Other accrued expenses and current liabilities	7,893	6,063
Total current liabilities	39,928	30,727
Long-term debt	24,781	5,059
Long-term lease liability	6,349	6,802
Other liabilities	91	95
Total liabilities	71,149	42,683
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 15,000 authorized; no shares issued and outstanding at March 31, 2021 and December 31, 2020	—	—
Common stock, $0.01 par value; 60,000 authorized; 27,948 and 27,729 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	279	277
Additional paid-in capital	389,198	388,574
Accumulated other comprehensive income	1,767	2,124
Accumulated deficit	(231,977)	(219,257)
Total stockholders' equity	159,267	171,718
Total liabilities and stockholders' equity	$ 230,416	$ 214,401

The accompanying notes are an integral part of these condensed consolidated financial statements.

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2021	**2020**
OPERATING ACTIVITIES:		
Net loss	$ (12,720)	$ (12,551)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,747	2,608
Instrument replacement expense	730	379
Impairment of intangible assets	—	1,325
Impairment of spinal instruments	—	234
Provision for excess and obsolete inventories	1,321	2,104
Stock-based compensation	2,546	1,983
Other	(36)	(23)
Changes in assets and liabilities:		
Accounts receivable	1,021	4,853
Inventories	(5,411)	(2,354)
Prepaid expenses and other current assets	1,150	937
Other non-current assets	228	(7)
Accounts payable	3,941	3,458
Accrued commissions	850	(2,021)
Other accrued expenses and current liabilities	683	(3,628)
Other non-current liabilities	(8)	(7)
Net cash used in operating activities	(2,958)	(2,710)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,750)	(2,196)
Additions to technology assets	(350)	(850)
Purchases of short-term investments	—	(25,007)
Net cash used in investing activities	(4,100)	(28,053)
FINANCING ACTIVITIES:		
Borrowings under credit facility	20,000	—
Proceeds from exercise of stock options	496	902
Proceeds from issuance of common stock, net of offering costs	—	91,622
Repurchases of common stock for income tax withheld upon vesting of restricted stock awards and restricted stock units	(2,418)	(1,855)
Payment of contingent royalty consideration liabilities in connection with acquisition of business	(19)	(33)
Net cash provided by financing activities	18,059	90,636
Effect of exchange rate changes on cash and cash equivalents	(65)	(66)
Net change in cash and cash equivalents	10,936	59,807
Cash and cash equivalents at beginning of period	76,813	20,199
Cash and cash equivalents at end of period	$ 87,749	$ 80,006
Supplemental cash flow information:		
Interest paid	$ 63	$ 38
Income taxes paid	$ 10	$ 14
Non-cash investing activities:		
Property and equipment in liabilities	$ 4,556	$ 1,055
Intangible assets in liabilities	$ 350	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands)

	Common Stock		Additional	Accumulated Other		Total
	Number of Shares	Amount	Paid-In Capital	Comprehensive Income	Accumulated Deficit	Stockholders' Equity
Balance December 31, 2020	27,729	$ 277	$ 388,574	$ 2,124	$ (219,257)	$ 171,718
Net loss	—	—	—	—	(12,720)	(12,720)
Foreign currency translation adjustment	—	—	—	(357)	—	(357)
Restricted stock issued	175	2	—	—	—	2
Issuance of common stock - exercise of stock options	44	—	496	—	—	496
Repurchases of common stock for income tax withheld upon vesting of restricted stock awards and restricted stock units	—	—	(2,418)	—	—	(2,418)
Stock-based compensation	—	—	2,546	—	—	2,546
Balance March 31, 2021	27,948	279	389,198	1,767	(231,977)	159,267

	Common Stock		Additional	Accumulated Other		Total
	Number of Shares	Amount	Paid-In Capital	Comprehensive Income	Accumulated Deficit	Stockholders' Equity
Balance December 31, 2019	19,124	$ 191	$ 284,211	$ 1,434	$ (176,076)	$ 109,760
Net loss	—	—	—	—	(12,551)	(12,551)
Foreign currency translation adjustment	—	—	—	(164)	—	(164)
Unrealized gain on short-term investments	—	—	—	190	—	190
Restricted stock issued	213	2	—	—	—	2
Issuance of common stock - public offering	7,820	78	91,544	—	—	91,622
Issuance of common stock- exercise of stock options	80	1	901	—	—	902
Repurchases of common stock for income tax withheld upon vesting of restricted stock awards and restricted stock units	—	—	(1,855)	—	—	(1,855)
Stock-based compensation	—	—	1,983	—	—	1,983
Balance March 31, 2020	27,237	272	376,784	1,460	(188,627)	189,889

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. BUSINESS AND BASIS OF PRESENTATION

Business

SeaSpine Holdings Corporation was incorporated in Delaware on February 12, 2015. Unless the context indicates otherwise, references to "SeaSpine" or the "Company" refer to SeaSpine Holdings Corporation and its wholly-owned subsidiaries.

SeaSpine is a global medical technology company focused on the design, development and commercialization of surgical solutions for the treatment of patients suffering from spinal disorders. SeaSpine has a comprehensive portfolio of orthobiologics and spinal implant solutions to meet the varying combinations of products that neurosurgeons and orthopedic spine surgeons need to perform fusion procedures in the lumbar, thoracic and cervical spine. The Company believes this broad combined portfolio of orthobiologics and spinal implant products is essential to meet the “complete solution” requirements of such surgeons.

Basis of Presentation and Principles of Consolidation

The Company prepared the unaudited interim condensed consolidated financial statements included in this report in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information and the rules and regulations of the Securities and Exchange Commission (SEC) related to quarterly reports on Form 10-Q.

The Company’s financial statements are presented on a consolidated basis. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. The unaudited interim condensed consolidated financial statements do not include all information and disclosures required by GAAP for annual audited financial statements and should be read with the Company’s consolidated financial statements and notes thereto for the year ended December 31, 2020 included in the Company’s Annual Report on Form 10-K filed with the SEC. In the opinion of management, the unaudited interim condensed consolidated financial statements included in this report have been prepared on the same basis as the Company's audited consolidated financial statements and include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations, cash flows, and statement of equity for periods presented. The results for the three months ended March 31, 2021 are not necessarily indicative of the results expected for the full year. The condensed consolidated balance sheet as of December 31, 2020 was derived from the audited consolidated balance sheet for the year ended December 31, 2020. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Under current SEC rules, generally, a company qualifies as a "smaller reporting company" if it has a public float of less than $250 million as of the last business day of its most recently completed second fiscal quarter. If a company qualifies as a smaller reporting company on that date, it may elect to reflect that determination and use the smaller reporting company scaled disclosure accommodations in its subsequent SEC filings until the beginning of the first quarter of the fiscal year following the date it determines it does not qualify as a smaller reporting company. The Company's public float as of June 30, 2020, the last business day of its most recent second fiscal quarter, was less than $250 million, and as such, the Company qualifies as a smaller reporting company, elected to reflect that determination and intends to use certain of the scaled disclosure accommodations in its SEC filings made during and for the year ended December 31, 2021.

Concentration of Risk

On March 1, 2021, the Company and PcoMed, LLC (PcoMed) entered into a supply agreement (the Supply Agreement).

Pursuant to the Supply Agreement, PcoMed granted the Company a worldwide right to sell and commercialize any implantable spinal surgery interbody and/or intervertebral medical device designed and/or manufactured by or for the Company treated by PcoMed with certain proprietary PcoMed technology (Processed Parts) for use in spinal interbody and/or intervertebral surgical methods and procedures. The right is exclusive to the Company through January 14, 2022; thereafter, it will be non-exclusive. The Supply Agreement replaces and supersedes a prior supply agreement between the Company and PcoMed entered into in May 2013, which expired on January 15, 2021.

For the three months ending March 31, 2021 and 2020, the sales of products incorporating the NanoMetalene® technology provided under the Supply Agreement exceeded 10% of the Company's revenue.

Pursuant to the Supply Agreement, PcoMed, which serves as the sole supplier of Processed Parts, will supply up to designated minimum amounts of Processed Parts per week and per month per the Company's request. In addition, if requested by the Company, PcoMed must use commercially reasonable efforts to supply Processed Parts in excess of those minimum amounts. The Company agreed to pay PcoMed (a) a low single digit royalty on a monthly basis on the Company's net sales of all Processed Parts, (b) a minimum processing fee for each contract year during the term of the Supply Agreement, payable in four equal quarterly installments, which offsets on a dollar-for-dollar basis the processing fees the Company would otherwise pay for Processed Parts each contract year and (c) additional processing fees payable monthly based on the number and type of Processed Parts supplied by PcoMed.

The Supply Agreement contains customary representations, warranties, covenants and indemnification obligations on the part of both parties. Each of the Company and PcoMed retain the rights to their respective intellectual property. The Supply Agreement may be terminated by the Company or PcoMed for cause in the event of an uncured material default or breach or a bankruptcy or similar proceeding. Unless terminated earlier pursuant to its terms, the term of the Supply Agreement is March 1, 2021 through January 14, 2024. During the term of the Supply Agreement, PcoMed agreed not to enter into any agreement or consummate any transaction with any third party relating to a change in control of PcoMed without first affording the Company, in accordance with the terms of the Supply Agreement, the opportunity to negotiate for the acquisition of PcoMed.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. Cash balances are maintained primarily at major financial institutions in the United States and exceed the regulatory limit of $250,000 insured by the Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any credit losses associated with its cash balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

Preparing consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Significant estimates affecting amounts reported or disclosed in the consolidated financial statements include allowances for doubtful accounts receivable and sales returns and other credits, net realizable value of inventories, discount rates and estimated projected cash flows used to value and test impairments of identifiable intangible and long-lived assets, assumptions related to the timing and probability of product launch dates, discount rates matched to the estimated timing of payments, probability of success rates and discount adjustments on the related cash flows for contingent considerations in business combinations, depreciation and amortization periods for identifiable intangible and long-lived assets, computation of taxes, valuation allowances recorded against deferred tax assets, the valuation of stock-based compensation and loss contingencies. These estimates are based on historical experience and on various other assumptions believed to be reasonable under the current circumstances. Actual results could differ from these estimates.

The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including revenues, expenses, manufacturing, research and development costs and employee-related compensation, will depend on future developments that are highly uncertain, including as a result of genetic variations of, or other information that may emerge concerning, COVID-19 and the actions taken to contain it or treat COVID-19, as well as the economic impact on local, regional, national and international customers and markets. The Company has made estimates of the impact of the pandemic within its financial statements and there may be changes to those estimates in future periods. Actual results may differ from these estimates.

Recent Accounting Standards Not Yet Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU or Update) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires credit losses on most financial assets measured at amortized cost, including trade receivables, and certain other instruments to be measured using an expected credit loss model, referred to as the current expected credit loss (CECL) model. Under this model, entities will estimate credit losses over the entire contractual term of the instrument. The new standard will be effective for the Company beginning January 1, 2023. The FASB subsequently issued other related ASUs that amend ASU No. 2016-13 to provide clarification and additional guidance. The Company is evaluating the impact of this standard on its consolidated financial statements.

In April 2019, the FASB issued Update No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. This Update includes several amendments

to the FASB Accounting Standards Codification (Codification) intended to clarify, improve, or correct errors therein. Some amendments do not require transition guidance and are effective upon issuance. The amendments requiring transition guidance have the same effective date as Update No. 2016-13 and will be effective for the Company beginning on January 1, 2023. The Company is evaluating the impact of this standard on its consolidated financial statements.

Recently Adopted Accounting Standards

In August 2018, the FASB issued Update No. 2018-15, *Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40).* The amendments in this Update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The new standard was effective for the Company beginning on January 1, 2021. The adoption of this new standard had no material impact on its consolidated financial statements.

In March 2020, the FASB issued Update No. 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR, or another reference rate expected to be discontinued, due to the reference rate reform. The new standard was effective for the Company beginning March 12, 2020. The adoption of this new standard had no material impact on its consolidated financial statements.

Net Loss Per Share

Basic and diluted net loss per share was calculated using the weighted-average number of shares of common stock outstanding during the period. The weighted average number of shares used to compute diluted net loss per share excludes any assumed issuance of common stock upon exercise of stock options, any assumed issuance of common stock under restricted stock awards or units, and any assumed issuances under the Company's employee stock purchase plan, because the effect, in each case, would be antidilutive. Common stock equivalents of 4.8 million and 4.1 million shares for the three months ended March 31, 2021 and 2020, respectively, were excluded from the calculation because of their antidilutive effect.

3. DEBT AND INTEREST

Credit Agreement

In December 2015, the Company entered into a three-year credit facility with Wells Fargo Bank, National Association, which was amended in October 2016, in July 2018, and in July 2020 (as amended, the Credit Facility). The Credit Facility provides an asset-backed revolving line of credit of up to $30.0 million with a maturity date of July 27, 2021, which is subject to a one-time, one-year extension at the Company's election. In addition, under the Credit Facility, at any time through July 27, 2021, the Company may increase the $30.0 million borrowing limit by up to an additional $10.0 million, subject to the Company having sufficient amounts of eligible accounts receivable and inventory and to customary conditions precedent, including obtaining the commitment of lenders to provide such additional amount. In connection with entering into the Credit Facility, the Company was required to become a guarantor and to provide a security interest in substantially all its assets for the benefit of the counterparty.

There were no amounts outstanding under the Credit Facility at December 31, 2020. In March 2021, the Company borrowed $20.0 million under the Credit Facility. At March 31, 2021, there was $20.0 million outstanding under the Credit Facility and the Company had $3.2 million of current borrowing capacity under the Credit Facility before the requirement to maintain the minimum fixed charge coverage ratio as discussed below. As of March 31, 2021, the effective interest rate on the amounts borrowed was 4.50%. Debt issuance costs and legal fees related to the Credit Facility totaling $0.6 million were recorded as a deferred asset and are being amortized ratably over the term of the arrangement.

On April 19, 2021, the Company repaid the entire $20.0 million of outstanding borrowings under the Credit Facility.

Borrowings under the Credit Facility accrue interest at the rate then applicable to base rate loans (as customarily defined), unless and until converted into LIBOR rate loans (as customarily defined) in accordance with the Credit Facility. Borrowings bear interest at a floating annual rate equal to (a) during any month for which the Company's average excess availability (as customarily defined) is greater than $20.0 million, (i) base rate plus 1.25 percentage points for base rate loans and (ii) LIBOR rate plus 2.25 percentage points for LIBOR rate loans, (b) during any month for which the Company's average excess availability is greater than $10.0 million but less than or equal to $20.0 million, (i) base rate plus 1.50 percentage points for base rate loans and (ii) LIBOR rate plus 2.50 percentage points for LIBOR rate loans and (c) during any month for which the Company's average excess availability is less than or equal to $10.0 million, (i) base rate plus 1.75 percentage points for base

rate loans and (ii) LIBOR rate plus 2.75 percentage points for LIBOR rate loans. The Company also pays an unused line fee based on the average amount borrowed under the Credit Facility for the most recently completed month. If such average amount is 25% or greater of the maximum borrowing capacity, the unused fee will be equal to 0.375% per annum of the amount unused under the Credit Facility, and if such average amount is less than 25%, the unused line fee will be equal to 0.50% per annum of the amount unused under the Credit Facility. The unused line fee is due on the first day of each month.

The Credit Facility contains various customary affirmative and negative covenants, including prohibiting the Company from incurring indebtedness without the lender's consent. The Credit Facility also includes a financial covenant that requires the Company to maintain a minimum fixed charge coverage ratio of 1.10 to 1.00 for the applicable measurement period, if the Company's Total Liquidity (as defined in the Credit Facility) is less than $5.0 million. The Company was in compliance with all applicable covenants at March 31, 2021.

The Credit Facility also includes customary events of default, including events of default relating to non-payment of amounts due under the Credit Facility, material inaccuracy of representations and warranties, violation of covenants, bankruptcy and insolvency, failure to comply with health care laws, violation of certain of the Company's existing agreements, and the occurrence of a change of control. Under the Credit Facility, if an event of default occurs, the lender will have the right to terminate the commitments and accelerate the maturity of any loans outstanding.

Paycheck Protection Program

In April 2020, due to the economic uncertainty resulting from the impact of the COVID-19 pandemic on the Company's operations and to support its ongoing operations and retain all employees, the Company applied for a loan under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Company received a loan in the original principal amount of $7.2 million. The Company subsequently repaid $1.0 million of the loan. Under the terms of the PPP, subject to specified limitations, the loan may be forgiven if the proceeds are used in accordance with the CARES Act. The Company used the loan proceeds for purposes consistent with the terms of the PPP and has applied for forgiveness of the entire loan; however, no assurance is provided that the Company will obtain forgiveness of the loan in whole or in part. Any unforgiven portion of the loan is payable over five years at an interest rate of 1%, with a deferral of payments until the date the lender receives the applicable forgiven amount from the Small Business Association.

4. INVENTORIES

Inventories consisted of:

	March 31, 2021	December 31, 2020
	(In thousands)	
Finished goods	$ 42,074	$ 37,689
Work in process	11,422	10,087
Raw materials	4,686	6,265
	$ 58,182	$ 54,041

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges. The Company provides for depreciation using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the lease term or the useful life. The cost of major additions and improvements is capitalized, while maintenance and repair costs that do not improve or extend the lives of the respective assets are charged to operations as incurred. The cost of computer software obtained for internal use is accounted for in accordance with the Codification 350-40, *Internal-Use Software.*

The cost of purchased spinal instruments that the Company consigns to hospitals and independent sales agents to support surgeries is initially capitalized as construction in progress. The amount is then either reclassified to spinal instruments and sets, and depreciation is initiated when instruments are put together in a newly built set with spinal implants, or directly expensed for the instruments used to replace damaged instruments in an existing set. The depreciation expense and direct expense for replacement instruments are recorded in selling and marketing expense.

Property, plant and equipment balances and corresponding useful lives were as follows:

	March 31, 2021	December 31, 2020	Useful Lives
	(In thousands)		
Leasehold improvements	$ 5,990	$ 5,976	Shorter of lease term or useful life
Machinery and production equipment	10,007	9,577	3 - 10 years
Spinal instruments and sets	34,102	30,275	4 - 5 years
Information systems and hardware	7,587	7,554	3 - 7 years
Furniture and fixtures	1,640	1,640	3 - 5 years
Construction in progress	14,254	12,645	
Total	73,580	67,667	
Less accumulated depreciation and amortization	(37,801)	(36,245)	
Property, plant and equipment, net	$ 35,779	$ 31,422	

Depreciation and amortization expenses totaled $1.7 million and $1.5 million for the three months ended March 31, 2021 and 2020, respectively. The cost of purchased instruments used to replace damaged instruments in existing sets and recorded directly to instrument replacement expense totaled $0.7 million and $0.4 million for each of the three months ended March 31, 2021 and 2020, respectively.

For the three months ended March 31, 2020, the Company recorded impairment charges to selling and marketing expense totaling $0.2 million against spinal instruments that are no longer expected to be placed into service. There were no impairment charges recorded against spinal instruments for the three months ended March 31, 2021.

6. IDENTIFIABLE INTANGIBLE ASSETS

Identifiable intangible assets are initially recorded at fair value at the time of acquisition, generally using an income or cost approach. The Company capitalizes costs incurred to renew or extend the term of recognized intangible assets and amortizes those costs over their expected useful lives.

Primarily as a result of an expected shift in future product revenue mix more toward a parallel expanding interbody device based on the Company's internally developed technology and, in turn, lower future revenue anticipated for the lordotic expanding implant based on technology the Company acquired from N.L.T. Spine Ltd. (NLT) and NLT Spine, Inc., a wholly owned subsidiary of NLT, the Company's estimated future net sales associated with those NLT product technologies decreased. Accordingly, the Company evaluated the ongoing value of the product technology intangible assets associated with the acquisition of these assets. Based on this evaluation, the Company determined that intangible assets with a carrying amount of $1.6 million were no longer recoverable and were impaired, and the Company wrote those intangible assets down to their estimated fair value of $0.3 million at March 31, 2020. Significant estimates used in determining the estimated fair value include measurements estimating cash flows and determining the appropriate discount rate, which are considered Level 3 inputs under Codification 820.

The components of the Company's identifiable intangible assets were:

	March 31, 2021			
	Weighted Average Life	Cost	Accumulated Amortization	Net
		(Dollars in thousands)		
Product technology	12 years	33,441	$ (30,033)	$ 3,408
Customer relationships	12 years	56,830	$ (46,865)	9,965
Trademarks/brand names	—	300	(300)	—
		$ 90,571	$ (77,198)	$ 13,373

	December 31, 2020			
	Weighted Average Life	Cost	Accumulated Amortization	Net
		(Dollars in thousands)		
Product technology	12 years	$ 32,891	$ (29,766)	$ 3,125
Customer relationships	12 years	56,830	(46,072)	10,758
Trademarks/brand names	—	300	(300)	—
		$ 90,021	$ (76,138)	$ 13,883

Annual amortization expense (including amounts reported in cost of goods sold) is expected to be approximately $4.3 million in 2021, $4.2 million in 2022, $3.5 million in 2023, $1.6 million in 2024, and $0.2 million in 2025. For each of the three months ended March 31, 2021 and 2020, amortization expense totaled $1.1 million and included $0.3 million of amortization of product technology intangible assets that is presented within cost of goods sold in each of the three months ended March 31, 2021 and 2020.

7. EQUITY AND STOCK-BASED COMPENSATION

Common Stock

In July 2020 and August 2020, the Company issued 100,100 shares and 75,585 shares of its common stock to NLT, respectively, as settlement of contingent milestone payments pursuant to the terms of the asset purchase agreement entered into with NLT in August 2016.

In January 2020, the Company entered into an Underwriting Agreement with Piper Sandler & Co. and Canaccord Genuity LLC relating to the issuance and sale of 6,800,000 shares of the Company's common stock at a price to the public of $12.50 per share, before underwriting discounts and commissions. Under the terms of that agreement, the Company granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,020,000 shares of common stock. The underwriters exercised this option and the offering closed on January 10, 2020 with the sale of 7,820,000 shares of common stock, resulting in net proceeds to the Company of approximately $92 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. The offering was made pursuant to the Company's shelf registration statement on Form S-3 that was declared effective on May 22, 2019.

Equity Award Plans

In May 2015, the Company adopted the 2015 Incentive Award Plan, which was subsequently amended and restated with approval of the Company's stockholders. In February and March 2018, the Company's board of directors approved amendments to the plan that increased the share reserve by an aggregate of 2,726,000 shares over the then-existing share reserve thereunder, subject to stockholder approval. The Company's stockholders approved both amendments in May 2018. In April 2020, the Company's board of directors approved an amendment to the plan that, among other things, increased the share reserve by an aggregate of 3,500,000 shares over the then-existing share reserve thereunder, subject to stockholder approval. The Company's stockholders approved the amendment in June 2020 (the 2015 Incentive Award Plan, as amended and restated to date, the Restated Plan). Under the Restated Plan, the Company can grant its employees, non-employee directors and consultants incentive stock options and non-qualified stock options, restricted stock, performance stock, dividend equivalent rights, stock appreciation rights, stock payment awards and other incentive awards. The aggregate number of shares that may be issued or transferred pursuant to awards under the Restated Plan is the sum of (1) the number of shares issuable upon exercise or vesting of the equity awards issued by the Company's former parent company prior to the spin-off that were converted into the Company's equity awards under the Restated Plan as of the date of the spin-off and (2) 9,735,500 shares of the Company's common stock in respect of awards granted under the Restated Plan. As of March 31, 2021, 3,023,406 shares were available for issuance under the Restated Plan.

In June 2018, the Company established the 2018 Employment Inducement Incentive Award Plan (the 2018 Inducement Plan). The terms of the 2018 Inducement Plan are substantially similar to the terms of the Restated Plan with these principal exceptions: (1) incentive stock options may not be granted under the 2018 Inducement Plan; (2) there are no annual limits on awards that may be issued to an individual under the 2018 Inducement Plan; (3) awards granted under the 2018 Inducement Plan are not required to be subject to any minimum vesting period; and (4) awards may be granted under the 2018 Inducement Plan only to those individuals and in those circumstances described below. An aggregate of 2,000,000 shares are reserved under the 2018 Inducement Plan. As of March 31, 2021, 1,915,623 shares were available for issuance under the 2018 Inducement Plan. As a result of the approval of the amendment to the Restated Plan by the Company's stockholders in June 2020, no awards will be granted under the 2018 Inducement Plan in the future.

In August 2020, the Company adopted the 2020 Employment Inducement Incentive Award Plan (the 2020 Inducement Plan). The terms of the 2020 Inducement Plan are substantially similar to the terms of the 2015 Incentive Award Plan with four principal exceptions: (1) incentive stock options may not be granted under the 2020 Inducement Plan; (2) there are no annual limits on awards that may be issued to an individual under the 2020 Inducement Plan; (3) awards granted under the 2020 Inducement Plan are not required to be subject to any minimum vesting period; and (4) awards may be granted under the 2020 Inducement Plan only to those individuals and in those circumstances described below. An aggregate of 2,000,000 shares are reserved under the 2020 Inducement Plan. As of March 31, 2021, 1,902,288 shares were available for issuance under the 2020 Inducement Plan.

Both the 2018 Inducement Plan and the 2020 Inducement Plan were adopted by the Company's board of directors without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules. In accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules, awards under those plans may only be made to an employee who has not previously been an employee or member of the Company's board of directors or of any board of directors of any parent or subsidiary of the Company, or following a bona fide period of non-employment by the Company or a parent or subsidiary, if he or she is granted such award in

connection with his or her commencement of employment with the Company or a subsidiary and such grant is an inducement material to his or her entering into employment with the Company or such subsidiary.

Forfeiture Rate Assumptions

Stock-based compensation expense related to all equity awards includes an estimate for forfeitures. The expected forfeiture rate of all equity-based compensation is based on historical experience of pre-vesting forfeitures on awards and options by each homogeneous group of shareowners. For awards and options granted to non-executive employees, the forfeiture rate is estimated to be 13% and 14% annually for the three months ended March 31, 2021 and 2020, respectively. There is no forfeiture rate applied to awards or options granted to non-employee directors or executive employees because their pre-vesting forfeitures are anticipated to be highly unlikely. As individual awards and options become fully vested, stock-based compensation expense is adjusted to recognize actual forfeitures.

Restricted Stock Awards and Restricted Stock Units

Restricted stock award and restricted stock unit grants to employees generally have a requisite service period of three years, and restricted stock award and restricted stock unit grants to non-employee directors generally have a requisite service period of one year. Both are subject to graded vesting. The Company expenses the fair value of restricted stock awards and restricted stock units on an accelerated basis over the vesting period or requisite service period, whichever is shorter.

No restricted stock units were granted to non-employee directors during the three months ended March 31, 2021 or 2020. There were 4,021 restricted stock awards granted to non-employee directors during the three months ended March 31, 2021. No restricted stock awards were granted to non-employee directors during the three months ended March 31, 2020.

During the three months ended March 31, 2021 and 2020, 384,585 and 346,487 restricted stock units were granted to employees, respectively. No restricted stock awards were granted to employees during the three months ended March 31, 2021 or 2020.

As of March 31, 2021, there was approximately $7.5 million of unrecognized compensation expense related to the unvested portions of restricted stock awards and restricted stock units. This expense is expected to be recognized over a weighted-average period of approximately 1.4 years.

Stock Options

Stock option grants to employees generally have a requisite service period of four years, and stock option grants to non-employee directors generally have a requisite service period of one year. Both are subject to graded vesting. The Company records stock-based compensation expense associated with stock options on an accelerated basis over the applicable vesting period within each grant and based on their fair value at the date of grant using the Black-Scholes-Merton option pricing model. There were 533,863 and 681,759 stock options granted during the three months ended March 31, 2021 and 2020, respectively. The following weighted-average assumptions were used in the calculation of fair value for options granted during the period indicated.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Expected dividend yield	—%	—%
Risk-free interest rate	0.5%	1.7%
Expected volatility	51.5%	45.0%
Expected term (in years)	5.3	5.1

The Company considered that it has never paid, and does not currently intend to pay, cash dividends. The risk-free interest rates are derived from the U.S. Treasury yield curve in effect on the date of grant for instruments with a remaining term similar to the expected term of the options. The expected volatility is calculated based upon the historical volatility of the Company's share prices. The expected term is calculated using the historical weighted average term of the Company’s options.

As of March 31, 2021, there was approximately $5.0 million of unrecognized compensation expense related to unvested stock options. This expense is expected to be recognized over a weighted-average period of approximately 1.7 years.

Employee Stock Purchase Plan

In May 2015, the Company adopted the SeaSpine Holdings Corporation 2015 Employee Stock Purchase Plan, which was amended in November 2018, as described below (as amended, the ESPP). Under the ESPP, eligible employees may purchase shares of the Company's common stock through payroll deductions of up to 15% of eligible compensation during an offering period. Generally, each offering period will be for 24 months as determined by the Company's board of directors. There are four six-month purchase periods in each offering period for contributions to be made and to be converted into shares at the end of the purchase period. In no event may an employee purchase more than 2,500 shares per purchase period based on the closing price on the first trading date of an offering period or more than $25,000 worth of stock during any calendar year. The purchase price for shares to be purchased under the ESPP is 85% of the lesser of the market price of the Company's common stock on the first trading date of an offering period or on any purchase date during an offering period (June 30 or December 31).

Subject to stockholder approval, on and effective as of November 2, 2018, the Company's board of directors approved an amendment to the ESPP pursuant to which the share reserve under the ESPP would increase from 400,000 shares to 800,000 shares. The Company's stockholders approved that amendment in May 2019. On December 8, 2020, the Company's board of directors approved the issuance of an additional 500,000 shares of common stock under the ESPP, subject to stockholder approval. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (the IRC). The ESPP contains a restart feature, such that if the market price of the stock at the end of any six-month purchase period is lower than the market price at the original grant date of an offering period, that offering period will terminate after that purchase date, and a new two-year offering period will commence on the January 1 or July 1 immediately following the date the original offering period terminated. This restart feature was triggered on the purchase date that occurred on June 30, 2020, such that the offering period that commenced on January 1, 2020 was terminated, and a new two-year offering period commenced on July 1, 2020 and will end on June 30, 2022. The Company applied share-based payment modification accounting to the awards that were initially valued at the grant date to determine the amount of any incremental fair value associated with the modified awards. The impact to stock-based compensation expense for modifications during the three months ended March 31, 2021 was immaterial.

No shares of common stock were purchased during the three months ended March 31, 2021 or 2020. The Company recognized $0.3 million and $0.2 million in expense related to the ESPP for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, 127,160 shares were available under the ESPP for future issuance.

The Company estimates the fair value of shares issued to employees under the ESPP using the Black-Scholes-Merton option-pricing model. The following weighted average assumptions were used in the calculation of fair value of shares under the ESPP at the grant date for the periods indicated:

	Three Months Ended March 31,	
	2021	2020
Expected dividend yield	— %	— %
Risk-free interest rate	0.1 %	1.6 %
Expected volatility	64.3 %	34.4 %
Expected term (in years)	1.2	1.2

8. LEASES

The Company determines if an arrangement is a lease at inception. The Company's leases primarily relate to administrative, manufacturing, research, and distribution facilities and various manufacturing, office and transportation equipment. Lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company's incremental borrowing rate is used as a discount rate, based on the information available at the commencement date, in determining the present value of lease payments. Lease assets also include the impact of any prepayments made and are reduced by impact of any lease incentives.

The Company made an accounting policy election for short-term leases, such that the Company will not recognize a lease liability or lease asset on its balance sheet for leases with a lease term of twelve months or less as of the commencement date. Rather, any short-term lease payments will be recognized as an expense on a straight-line basis over the lease term. The current period short-term lease expense reasonably reflects the Company's short-term lease commitments.

The Company made a policy election for all classifications of leases to combine lease and non-lease components and to account for them as a single lease component. Variable lease payments are excluded from the lease liability and recognized in the period in which the obligation is incurred. Additionally, lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise the option.

The Company's lease portfolio only includes operating leases. As of March 31, 2021, the weighted average remaining lease term of these operating leases was 5.1 years and the weighted average discount rate was 6.5%. For the three months ended March 31, 2021, lease expense, which represents expense from operating leases, was $0.5 million.

A summary of the Company's remaining lease liabilities at March 31, 2021 are as follows:

	Operating Leases (In thousands)
2021	2,100
2022	2,282
2023	1,607
2024	1,382
2025	1,406
Thereafter	1,869
Total undiscounted value of lease liabilities	$ 10,646
Less: present value adjustment	(1,593)
Less: short-term leases not capitalized	(545)
Present value of lease liabilities	8,508
Less: current portion of lease liability	(2,159)
Operating lease liability, less current portion	$ 6,349

9. INCOME TAXES

The following table summarizes the Company's effective tax rate for the periods indicated:

	Three Months Ended March 31,	
	2021	2020
Reported income tax expense rate	(0.2)%	(0.3)%

The Company recorded a provision for income tax expense for the three months ended March 31, 2021 and 2020 primarily related to foreign and state operations.

In addition, for all periods presented, the pretax losses incurred by the consolidated U.S. tax group received no corresponding tax benefit because the Company concluded that it is more likely than not that the Company will be unable to realize the value of any resulting deferred tax assets. The Company will continue to assess its position in future periods to determine if it is appropriate to reduce a portion of its valuation allowance in the future.

On March 27, 2020, Congress enacted the CARES Act to provide certain relief as a result of the COVID-19 pandemic. The CARES Act, among other things, includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds, and modification to the net interest deduction limitations. The CARES Act did not have a material impact on the Company's consolidated financial statements for the three months ended March 31, 2021 or 2020.

10. COMMITMENTS AND CONTINGENCIES

In consideration for certain technology, manufacturing, distribution, and selling rights and licenses granted to the Company, the Company agreed to pay royalties on sales of certain products sold by the Company. Except for the royalties paid to NLT, the royalties the Company paid are included as a component of cost of goods sold in the consolidated statements of operations.

The Company is subject to various legal proceedings in the ordinary course of its business with respect to its products, its current or former employees, and its commercial relationships, some of which have been settled by the Company. In the opinion of management, such proceedings are either adequately covered by insurance or otherwise indemnified, or are not expected, individually or in the aggregate, to result in a material adverse effect on the Company's financial condition. However, it is possible that the Company's results of operations, financial position and cash flows in a particular period could be materially affected by these contingencies.

The Company accrues for loss contingencies when it is deemed probable that a loss has been incurred and that loss is estimable. The amounts accrued are based on the full amount of the estimated loss before considering insurance proceeds, and do not include an estimate for legal fees expected to be incurred in connection with the loss contingency. While uncertainty exists, the Company does not believe there are any pending legal proceedings that would have a material impact on the Company’s financial position, cash flows or results of operations.

7D Surgical Acquisition

On March 22, 2021, the Company entered into an arrangement agreement (the Arrangement Agreement) with 7D Surgical Inc., a corporation incorporated under the laws of the Province of Ontario (7D Surgical), Project Maple Leaf Acquisition ULC, an unlimited liability company incorporated under the laws of the Province of British Columbia and wholly owned subsidiary of the Company (Purchaser Sub), and Michael Cadotte and Joel Rose, as the 7D Surgical shareholders’ representatives.

Pursuant to the Arrangement Agreement, Purchaser Sub will acquire all outstanding shares of 7D Surgical, including those 7D Surgical shares issuable upon exercise of outstanding options, and 7D Surgical shall become a wholly owned subsidiary of the Company (the Acquisition). The Acquisition will be effected by way of an arrangement pursuant to the Business Corporations Act (Ontario).

The Company agreed to acquire 7D Surgical for a total purchase price of US$110.0 million, consisting of US$27.5 million in cash and US$82.5 million worth of shares of the Company’s common stock. Canadian-resident 7D Surgical shareholders may elect to receive in lieu of shares of the Company’s common stock, an equivalent number of Class B shares of Purchaser Sub (the Exchangeable Shares), which will be exchangeable on a 1:1 basis for shares of the Company’s common stock, subject to customary adjustments. The Company may require all outstanding Exchangeable Shares to be exchanged upon the occurrence of certain events and at any time following the fifth anniversary of the closing of the Acquisition. While outstanding, holders of Exchangeable Shares will be entitled to receive dividends economically equivalent to the dividends declared by the Company with respect to the Company’s common stock, but will not be entitled to cast votes on matters for which holders of the Company’s common stock are entitled to vote. The aggregate number of shares of the Company’s common stock issuable pursuant to the Acquisition (including upon exchange of Exchangeable Shares) is expected to be 4,289,848, which number of shares was based on the volume-weighted average price for the ten trading day period ending on the date prior to execution of the Arrangement Agreement. The purchase price for the Acquisition is subject to customary adjustments for 7D Surgical’s transaction expenses, cash, indebtedness and working capital.

The Arrangement Agreement contains customary representations, warranties, covenants and agreements of 7D Surgical, Purchaser Sub and the Company. The Acquisition is subject to, among other things, the approval of 7D shareholders at a special meeting expected to be convened by 7D Surgical, receipt of required regulatory and court approvals and third party consents, and other customary closing conditions. Approval of the Acquisition by the Company’s stockholders is not required. The closing of the transactions contemplated by the Arrangement Agreement is anticipated to occur in the second quarter of 2021. The Arrangement Agreement also provides customary termination rights to each of the parties.

11. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Reporting

Management assessed its segment reporting based on how it internally manages and reports the results of its business to its chief operating decision maker. Management reviews financial results, manages the business and allocates resources on an aggregate basis. Therefore, financial results are reported in a single operating segment: the development, manufacture and marketing of orthobiologics and of spinal implants. The Company reports revenue in two product categories: orthobiologics and spinal implants. Orthobiologics products consist of a broad range of advanced and traditional bone graft substitutes that are designed to improve bone fusion rates following surgery. The spinal implant portfolio consists of an extensive line of products for minimally invasive surgery, complex spine, deformity and degenerative procedures. The Company attributes revenues to geographic areas based on the location of the customer.

The following table disaggregates revenue by major sales channel for each of the periods presented (in thousands):

	Three Months Ended March 31, 2021		
	United States	**International**	**Total**
Orthobiologics	$ 19,060	$ 2,428	$ 21,488
Spinal implants	18,410	2,056	20,466
Total revenue, net	$ 37,470	$ 4,484	$ 41,954

	Three Months Ended March 31, 2020		
	United States	**International**	**Total**
Orthobiologics	$ 17,361	$ 2,260	$ 19,621
Spinal implants	14,452	2,038	16,490
Total revenue, net	$ 31,813	$ 4,298	$ 36,111

12. SUBSEQUENT EVENTS

In April 2021, the Company entered into an Underwriting Agreement with Piper Sandler & Co., Canaccord Genuity LLC, and Stifel, Nicolaus & Company, Incorporated relating to the issuance and sale of 4,500,000 shares of the Company's common stock at a price to the public of $19.50 per share, before underwriting discounts and commissions. Under the terms of that agreement, the Company granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 675,000 shares of common stock. The underwriters exercised this option and the offering closed on April 20, 2021 with the sale of 5,175,000 shares of common stock, resulting in net proceeds to the Company of approximately $95 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. The Company used a portion of the net proceeds from the offering to repay all of its outstanding borrowings under the Credit Facility.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The terms "we," "us," "our," "SeaSpine" or the "Company" refer collectively to SeaSpine Holdings Corporation and its wholly-owned subsidiaries, unless otherwise stated. All information in this report is based on our fiscal year. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years ending December 31 and the associated quarters, months and periods of those fiscal years.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). The matters discussed in these forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Such risks and uncertainties may also give rise to future claims and increase exposure to contingent liabilities. Please see the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2020 (the 2020 10-K) for a discussion of the uncertainties, risks and assumptions associated with these statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

You can identify these forward-looking statements by forward-looking words such as "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would" and similar expressions.

These risks and uncertainties arise from (among other factors):

- *our expectations and estimates concerning future financial performance, financing plans and the impact of competition;*
- *our ability to successfully develop new and next-generation products and the costs associated with designing and developing those new and next-generation products, including risks inherent in collaborations, such as with restor3d, Inc. and our pending acquisition of 7D Surgical, or use of nascent manufacturing techniques, such as additive processing/3D printing;*
- *physicians' willingness to adopt our recently launched and planned products, customers' continued willingness to pay for our products and third-party payors' willingness to provide or continue coverage and appropriate reimbursement for any of our products and our ability to secure regulatory clearance and/or approval for products in development;*
- *our ability to attract and retain new, high-quality distributors, whether as a result of perceived deficiencies, or gaps, in our existing product portfolio, inability to reach agreement on financial or other contractual terms or otherwise, as well as disruption associated with restrictive covenants to, which distributors may be subject and potential litigation and expense associate therewith;*
- *our ability to continue to invest in medical education and training, product development, and/or sales and commercial marketing initiatives at levels sufficient to drive future revenue growth;*
- *anticipated trends in our business, including consolidation among hospital systems, healthcare reform in the United States, increased pricing pressure from our competitors or hospitals, exclusion from major healthcare systems, whether as a result of unwillingness to provide required pricing or otherwise, and changes in third-party payment systems;*
- *the risk of supply shortages, and the associated potentially long-term disruption to product sales, including as a result of the pandemic and of our dependence on PcoMed to supply products incorporating NanoMetalene technology and a limited number of third-party suppliers for components and raw materials and certain processing services;*
- *unexpected expenses and delay and our ability to manage timelines and costs related to manufacturing our products including as a result of litigation or developing and supporting the full commercial launch of new products or relating to the pandemic;*
- *our ability to obtain additional debt and equity financing to fund capital expenditures and working capital requirements and acquisitions;*
- *our ability to complete acquisitions, integrate operations post-acquisition and maintain relationships with customers of acquired entities;*

- *our ability to support the safety and efficacy of our products with long-term clinical data;*
- *existing and future regulations affecting our business, both in the United States and internationally, and enforcement of those regulations;*
- *our ability to protect our intellectual property, including unpatented trade secrets, and to operate without infringing or misappropriating the proprietary rights of others;*
- *general economic and business conditions, in both domestic and international markets; and*
- *other risk factors described in the section entitled "Risk Factors" of the 2020 10-K.*

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements included in this report.

Overview

We are a global medical technology company focused on the design, development and commercialization of surgical solutions for the treatment of patients suffering from spinal disorders. We have a comprehensive portfolio of orthobiologics and spinal implant solutions to meet the varying combinations of products that neurosurgeons and orthopedic spine surgeons need to perform fusion procedures in the lumbar, thoracic and cervical spine. We believe this broad combined portfolio of orthobiologics and spinal implant products is essential to meet the "complete solution" requirements of such surgeons.

We report revenue in two product categories: orthobiologics and spinal implants. Our orthobiologics products consist of a broad range of advanced and traditional bone graft substitutes designed to improve bone fusion rates following a wide range of orthopedic surgeries, including spine, hip, and extremities procedures. Our spinal implant portfolio consists of an extensive line of products to facilitate spinal fusion in degenerative, minimally invasive surgery (MIS), and complex spinal deformity procedures.

Our U.S. sales organization consists of regional and territory managers who oversee a broad network of independent orthobiologics and spinal implant sales agents. We pay these sales agents commissions based on the sales of our products. Our international sales organization consists of a sales management team that oversees a network of independent orthobiologics and spinal implant stocking distributors that purchase products directly from us and independently sell them. For the three months ended March 31, 2021 and 2020, international sales accounted for approximately 11% and 12% of our revenue, respectively. Our policy is not to sell our products through or to participate in physician-owned distributorships.

Components of Our Results of Operations

Revenue

Our net revenue is derived primarily from the sale of orthobiologics and spinal implant products across North America, Europe, Asia Pacific and Latin America. Sales are reported net of returns, rebates, group purchasing organization fees and other customer allowances.

In the United States, we generate most of our revenue by consigning our orthobiologics products and by consigning or loaning our spinal implant sets to hospitals and independent sales agents, who in turn either deliver them to hospitals for a single surgical procedure, after which they are returned to us, or leave them with hospitals that are high volume users for multiple procedures. The spinal implant sets typically contain the instruments, disposables, and spinal implants required to complete a surgery. We ship replacement inventory to independent sales agents to replace the consigned inventory used in surgeries. We maintain and replenish loaned sets at our kitting and distribution centers and return replenished sets to a hospital or independent sales agent for the next procedure. We recognize revenue on these consigned or loaned products when they have been used or implanted in a surgical procedure.

For all other sales transactions, including sales to international stocking distributors and private label partners, we generally recognize revenue when the products are shipped and the customer or stocking distributor obtains control of the products. There is generally no customer acceptance or other condition that prevents us from recognizing revenue in accordance with the delivery terms for these sales transactions.

Cost of Goods Sold

Cost of goods sold primarily consists of the costs of finished goods purchased directly from third parties and raw materials used in the manufacturing of our products, plant and equipment overhead, labor costs and packaging costs. The majority of our orthobiologics products are designed and manufactured internally. The cost of human tissue and fixed manufacturing overhead costs are significant drivers of the cost of goods sold, and consequently our orthobiologics products, at current production volumes, generate lower gross margin than our spinal implant products. We rely on third-party suppliers to manufacture our spinal implant products, and we assemble them into surgical sets at our kitting and distribution centers. The cost to inspect incoming finished goods is included in the cost of goods sold. Other costs included in cost of goods sold include amortization of product technology intangible assets, royalties, scrap and consignment losses, and charges for expired, excess and obsolete inventory.

Selling and Marketing Expense

Our selling and marketing expenses consist primarily of sales commissions to independent sales agents, payroll and other headcount related expenses, marketing expenses, shipping, third-party logistics expenses, depreciation of instrument sets, instrument replacement expense, and cost of medical education and training.

General and Administrative Expense

Our general and administrative expenses consist primarily of payroll and other headcount related expenses and expenses for information technology, legal, human resources, insurance, finance, and management. We also record gains or losses associated with changes in the fair value of contingent consideration liabilities in general and administrative expenses.

Research and Development Expense

Our research and development (R&D) expenses primarily consist of expenses related to the headcount for engineering, product development, clinical affairs and regulatory functions, as well as consulting services, third-party prototyping services, outside research and clinical studies activities, and materials, production and other costs associated with development of our products. We expense R&D costs as they are incurred.

While our R&D expenses fluctuate from period to period based on the timing of specific initiatives, we expect these costs will increase over time as we continue to design and commercialize new products and expand our product portfolio, add related personnel and conduct additional clinical activities.

Intangible Amortization

Our intangible amortization, including the amounts reported in cost of goods sold, consists of acquisition-related amortization. We expect total annual amortization expense (including amounts reported in cost of goods sold) to be approximately $4.3 million in 2021, $4.2 million in 2022, $3.5 million in 2023, $1.6 million in 2024 and $0.2 million in 2025. See “RESULTS OF OPERATIONS-Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020-Impairment of Intangible Assets,” below.

COVID-19 Pandemic - Impact on our Business

The COVID-19 pandemic has presented a substantial public health and economic challenge around the world and has materially and adversely affected our business. We continue to closely monitor developments related to the pandemic and our decisions will continue to be driven by the health and well-being of our employees, our distributor and surgeon customers, and their patients while maintaining operations to support our customers and their patients in the near-term.

- *Surgery Deferrals*: From late March 2020 to mid-May 2020, among other impacts on our business related to the pandemic, surgeons and their patients deferred surgical procedures in which our products otherwise could have been used. This decrease in demand for our products recovered to varying degrees beginning in the latter half of May as local conditions improved in certain geographies that opened after an initial improvement in COVID-19 infection rates, allowing patients to resume receiving their treatments, though demand was below pre-pandemic levels for various periods during 2020 and was below pre-pandemic levels in early 2021. We expect to see continued volatility throughout 2021 and possibly thereafter as geographies respond to current local conditions. The duration of deferrals of surgical procedures, the magnitude of such deferrals, the timing and extent of the economic impact of the pandemic, and the pace at which the economy recovers therefrom, cannot be determined at this time. We continue to work closely with our surgeon customers,

distributors and suppliers to navigate through this unforeseen event while maintaining flexible operations and investing for future growth.

- *Operations*. Our sales, marketing and research and development efforts have continued since the outbreak of the pandemic, but steps we have taken in response to the pandemic have adversely affected our business. To protect the safety, health and well-being of our employees, distributor and surgeon customers, and communities, we implemented preventative measures including travel restrictions, the temporary closures of certain of our facilities, and requiring all office-based employees to work from home, except for those related to manufacturing, distribution and select others, as permitted under governmental orders. Production at our Irvine orthobiologics manufacturing facility was temporarily halted in April and May 2020 and was restarted in June 2020. The change in the manner in which our workforce is functioning could adversely affect sales and may delay the product launches we plan to make in 2021 and beyond.

Our manufacturing, distribution and supply chain has largely been uninterrupted, but could be disrupted as a result of the pandemic, including because of staffing shortages, production slowdowns, stoppages, or disruptions in delivery systems.

- *Cost Containment*: During 2020, we initiated actions to generate savings in areas such as travel, events, clinical studies, and consulting. We also implemented a temporary freeze on new hires and our senior leadership team voluntarily agreed to a 25% reduction in their base salaries from April 26, 2020 through June 20, 2020.
- *Product Development*: In the early stages of the pandemic, we reduced and/or delayed spending on several planned product development and launch initiatives. We have since increased our spending on product development activities and capital expenditures and inventory for product launches from the reduced levels during the early stages of the pandemic as our revenue and cash flow and demand for our products improved. We continue to evaluate the timing and scope of planned product development and launch initiatives and capital expenditures and inventory growth investments to support those initiatives. Based on that evaluation, we may delay and/or reduce additional spending associated with these initiatives, which may delay the product launches we plan to make in 2021 and beyond, and could adversely affect our future revenue growth or such growth may not be consistent with the timelines we anticipated previously.
- *Outlook.* At this time, the full extent of the impact of the pandemic on our business, financial condition and results of operations is uncertain and cannot be predicted with reasonable accuracy and will depend on future developments that are also uncertain and cannot be predicted with reasonable accuracy.

As of the filing date of this report, the extent to which the pandemic may impact our financial condition or results of operations or guidance is uncertain. The effect of the pandemic will not be fully reflected in our results of operations and overall financial performance until future periods. For additional information on the various risks posed by the pandemic on our business, financial condition and results of operations, please see "Item 1A. Risk Factors" in Part I of the 2020 10-K.

RESULTS OF OPERATIONS

(In thousands, except percentages)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	2021 vs. 2020 % Change
Total revenue, net	$ 41,954	$ 36,111	16 %
Cost of goods sold	15,366	13,812	11 %
Gross profit	26,588	22,299	19 %
Gross margin	63.4 %	61.8 %	
Operating expenses:			
Selling and marketing	23,399	20,476	14 %
General and administrative	10,427	8,554	22 %
Research and development	4,506	3,895	16 %
Intangible amortization	792	792	— %
Impairment of intangible assets	—	1,325	(100)%
Total operating expenses	39,124	35,042	12 %
Operating loss	(12,536)	(12,743)	(2)%
Other (expense) income, net	(159)	227	(170)%
Loss before income taxes	(12,695)	(12,516)	1 %
Provision for income taxes	25	35	(29)%
Net loss	$ (12,720)	$ (12,551)	1 %

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Revenue

Total revenue, net for the three months ended March 31, 2021, was $42.0 million, an increase of 16% compared to the same period in 2020.

	Three Months Ended March 31,		2021 vs. 2020
	2021	2020	% Change
	(In thousands)		
Orthobiologics	**$ 21,488**	**$ 19,621**	10 %
United States	19,060	17,361	10 %
International	2,428	2,260	7 %
Spinal Implants	**$ 20,466**	**$ 16,490**	24 %
United States	18,410	14,452	27 %
International	2,056	2,038	1 %
Total revenue, net	**$ 41,954**	**$ 36,111**	16 %

	Three Months Ended March 31,		2021 vs. 2020
	2021	2020	% Change
	(In thousands)		
United States	$ 37,470	$ 31,813	18 %
International	4,484	4,298	4 %
Total revenue, net	**$ 41,954**	**$ 36,111**	16 %

Revenue from orthobiologics sales totaled $21.5 million for the three months ended March 31, 2021, an increase of $1.9 million or 10%, from the same period in 2020. Revenue from orthobiologics sales in the United States increased $1.7 million to $19.1 million for the three months ended March 31, 2021 compared to the same period in 2020. This increase was driven primarily by higher demand for our fibers-based demineralized bone matrix (DBM) products. Revenue from orthobiologics sales internationally, which can be volatile from quarter to quarter because of irregular ordering patterns from our stocking distributors, increased $0.2 million for the three months ended March 31, 2021 compared to the same period in 2020.

Revenue from spinal implant sales was $20.5 million for the three months ended March 31, 2021, an increase of $4.0 million or 24%, from the same period in 2020. Revenue from spinal implants sales in the United States increased $4.0 million to $18.4 million for the three months ended March 31, 2021 compared to the same period in 2020. This increase was driven by higher demand for our recently launched products, particularly for those products that were initially or fully launched in 2020. The change in revenue from spinal implant sales internationally during the three months ended March 31, 2021 as compared to the same period in 2020 was immaterial.

Cost of Goods Sold and Gross Margin

Cost of goods sold increased $1.6 million, to $15.4 million for the three months ended March 31, 2021, compared to the same period in 2020. Gross margin was 63.4% for the three months ended March 31, 2021 and 61.8% for the same period in 2020. The increase in gross margin was due primarily to increased sales in the United States of our higher gross margin spinal implant products and lower excess and obsolete inventory provisions in relation to revenue.

Cost of goods sold included $0.3 million of amortization for product technology intangible assets for each of the three months ended March 31, 2021 and 2020, respectively.

Selling and Marketing

Selling and marketing expenses increased $2.9 million to $23.4 million for the three months ended March 31, 2021 compared to the same period in 2020. The increase was driven primarily by higher distributor commissions, as well as higher selling, customer service, and supply chain headcount and related expenses, which were partially offset by decreases in tradeshow and travel costs.

General and Administrative

General and administrative expenses increased $1.9 million to $10.4 million for the three months ended March 31, 2021, mostly due to $1.3 million of legal and other fees incurred related to our pending acquisition of 7D Surgical, as well as higher stock-based compensation expense.

Research and Development

R&D expenses increased $0.6 million to $4.5 million, or 11% of revenue, for the three months ended March 31, 2021 compared to the same period in 2020 mostly due to higher R&D headcount and related expenses.

Intangible Amortization

Intangible amortization expense, excluding the amounts reported in cost of goods sold for product technology intangible assets, remained consistent at $0.8 million for both the three months ended March 31, 2021 and 2020.

Impairment of Intangible Assets

There was no impairment of intangible assets for the three months ended March 31, 2021. During the three months ended March 31, 2020, impairment of intangible assets was $1.3 million. Primarily as a result of an expected shift in future product revenue mix more toward a parallel expanding interbody device based on our internally developed technology and, in turn, lower future revenue anticipated for the lordotic expanding implant based on technology we acquired from N.L.T. Spine Ltd. (NLT) and NLT Spine, Inc., a wholly owned subsidiary of NLT, our estimated future net sales associated with those NLT Spine product technologies decreased. Accordingly, we evaluated the ongoing value of the product technology intangible assets associated with the acquisition of these assets. Based on this evaluation, we determined that intangible assets with a carrying amount of $1.6 million were no longer recoverable and were impaired, and we wrote those intangible assets down to their estimated fair value of $0.3 million.

Income Taxes

	Three Months Ended March 31,	
	2021	2020
	(In thousands)	
Loss before income taxes	$ (12,695)	$ (12,516)
Provision for income taxes	25	35
Effective tax rate	(0.2)%	(0.3)%

We reported income tax expense for the three months ended March 31, 2021 and 2020 primarily related to foreign and state operations.

In addition, for any pretax losses incurred by the consolidated U.S. tax group, we recorded no corresponding tax benefit because we have concluded that it is more-likely-than-not that we will be unable to realize the benefit from any resulting deferred tax assets. We will continue to assess our position in future periods to determine if it is appropriate to reduce a portion of our valuation allowance in the future.

In March 2020, Congress enacted the CARES Act to provide certain relief as a result of the COVID-19 pandemic. The CARES Act, among other things, includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds, and modification to the net interest deduction limitations. The CARES Act did not have a material impact on our consolidated financial statements for the three months ended March 31, 2021.

Business Factors Affecting the Results of Operations

Special Charges

We define special charges as expenses for which the amount or timing can vary significantly from period to period, and for which the amounts are non-cash in nature, or the amounts are not expected to recur at the same magnitude.

We believe that identification of these special charges provides important supplemental information to investors regarding financial and business trends relating to our financial condition and results of operations. Investors may find this information useful in assessing comparability of our operating performance from period to period, against the business model objectives that management has established, and against other companies in our industry. We provide this information to investors so that they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and valuation.

Loss before income taxes includes the following special charges for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	**2020**
Special Charges:	**(In thousands)**	
Impairment of intangible assets[(1)]	$ —	$ 1,325
Acquisition and integration-related charges for 7D Surgical	1,276	—
Total Special Charges	**$ 1,276**	**$ 1,325**

(1) Relates to the impairment of acquired product technology intangible assets.

The items reported above are reflected in the consolidated statements of operations as follows:

	Three Months Ended March 31,	
	2021	**2020**
	(In thousands)	
Impairment of intangible assets	$ —	$ 1,325
General and administrative	1,276	—
Total Special Charges	**$ 1,276**	**$ 1,325**

Other Matters

Critical Accounting Policies and the Use of Estimates

Our discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Significant estimates affecting amounts reported or disclosed in the consolidated financial statements include revenue recognition, allowances for doubtful accounts receivable and sales return and other credits, net realizable value of inventories, amortization periods for acquired intangible assets, estimates of projected cash flows and discount rates used to value intangible assets and test them for impairment, estimates of projected cash flows and assumptions related to the timing and probability of the product launch dates, discount rates matched to the timing of payments, and probability of success rates used to value contingent consideration liabilities from business combinations, estimates of projected cash flows and depreciation and amortization periods for long-lived assets, valuation of stock-based compensation, computation of taxes and valuation allowances recorded against deferred tax assets, and loss contingencies. These estimates are based on historical experience and on various other assumptions believed to be reasonable under the current circumstances. Actual results could differ from these estimates.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition, including sales, expenses, manufacturing, research and development costs and employee-related compensation, will depend on future developments that are highly uncertain, including as a result of genetic variations of, or other information that may emerge concerning, COVID-19 and the actions taken to contain it or treat COVID-19, as well as the economic impact on local, regional, national and international customers and markets. We have made estimates of the impact of COVID-19 within our financial statements and there may be changes to those estimates in future periods. Actual results may differ from these estimates.

Note 2, “Summary of Significant Accounting Policies” to the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this report and included in Part II, Item 8 of the 2020 10-K describe the significant accounting policies and estimates used in the preparation of our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

Information regarding new accounting pronouncements is included in Note 2, "Summary of Significant Accounting Policies," to the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

Liquidity and Capital Resources

Overview, Capital Resources, and Capital Requirements

As of March 31, 2021, we had cash and cash equivalents and investments totaling approximately $87.7 million, and $3.2 million of current borrowing capacity was available under our credit facility. We believe that our cash and cash equivalents, including the net proceeds from the underwritten offering completed in April 2021, and the amount currently available to us under our credit facility, will be sufficient to fund our operations and meet our contractual obligations for at least the next twelve months.

Paycheck Protection Program Loan

In April 2020, due to the economic uncertainty resulting from the impact of the COVID-19 pandemic on our operations and to support our ongoing operations and retain all employees, we applied for a loan under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). We received a loan in the original principal amount of $7.2 million. We subsequently repaid $1.0 million of the loan. Under the terms of the PPP, subject to specified limitations, the loan may be forgiven if the proceeds are used in accordance with the CARES Act. In October 2020, we applied for forgiveness of the entire loan. As of April 30, 2021, we have not learned the extent to which our loan will be forgiven. Any unforgiven portion of the loan is payable over five years at an interest rate of 1%, with a deferral of payments until the date the lender receives the applicable forgiven amount from the SBA. No assurance is provided that we will obtain forgiveness of the loan in whole or in part.

Credit Facility

We have a $30.0 million credit facility with Wells Fargo Bank, National Association which matures in July 2021, subject to a one-time, one-year extension at our election. In addition, at any time through July 27, 2021, we may increase the borrowing limit by up to an additional $10.0 million, subject to us having sufficient amounts of eligible accounts receivable and inventory and to customary conditions precedent, including obtaining the commitment of lenders to provide such additional amount. At March 31, 2021, we had $20.0 million outstanding borrowings under the credit facility. The borrowing capacity under the credit facility is determined monthly and is based on the amount of our eligible accounts receivable and inventory balances and qualified cash (as defined in the credit facility). Depending on the extent to which our eligible accounts receivable and inventory balances increase, our borrowing capacity could increase by as much as an additional $3.3 million from the $3.2 million available as of March 31, 2021 before we are required to maintain the minimum fixed charge coverage ratio as discussed below. The credit facility contains various customary affirmative and negative covenants, including prohibiting us from incurring indebtedness without the lender's consent. In April 2020, we received the lender's consent to obtain the PPP loan. Under the terms of the credit facility, if our Total Liquidity (as defined in the credit facility) is less than $5.0 million, we are required to maintain a minimum fixed charge coverage ratio of 1.10 to 1.00 for the applicable measurement period. Our Total Liquidity was $88.4 million at March 31, 2021, and therefore that financial covenant was not applicable at that time.

On April 19, 2021, we repaid the entire $20.0 million of outstanding borrowings under the credit facility.

Underwritten Offering

In January 2020, we entered into an Underwriting Agreement with Piper Sandler & Co. and Canaccord Genuity LLC relating to the issuance and sale of 6,800,000 shares of our common stock at a public offering price of $12.50 per share, before underwriting discounts and commissions. We granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,020,000 shares of common stock. The underwriters exercised this option and the offering closed on January 10, 2020 with the sale of 7,820,000 shares of our common stock, resulting in proceeds of approximately $92 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

In April 2021, we entered into an Underwriting Agreement with Piper Sandler & Co., Canaccord Genuity LLC, and Stifel, Nicolaus & Company, Incorporated relating to the issuance and sale of 4,500,000 shares of our common stock at a price to the public of $19.50 per share, before underwriting discounts and commissions. Under the terms of that agreement, we granted the Underwriters an option, exercisable for 30 days, to purchase up to an additional 675,000 shares of common stock. The underwriters exercised this option and the offering closed on April 20, 2021 with the sale of 5,175,000 shares of common stock, resulting in net proceeds of approximately $95 million, after deducting underwriting discounts and commissions and estimated offering expenses payable us.

Cash and Cash Equivalents

We had cash and cash equivalents totaling approximately $87.7 million and $76.8 million at March 31, 2021 and December 31, 2020, respectively.

Cash Flows

	Three Months Ended March 31,		2021 vs. 2020
	2021	2020	% Change
	(In thousands)		
Net cash used in operating activities	$ (2,958)	$ (2,710)	9 %
Net cash used in investing activities	(4,100)	(28,053)	(85)%
Net cash provided by financing activities	18,059	90,636	(80)%
Effect of exchange rate changes on cash and cash equivalents	(65)	(66)	(2)%
Net change in cash and cash equivalents	$ 10,936	$ 59,807	(82)%

Net Cash Used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2021 increased by $0.2 million compared to the same period in 2020.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2021 decreased by $24.0 million compared to the same period in 2020. The decrease was primarily due to $25.0 million of investments in U.S. Treasury Bills during the three months ended March 31, 2020 compared to no such investments for the same period in 2021, partially offset by a $1.6 million increase in purchases of property and equipment during the three months ended March 31, 2021 compared to the same period in 2020.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $18.1 million for the three months ended March 31, 2021. Cash provided by financing activities in 2021 was comprised primarily of $20.0 million borrowed under the Credit Facility and $0.5 million of proceeds from the exercise of stock options, offset by $2.4 million of cash used for tax payments we made on our employees' behalf for shares we withheld from such employees on the vesting of restricted stock awards to cover statutory tax withholding requirements. Net cash provided by financing activities was $90.6 million for the three months ended March 31, 2020. It was comprised primarily of $91.6 million proceeds from issuance of common stock, net of offering costs, offset by $1.9 million of cash used for tax payments we made on our employees' behalf for shares we withheld from such employees on the vesting of restricted stock awards to cover statutory tax withholding requirements.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as of March 31, 2021 that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our business.

Contractual Obligations and Commitments

With the exception of our obligations under the arrangement agreement with 7D Surgical Inc., there have been no material changes outside the ordinary course of our business to the contractual obligations disclosed in the 2020 10-K.

Information regarding the arrangement agreement with 7D Surgical Inc. is included in Note 10, "Commitments and Contingencies," to the Notes in Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to legal proceedings and claims in the ordinary course of business. While management presently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, cash flows, or overall trends in results of operations, in part because of the insurance policies we maintain that cover certain of these claims, legal proceedings are subject to inherent uncertainties, and unfavorable rulings or outcomes could occur that have individually or in aggregate, a material adverse effect on our business, financial condition or operating results. We are not currently subject to any pending material litigation, other than ordinary routine litigation incidental to our business, as described above.

ITEM 1A. RISK FACTORS

See "Item 1A. Risk Factors" in Part I of the 2020 10-K for a detailed discussion of the risks we face. Except as set forth below, the risk factors described in the 2020 10-K have not materially changed.

Risks Related to our Pending Acquisition of 7D Surgical Inc.

The pending acquisition of 7D Surgical Inc. (7D Surgical) may present many risks and we may not realize the strategic and financial goals that were contemplated at the time we entered into the arrangement agreement with 7D Surgical on March 22, 2021 (the Arrangement Agreement).

Pursuant to the Arrangement Agreement, subject to the satisfaction or waiver of specified closing conditions, we will acquire all outstanding shares of 7D Surgical, including those 7D Surgical shares issuable upon exercise of outstanding options, and 7D Surgical will become our wholly owned subsidiary (the Acquisition).

Risks we may face in connection with the Acquisition and subsequent integration of 7D Surgical include:

- We may not realize the benefits we expect to receive from the Acquisition, such as a best-in-class enabling technology that provides surgeons a radiation-free navigational system that integrates seamlessly into the surgical workflow; gaining access to new accounts and/or increasing our presence in existing accounts by providing access to the 7D Surgical technology and/or placing systems at little or no upfront cost to the hospital through product earn-outs; expanding applications for the 7D Surgical offering, such as in minimally invasive procedures; and the ability of the 7D Surgical technology to position us to address the full patient continuum of care, from pre-operative imaging and surgical planning to post-operative plan confirmation and predictive analytics.
- The Acquisition may not further our business strategy as we expect, we may not successfully integrate 7D Surgical as planned, there could be unanticipated adverse impacts on our or 7D Surgical’s business, and/or we may otherwise not realize the expected return on our investment, which could adversely affect our business or operating results and potentially cause impairment to assets that we record as a part of the Acquisition, including intangible assets and goodwill.
- Our operating results or financial condition may be adversely impacted by (i) claims or liabilities related to 7D Surgical’s business arising after closing; (ii) unfavorable accounting treatment as a result of 7D Surgical’s practices; and/or (iii) intellectual property claims or disputes.
- 7D Surgical was not required to maintain an internal control infrastructure that would meet the standards of a U.S. public company, including the requirements of the Sarbanes-Oxley Act of 2002. The costs that we may incur to implement such controls and procedures may be substantial and we could encounter unexpected delays and challenges in this implementation. In addition, we may discover significant deficiencies or material weaknesses in the quality of 7D Surgical’s financial and disclosure controls and procedures.
- We may fail to identify or assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring 7D Surgical, which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, a diversion of management’s attention and resources, and other adverse effects on our business, financial condition, and operating results.
- The closing of the Acquisition could be delayed or not consummated, including in the event that closing conditions (such as the receipt of required regulatory approvals) are not satisfied or waived or we or 7D Surgical terminate the Arrangement Agreement.

The occurrence of any of these risks could have a material adverse effect on our business, financial condition, and operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

During the first quarter of 2021, we did not issue any securities that were not registered under the Securities Act of 1933, as amended (the Securities Act).

Purchases of Equity Securities by the Issuer

The table below is a summary of purchases of our common stock we made during the quarter covered by this report. Other than as indicated in the table below, no such purchases were made in any other month during the quarter. We do not have any publicly announced repurchase plans or programs.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
January 1 - January 31	134,856	$ 17.45	—	—
February 1 - February 28	1,829	$ 16.77	—	—
March 1 - March 31	1,642	$ 19.02	—	—

(1) These shares were surrendered to the Company to satisfy tax withholdings obligations in connection with the vesting of restricted stock awards.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1*	Supply Agreement, dated March 1, 2021, by and between SeaSpine Orthopedics Corporation and PcoMed, LLC
10.2**#	Amended and Restated Non-Employee Director Compensation Program, effective June 2, 2020, effective June 2, 2020
10.3*(1)	Arrangement Agreement, dated March 22, 2021, by and among SeaSpine Holdings Corporation, 7D Surgical Inc. and Project Maple Leaf Acquisition ULC
31.1**	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1***	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2***	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*†	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*†	Inline XBRL Taxonomy Extension Schema Document
101.CAL*†	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*†	Inline XBRL Definition Linkbase Document
101.LAB*†	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*†	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within Exhibit 101.INS Inline XBRL document)

#	Management compensatory contract or plan.
*	Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10). The redacted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.
**	Filed herewith
***	These certifications are being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation by reference language in such filing.
(1)	Incorporated by reference from the registrant's current report of Form 8-K filed on March 24, 2021.

† The financial information of SeaSpine Holdings Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 filed on May 3, 2021 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) the Condensed Consolidated Balance Sheets, (iv) Parenthetical Data to the Condensed Consolidated Balance Sheets, (v) the Condensed Consolidated Statements of Cash Flows, (vi) the Condensed Consolidated Statements of

Equity, and (vii) Notes to Unaudited Condensed Consolidated Financial Statements, is furnished electronically herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEASPINE HOLDINGS CORPORATION

Date: May 3, 2021

/s/ Keith C. Valentine
Keith C. Valentine
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2021

/s/ John J. Bostjancic
John J. Bostjancic
Chief Financial Officer
(Principal Financial Officer)

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH "[***]". SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT (this "Agreement"), effective March 1, 2021 (the "Effective Date"), is by and between SeaSpine Orthopedics Corporation, a Delaware corporation, ("SeaSpine"), and PcoMed, LLC, a Colorado limited liability company ("PcoMed"). SeaSpine and PcoMed may be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, SeaSpine is a medical technology company focused on the design, development and commercialization of surgical solutions for spinal disorders;

WHEREAS, PcoMed has experience and expertise in the surface modification of medical device materials;

WHEREAS, PcoMed and Supplier entered into a Supply Agreement, dated as of May 15, 2013 (as amended, the "Supply Agreement") pursuant to which PcoMed applies certain of its surface modification technologies onto SeaSpine implantable spinal medical devices for preclinical, clinical and commercial use and distribution by SeaSpine;

WHEREAS, SeaSpine desires for PcoMed to continue to apply certain of its surface technologies onto SeaSpine's implantable spinal medical devices; and

WHEREAS, PcoMed is willing to continue to apply such surface technologies onto SeaSpine's implantable spinal medical devices and to grant SeaSpine certain rights to use and commercialize those devices; and

WHEREAS, the Parties desire to amend and restate the Supply Agreement in its entirety.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the Parties hereto agree as follows:

1. **DEFINITIONS.**

As used in this Agreement, the following initially capitalized terms, whether used in the singular or plural form, shall have the meanings set forth in this Section 1.

1.1. "**Affiliate"** means any corporation, limited liability company, person or entity that directly or indirectly controls, is controlled by, or is under common control with, a Party to this Agreement. For purposes of this Section 1.1, the term "control" (with a correlative meaning for "controlled by") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the subject corporation, limited liability company, person or entity, whether through the ownership of voting securities, by contract or otherwise.

1.2. "**Alpha Build**" means a reduced quantity first commercial production run of a Part Family intended for distribution to a limited number of surgeons for the purpose of obtaining feedback on Part design and performance prior to the broad commercial distribution of a Part Family.

1.3. **"Applicable Laws**" mean all domestic federal, state, and local laws, statutes, acts, ordinances, rules, codes, standards, guidelines and regulations, applicable to a Party's activities under this Agreement including, without limitation (i) the applicable regulations and guidelines of the FDA Quality System Requirements (QSR), (ii) the applicable regulations and guidelines of the Council of the European Communities Medical Device Directive, including any successor regulations and CE Mark Standards, to the extent such regulations and guidelines are specifically identified in the Quality Agreement; (iii) the California Transparency in Supply Chains Act of 2010, as amended, and all other slavery and human trafficking laws applicable to PcoMed; and (iv) such other statutes, acts, ordinances, rules, codes, standards, guidelines and regulations as the Parties mutually agree in writing.

1.4. "**Authorized Pre-sale Activities**" means the design, development, in vivo and invitro testing, process validation, and regulatory qualification of or related to implantable spinal surgery interbody and/or intervertebral medical devices treated by PcoMed with the PcoMed Surface Modification. For the avoidance of doubt, Authorized Pre-sale Activities do not include applying the PcoMed Surface Modification Technology to implantable spinal surgery interbody and/or intervertebral parts that are intended for commercial distribution in the Field in the Territory.

1.5. "**Blasting Minimum**" means the minimum number of Parts specified by PcoMed, including Dummy Parts, that are required to blast a particular Part Family [***] to process Parts.

1.6. "**Change of Control**" means (a) a sale of PcoMed, whether by merger, acquisition, consolidation or other transaction or series of transactions, in which, in each case, the holders of PcoMed's voting securities outstanding immediately prior to the consummation of the transaction or the series of related transactions own securities with less than a majority of the voting power of PcoMed or a successor immediately after the transactions or such series of related transactions, or (b) a sale of all or substantially all of PcoMed's assets. Notwithstanding anything contained in the preceding to the contrary, transactions with one or more Affiliates of PcoMed shall not be deemed a Change of Control.

1.7. "**Complaint**" means any oral, written or electronic communication from a Third Party that alleges deficiencies related to the identity, quality, durability, reliability, safety, effectiveness or performance of a Processed Part after it is released for sale.

1.8. "**Confidential Information**" means, whether disclosed in oral, written, graphic, electronic form, or other form, and whether developed by the disclosing Party or by others, any confidential, non-public, proprietary information of SeaSpine or PcoMed that is designated by the disclosing Party as confidential or secret or that should reasonably be assumed by the receiving Party to be confidential or secret. Confidential Information includes, without limitation:

(i) specifications, know-how, trade secrets, designs, technical information, drawings, sketches, engineering drawings, work of authorship, software, prototypes, samples, models, business information, marketing information, current products and services, future products and services, proposed products and services, inventions, discoveries, devices, apparatus, equipment, algorithms, business methods, plans, assays, methods, procedures, processes, formulae, protocols, techniques, data, research and development data, experimental work, clinical data, engineering data, manufacturing data, technical or non-technical information, ideas, media, and unpublished patent applications;

(ii) personnel and financial information, product cost information, contractual relationships, operational and procedural manuals;

(iii) information or data regarding product research and development, including technical, engineering, or production data, test data, or results, information concerning a disclosing Party's efforts to acquire, protect, and license proprietary rights;

(iv) a disclosing Party's price, cost and fee data, pricing and billing policies, forecasts, plans, procurement requirements, and strategies for all aspects of the disclosing Party's operations, marketing, and sales, whether or not in effect;

(v) data relating to the type, quality, specifications, and price of the disclosing Party's products and/or services received or provided by any customer or vendor;

(vi) SeaSpine's unique Quality Assurance Requirements (i.e., Quality Assurance Requirements that are not required by Applicable Law or otherwise commonly known and followed by the industry); and

(vii) the confidential information of PcoMed identified on Schedule 1.8.

1.9. "**Contract Quarter**" means a consecutive three (3) month period beginning on January 15th and every consecutive three (3) month period thereafter.

1.10. "**Contract Year**" means a consecutive twelve (12) month period beginning on the January 15th and on each anniversary thereof during the Term. For clarity, the period from January 15, 2021 through January 14, 2022shall be the first "Contract Year" under this Agreement and each annual anniversary of January 15th thereafter during the Term shall mark the start of new "Contract Year."

1.11. "**Derive**" and cognates thereof means to develop, make, invent, discover, create, synthesize, conceive, reduce to practice, design or result from, to be based upon or to otherwise generate (whether directly or indirectly, or in whole or in part).

1.12. "**Dummy Parts**" means implant [***] of comparable [***] to a Part and not intended for commercial distribution or implantation into patients.

1.13. "**FDA**" means the United States Food and Drug Administration, or any successor thereto, having the administrative authority to regulate the marketing of pharmaceutical products, biological therapeutic product, delivery systems, and medical devices in the United States.

1.14. "**Field**" means spinal interbody and/or intervertebral surgical methods and procedures, including without limitation, interbody and/or intervertebral fusion and/or spacer procedures and interbody and/or intervertebral spinal arthroplasty procedures.

1.15. "**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

1.16. "**Governmental Authority**" means any applicable government regulatory authority with jurisdiction over Processed Parts in the United States of America, including, but not limited to the FDA, or in any other jurisdiction in which Processed Parts or products containing the Processed Parts are sold or proposed to be sold.

1.17. "**Intellectual Property Rights**" means any and all intellectual property and industrial design rights, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction, including the following: (i) patent rights; (ii) copyrights, mask work

rights, database rights and design rights, whether or not registered, published or unpublished, and registrations and applications for registration thereof, and all rights therein whether provided by international treaties or conventions or otherwise; (iii) trade secrets; (iv) moral rights; and (v) other applications and registrations related to any of the rights set forth in the foregoing clauses (i) through (iv); provided, however, that as used in this Agreement, the term "Intellectual Property" expressly excludes rights in trademarks, trade names, service marks, service names, design marks, logos, slogans, trade dress, or similar rights with respect to indicators of origin, whether registered or unregistered, as well as rights in internet domain names, uniform resource locators and e-mail addresses.

1.18. "**Interim Period**" means February 16, 2021 through February 28, 2021.

1.19. "**Inventions**" means conceptions, ideas, innovations, discoveries, inventions, processes, machines, formulae, formulations, biological materials, molecules, compounds, compositions, improvements, enhancements, modifications, technological developments, know-how, show-how, methods, techniques, systems, designs, production system, plans, source code, object code and documentation pertaining thereto, including, without limitation, functional specifications, object libraries, design documentation, technical documentation, statements of principles of operations, schematics, programmers' guides, and other documentation, data, programs and information and works of authorship, whether or not patentable or susceptible to any other form of legal protection.

1.20. "**Marketing Clearance**" means Regulatory Approval of a Part for use in the Field.

1.21. "**Net Sales**" means the gross amount of all revenues invoiced by SeaSpine or its Affiliates from SeaSpine Customers from the Sale of Processed Parts, less the following deductions (to the extent otherwise then or previously included in a detailed itemized invoice or credit memo to the customer (with the exception of distributor commissions, as identified in sub-clause (i), which the Parties acknowledge and agree would not be included on a customer invoice) and in respect of which no previous deduction was taken): (i) amounts taken or accrued for sales, distributor or other commissions allowed, discounts allowed dealers, trade and/or quantity and cash discounts; (ii) refunds, rebates, chargebacks, replacements or credits and allowances actually allowed or granted to purchasers on account of contractual obligations, rejections, returns, or billing errors and for uncollectible amounts on Sales (except to the extent later collected); (iii) sales, use and/or other excise taxes, import and/or export duties paid, tariffs, and any other governmental tax or charge (except income taxes) imposed on or at the time of production, importation, use, or sale of the Processed Part, including any value added taxes, and taxes on medical devices; (iv) shipping insurance costs and prepaid transportation and/or freight charges. Net Sales shall exclude any amounts SeaSpine or its Affiliates receive for Processed Parts that are used for clinical trials required or reasonably deemed to be desirable for Regulatory Approval of additional product indications in any country. For purposes of the foregoing, an amount becomes "uncollectible" when SeaSpine writes off the receivable from its accounts in accordance with its internal account procedures, consistent with GAAP.

1.22. "**New Part Family**" means a group of Parts marketed under a brand other than: Cambria, Hollywood, Hollywood VI, Ventura, Shoreline, VuApod/Prime, Meridian, Regatta Lateral, Reef TA, Reef TO, Reef TH and Shoreline Reef.

1.23. "**Parts**" means any implantable spinal surgery interbody and/or intervertebral medical device designed and/or manufactured by or for SeaSpine.

1.24. "**Part Family**" means each group of Parts marketed under the following brands: Cambria, Hollywood, Hollywood VI, Ventura, Shoreline, VuApod/Prime, Meridian, Regatta Lateral, Reef TA, Reef TO, Reef TH, Shoreline Reef and such New Part Families as SeaSpine may, from time to time, request PcoMed to process.

1.25. "**Part Number**" means the unique identification number assigned by SeaSpine to identify each individual Part that comprises a Part Family.

1.26. "**PcoMed Regulatory Data**" means PcoMed information associated with regulatory procedures relating to the PcoMed Surface Modification Technology, including bench and animal data, submission data and methodologies, responses of Regulatory Authorities to submissions, information pertaining to such submissions, and additional data generated as required for Marketing Clearance in the United States or the European Union or commercial launch of a product using or embodying the Surface Modification Technology.

1.27. "**PcoMed Surface Modification Technology**" means a proprietary PcoMed osteoconductive [***] titanium [***] surface modification of PEEK (polyetheretherkeytone), materials as illustrated in **Exhibit A**.

1.28. "**PcoMed Technology**" means any technology owned, licensed or controlled by PcoMed as of May 15, 2013 and all technology Derived by PcoMed and/or PcoMed Affiliates before during or after the Term, including the (i) PcoMed Surface Modification Technology and (ii) coating, surface, application, surface modification and [***] technology and knowhow, together with any improvements, enhancements, or extensions of or to any of the foregoing, and Intellectual Property Rights therein, but excluding any technology or information relating solely to or Derived solely from SeaSpine Technology. The PcoMed Technology includes all proprietary ideas in any form and embodied in any media, technical information, ideas, discoveries, knowledge, know-how, skill, experience, concepts, data, processes, procedures, methods, techniques, protocols, formulae, trade secrets, Inventions (whether or not patentable), media, research tools, compositions, software, hardware, instruments, documents, works of authorship, formulations, and other physical, chemical or biological materials and information, including, without limitation, clinical and regulatory strategies, test data (including pharmacological, toxicological and clinical test data), analytical and quality control data, manufacturing, patent, marketing and legal data or descriptions, apparatus, prototypes, devices, chemical formulations, compound compositions of matter, product samples, assays and similar information and Inventions.. Without limiting the generality of the foregoing, PcoMed Technology includes the Technology identified on **Schedule 1.28.**

1.29. "**Processing Fees**" means collectively the Minimum Guaranteed Processing Fees, Additional Processing Fees, and Special Processing Fees payable to PcoMed pursuant to Section 4.2 below.

1.30. "**Processed Part**" means a Part that is processed by PcoMed pursuant to this Agreement utilizing the PcoMed Surface Modification Technology.

1.31. "**Quality Assurance Requirements**" means the quality assurance requirements set forth in the Quality Agreement including, without limitation, the manufacture, processing, marking, inspection, testing, assembly, cleaning, labeling, packaging and storage in accordance with all Applicable Laws and with the requirements, procedures, test methods relating to the services provided by PcoMed pursuant to this Agreement.

1.32. "**Regulatory Approval**" means, with respect to a country in the Territory, all approvals, licenses, registrations, or authorizations by an applicable Regulatory Authority necessary

to import, commercialize, transport, store, market and sell Processed Parts in such country, including labeling, pricing, or reimbursement approvals.

1.33. "**Regulatory Authority**" means the FDA in the United States, and the equivalent regulatory authority or governmental entity having the responsibility, jurisdiction, and authority to approve the importation, commercialization, transport, storage, marketing and sale of the Processed Part in any country or jurisdiction outside of the United States.

1.34. "**Regulatory Requirements**" means the regulatory requirements of the FDA/QSR and ISO 13485, and any other regulatory requirements set forth in the Quality Assurance Requirements.

1.35. "**Rework Plan**" means the process described and codified in that certain SeaSpine quality-control document titled [***] as the same may be amended, modified or replaced upon the mutual written agreement of the Parties.

1.36. "**Sale**" or "**Sales**" or "**Sell**" or "**Sold**" means the transfer or disposition by SeaSpine or its Affiliates of a Processed Part for value to SeaSpine Customers in the Territory

1.37. "**SeaSpine Customers**" means Third Parties who purchase Processed Parts from SeaSpine or its Affiliates and does not include any SeaSpine Affiliates.

1.38. "**SeaSpine Regulatory Data**" means SeaSpine information associated with regulatory procedures relating to a Processed Part, including bench and animal data, submission data and methodologies, responses of Regulatory Authorities to submissions, information pertaining to such submissions, and additional data generated as required for US Marketing Clearance, EU Marketing Clearance or commercial launch of any Processed Part.

1.39. "**SeaSpine Technology**" means any technology owned, licensed or controlled by SeaSpine and/or any SeaSpine Affiliates as of as May 15, 2013 and all technology Derived solely by SeaSpine and/or SeaSpine Affiliates before during or after the Term, but excluding any technology or information relating to or derived from PcoMed Technology. The SeaSpine Technology shall include all proprietary ideas in any form and embodied in any media, technical information, ideas, discoveries, knowledge, know-how, skill, experience, concepts, data, processes, procedures, methods, techniques, protocols, formulae, trade secrets, Inventions (whether or not patentable), media, research tools, compositions, software, hardware, instruments, documents, works of authorship, formulations, and other physical, chemical or biological materials and information, including, without limitation, clinical and regulatory strategies, test data (including pharmacological, toxicological and clinical test data), analytical and quality control data, manufacturing, patent, marketing and legal data or descriptions, apparatus, prototypes, devices, chemical formulations, compound compositions of matter, product samples, assays and similar information and Inventions.

1.40. "**Territory**" means worldwide.

1.41. "**Test Part**" means a new Part design that is substantially similar in design, size, shape and weight, to other Parts, but which is processed for research and development only and not intended for commercial distribution. A Test Part shall be deemed "substantially similar" to other Parts if the Test Part can be processed using PcoMed's standard procedures, subject only to immaterial modifications and adjustments.

1.42. "**Third Party**" means any entity or person other than (i) SeaSpine and its Affiliates, or (ii) PcoMed and its Affiliates.

2. PROCESSING OF PRODUCTS.

2.1. **Part Supply**. Subject to the terms and conditions of this Agreement, PcoMed shall process up to [***] Parts per week and up to [***] Parts in aggregate per month (the "Minimum Processing Capacity Commitment") using the PcoMed Surface Modification Technology as requested from time to time by a Part Supplier. PcoMed's obligation to meet the monthly Minimum Processing Capacity Commitment in any month in which PcoMed's biannual maintenance break occurs shall be subject to the Parties' obligations in Section 2.12. The term "Part Supplier" as used in this Agreement shall mean one or more parties designated by SeaSpine, which may include SeaSpine itself, as a supplier of the Parts to PcoMed during the Term. **Exhibit B** to this Agreement, which SeaSpine may update from time to time upon written notice to PcoMed, includes the Part Suppliers as of the Effective Date. Notwithstanding anything in the preceding to the contrary, PcoMed will use commercially reasonable efforts to process Parts in excess of [***] Parts per week and [***] Parts per month if requested by SeaSpine to do so.

2.2. **Part Processing**. At the time of delivery by PcoMed to the Part Supplier, all Processed Parts shall conform to all Applicable Laws then in effect and Part specifications (post-processing), to the extent the Parts conformed to all Applicable Laws and Part specifications (pre-processing) at the time such parts were delivered to PcoMed for processing; provided further that no failure of a Processed Part to conform to any Applicable Laws or Part specifications (post-processing) shall be deemed a breach of this Agreement provided that PcoMed shall have complied with the Quality Assurance Requirements at the time such Part was processed.

2.3. **Materials and Tooling.** PcoMed is responsible for procuring all materials and equipment required to process Parts, which shall include, without limitation, the chamber used to apply the PcoMed Surface Modification Technology to the Parts (the "Chamber") and any other materials or equipment (including, without limitation, copies of all applicable standards relating thereto) necessary to process the Parts as described herein but that have application to products other than Parts, regardless of whether such materials or equipment are actually used on other products. PcoMed shall be responsible for acquiring all special tooling or equipment (racks, test apparatus) designed exclusively for Parts ("Special Tooling"). PcoMed shall have the right to approve, such approval not to be unreasonably withheld or delayed, the design of racking for new Parts and SeaSpine shall consult with PcoMed regarding the design of other Special Tooling. PcoMed shall not procure any Special Tooling, without the prior consent of SeaSpine on a case by case basis, which consent shall not be unreasonably withheld or delayed. Title and ownership of Special Tooling shall remain with PcoMed or its Affiliates at all times, except as otherwise agreed in writing by the Parties. PcoMed shall, at its own cost and expense, provide commercially reasonable routine maintenance for the proper operation and storage of all equipment and materials used to process Parts, including the Special Tooling.

2.4. **Subcontractors**. PcoMed may not utilize any subcontractors to process the Parts without the prior written approval of SeaSpine on a case-by-case basis, which consent shall not be unreasonably withheld or delayed. PcoMed's engagement of any subcontractor shall not relieve PcoMed of any of its obligations or liabilities under this Agreement. PcoMed shall be responsible for the actions of the subcontractors, and any breach of the terms of this Agreement by a subcontractor shall be deemed to be a breach of this Agreement by PcoMed. Notwithstanding anything in this Section 2.4 to the contrary, PcoMed shall have the right, without SeaSpine's prior written consent, to utilize subcontractors for any purpose other than processing the Parts (e.g., the calibration of a machine, etc.).

2.5. **Materials.** Unless otherwise mutually agreed in writing, all materials used by PcoMed to process Parts shall comply in all material respects to specifications developed by PcoMed and/or SeaSpine in accordance with ISO 13485 requirements.

2.6. **Forecasts**. During the Term, SeaSpine shall provide to PcoMed, on a monthly basis on or before the first business day of each month, a rolling twelve (12) month forecast of the anticipated demand for Processed Parts (each a "Forecast"). The Parties acknowledge that, the Forecast is for purposes of planning and scheduling only and does not constitute a commitment to submit a specific quantity of Parts for processing.

2.7. **Minimum Order Quantity**.

(a) Unless otherwise mutually agreed by the Parties in writing, each lot of Parts sent to PcoMed for processing shall be in a minimum quantity (the "MOQ") of no less than [***] Parts per Part Number. Provided that SeaSpine pays PcoMed Processing Fees for not less than the MOQ for each Part Number processed by PcoMed in each lot, the MOQ may be satisfied by a combination of production Parts and Dummy Parts or by combining in a single lot for blasting less than the Blasting Minimum of two Part Numbers from the same Part Family of comparable [***]. By way of example, if SeaSpine requests that PcoMed process [***] of a Part Number: (i) SeaSpine will provides PcoMed with [***] an additional Dummy Parts; and (ii) PcoMed will invoice SeaSpine and SeaSpine will pay PcoMed Processing Fees for [***]. By way of further example, if SeaSpine requests that PcoMed combine for blasting [***] Parts each of two different Part Numbers: (i) PcoMed will use commercially reasonable efforts to combine such Parts for processing provided the Part Numbers are of comparable [***]; and (ii) PcoMed will invoice SeaSpine and SeaSpine will pay PcoMed Processing Fees for [***].

(b) Notwithstanding anything contained in this Section 2.7 to the contrary:

(i) Alpha Builds. Provided, that for each Alpha Build Part Number SeaSpine shall either: (i) provides PcoMed at SeaSpine's expense with an additional number of appropriate Dummy Parts to meet the Blasting Minimum; or, (ii) with PcoMed's approval, which shall not be unreasonably withheld, combine Part Numbers of the same Alpha Build of comparable [***] so that each lot of Parts processed equals or exceeds the Blasting Minimum, the MOQ with respect to each Alpha Build shall be:

(1) [***] percent ([***]) of the Part Numbers that comprise such Alpha Build;

(2) [***] percent ([***]) of the Part Numbers that comprise such Alpha Build;

(3) [***] percent ([***]) of the Part Numbers that comprise such Alpha Build;

(ii) Test Parts. The MOQ with respect to Test Parts shall be no fewer than [***] per Part Number; provided, however, that for each order of Test Parts SeaSpine shall either: (i) provide PcoMed at SeaSpine's expense with an additional number of appropriate Dummy Parts to meet the Blasting Minimum; or, (ii) with PcoMed's approval, which shall not be unreasonably withheld, combine other Test Parts of comparable [***] so that each lot of Test Parts processed equals or exceeds the Blasting Minimum.

(iii) Rework. The MOQ with respect to Rework (as defined in Section 2.14) shall be no fewer than [***] Parts per Part Number; provided, however, that for each order of Rework SeaSpine shall either: (i) provide PcoMed at SeaSpine's expense with an additional number of appropriate Dummy Parts to meet the Blasting Minimum; or, (ii) with PcoMed's approval combine other Rework of comparable [***] so that each lot of Test Parts processed equals or exceeds the Blasting Minimum.

2.8. **Purchase Orders**. Each shipment of Parts sent by a Part Supplier to PcoMed for processing shall include a processing order (each a "Purchase Order") which sets forth (a) a unique SeaSpine processing order number, (b) a unique purchase order number and job number of the Part Supplier, (c) SeaSpine's Part Number, (d) the description of each type of Part being submitted for processing, (e) the quantity of each such Part, which, including Dummy Parts, shall be no less than the MOQ for each Part Number; and (f) such additional information as PcoMed shall reasonably request. PcoMed agrees to process a Part Supplier's orders for Processed Parts in quantities up to the Minimum Processing Capacity Commitment and shall use commercially reasonable efforts to process ordered quantities in excess of the Minimum Processing Commitment in accordance with Section 2.1 above. If PcoMed discovers any potential delay that could be reasonably anticipated to impact the timely or full delivery of Parts with respect to any Purchase Order, PcoMed shall promptly notify SeaSpine and the Part Supplier of such delay. If requested by SeaSpine and if such delay is within PcoMed's reasonable control, PcoMed shall provide a written plan for correction of such delay. The required notification and any plan for correction shall be considered for informational purposes only and shall not release PcoMed from any obligations or liabilities under this Agreement.

2.9. **Inspection by PcoMed**. As soon as practical (but in no event later than five (5) business days after delivery of Parts to PcoMed) PcoMed shall count and visually inspect all Parts furnished by a Part Supplier under this Agreement in accordance with SeaSpine's standard operating procedure titled [***] (as the same may be amended, modified or replaced upon the mutual written agreement of the Parties, the "Inspection SOP"), to ensure that (a) the Parts match what is described in the accompanying Purchase Order (Parts which do not comply with the description of the Purchase Order being referred to as "Non-conforming Parts") and (b) the Parts are not visibly damaged or defective based upon an unaided inspection in accordance with the Inspection SOP ("Defective Parts"), and shall promptly, but not later than five (5) business days from the delivery of the Part, provide written notification to both SeaSpine and the Part Supplier if it determines otherwise. PcoMed's determination of whether Parts received conform to the Purchase Order and/or are free from defects based on an unaided visual inspection must be reasonably made and in conformance with the Inspection SOP. In the event that Parts in an order are Non-conforming Parts and/or Defective Parts, PcoMed shall return the Non-conforming Parts and Defective Parts to the Part Supplier at the Part Supplier's expense and the disposition of the balance of Parts in such order as shall be determined by the mutual agreement of the Parties. PcoMed acknowledges and agrees that, between PcoMed and the Part Supplier, the Part Supplier shall have no liability for Parts with visually identifiable defects unless such defects are identified and reported to the Part Supplier and SeaSpine in accordance with this Section 2.9.

2.10. **Inspection by Part Supplier**. As soon as practical (but in no event later than five (5) business days after delivery of the Processed Part to a Part Supplier, the Part Supplier shall count and inspect the quality and quantity of the Processed Part. Complaints regarding the quantity or quality that could be reasonably observed by unaided visual inspection will be reported to PcoMed in writing, promptly after discovery but not later than five (5) business days from the

delivery of the Processed Part. In the event that an inspection required by this Section 2.10 reveals that a Processed Part is cracked or broken (other than cracks or breaks that could not have been identified by PcoMed if they existed pre-processing using the Inspection SOP), SeaSpine shall be entitled to a credit equal to (a) any Processing Fees invoiced for such Processed Part and (b) the manufacturing and material cost of such Processed Part incurred by SeaSpine prior to the date such Part was delivered to PcoMed. For the purpose of calculating such credit, the base processing fee for the first [***] Processed Parts (inclusive of Test Parts and Dummy Parts) in any Contract Year shall be deemed to be $[***]. Said credit for broken or cracked parts shall be SeaSpine's sole remedy for Processed Parts that do not pass the visual inspection. PcoMed will also diligently work with SeaSpine to determine the cause of such damage and to implement appropriate corrective measures. For clarity, Processed Parts that [***] shall not be considered damaged or defective for those reasons alone. PcoMed shall have no liability for Processed Parts with visually identifiable defects unless such defects are identified and reported to PcoMed in accordance with this Section 2.10.

2.11. **Delivery**. Shipment of Processed Parts shall be in accordance with the Part Supplier's instructions. All shipments of Processed Parts shall be FCA (Incoterms 2020) PcoMed's facility, unless otherwise mutually agreed by the Parties. For clarity, PcoMed will not be responsible for clearing for export or exporting Processed Parts outside of the United States. Title to the Parts, including Processed Parts, shall remain with Part Supplier at all times. PcoMed shall bear risk of loss for Parts, including Processed Parts, from the time Parts are delivered to PcoMed for processing until the time such Parts are delivered to the carrier for return to the Part Supplier.

2.12. **Ship Date**. PcoMed shall use commercially reasonable efforts to ship all forecasted Processed Parts up to the Minimum Processing Capacity Commitment no later than fifteen (15) business days following receipt of a Purchase Order and accompanying Parts (the "Delivery Deadline"); provided, however, that the Delivery Deadline for all Processed Parts over and above (i) each monthly Forecast or, if less, (ii) the Minimum Processing Capacity Commitment for the applicable month shall be determined by mutual agreement of the Parties. If PcoMed misses a Delivery Deadline by more than five (5) business days for reasons within the reasonable control of PcoMed, PcoMed shall issue SeaSpine a credit equal to the five percent (5%) of the Processing Fees owed for the Processed Parts in such late delivery. For the purpose of calculating such credit, the base processing fee for the first [***] Processed Parts (inclusive of Test Parts and Dummy Parts but excluding any Parts for which SeaSpine shall have previously received a credit during such Contract Year pursuant to Section 2.10) in any Contract Year shall be deemed to be $[***]. Notwithstanding anything in the preceding to the contrary, PcoMed shall have the right, upon prompt notice to SeaSpine (a "Hold Notice"), to place on hold a Purchase Order, in whole or in part, and the Delivery Deadline shall be suspended for that portion of a Purchase Order placed on hold in the event that: (i) PcoMed has a question as to whether or how to process an order using PcoMed's standard procedures; (ii) the condition or quantity of the Parts subject to an order prevents PcoMed from processing such Parts; or (iii) Parts are received or scheduled to be delivered during PcoMed's biannual maintenance shut-down (which typically occur mid-year and over the Christmas/New Year holidays), subject to the following: (a) PcoMed shall provide SeaSpine at least ninety (90) days prior written notice of such maintenance shut-down, and (b) PcoMed will use commercially reasonable efforts to increase production of Processed Parts in the weeks leading up to and/or following a shutdown so as to supply SeaSpine with the monthly Minimum Processing Capacity Commitment in the month(s) in which the shutdown occurs, provided that SeaSpine has provided reasonable advance notice of its processing needs for such month(s). The Parties shall use commercially reasonable efforts to resolve the issue identified in the Hold Notice and the Delivery

Deadline for such held order shall be extended until fifteen (15) business days following the resolution of such issue.

2.13. **Cancellation**. If PcoMed cannot process and return-ship Processed Parts to a Part Supplier within thirty (30) days after the Delivery Date, the Part Supplier shall have the option to cancel the respective order without any payment obligation except as otherwise expressly provided herein. In such event, PcoMed shall promptly return the unprocessed Parts to Supplier at SeaSpine's expense unless such inability to process and return-ship the Processed Part are due to reasons within PcoMed's reasonable control, in which case PcoMed shall pay the cost of retuning the unprocessed Part to Supplier.

2.14. **Packaging; Packing List**. Processed Parts shall be packed properly to withstand transportation in accordance with PcoMed's standard procedures, the Part Supplier's instructions and sound commercial practices. Processing Fees shall include the cost of packing. All shipments must be accompanied by a detailed packing list referencing the Part Number, product description, quantity shipped, lot number(s) and/or serial number(s) and the applicable Purchase Order. A copy of the packing list shall be forwarded to SeaSpine and the Part Supplier via email.

2.15. **Certificate**. Each shipment of Processed Parts must be accompanied by final Processed Part testing and inspection results and a certificate signed by PcoMed stating that the Processed Parts comply with the Quality Assurance Requirements and all other terms and conditions of this Agreement.

2.16. **Rework**.

(a) From time to time SeaSpine may request that PcoMed reprocess in accordance with the Rework Plan Parts that were previously coated with the PcoMed Surface Modification Technology and then stripped of the titanium coating for quality or other reasons ("Rework").

(b) All Rework shall be identified as Rework in the Purchase Order for such Parts. All Rework shall be assigned a separate lot or batch identification number. Virgin Parts (i.e., new Parts that have not previously been treated with the PcoMed Surface Modification Technology) may not be comingled with Rework either for processing or for the purpose of satisfying the MOQ for a particular Part Number.

(c) SeaSpine agrees to defend, indemnify, and hold harmless PcoMed and its Affiliates, and the managers, officers, members, employees, counsel, agents and representatives of PcoMed and its Affiliates, and the successors and assigns of any of the foregoing (the "PcoMed Indemnitees") from and against any Third Party claims or suits, and any losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising therefrom (collectively, "Losses") arising from or related to Rework; provided, however, that PcoMed has complied with the requirements, terms and conditions of the Rework Plan and the Quality Assurance Requirements; provided further that such Losses are not the result of the gross negligence or willful misconduct of any of the PcoMed Indemnitees. The foregoing right of indemnification is in addition to, and not a substitute for, any right of indemnification of PcoMed set forth elsewhere in this Agreement.

3. GRANT OF RIGHTS

3.1. **Grant of Rights**. Subject to the terms and conditions of this Agreement, PcoMed hereby grants to SeaSpine and its Affiliates during the first Contract Year a sole and exclusive worldwide right and during the second and third Contract Years a non-exclusive worldwide right to sell and commercialize Parts treated by PcoMed, with the PcoMed Surface Modification Technology (the "Right") for use in the Field in the Territory, including the right to conduct research and development in support of the development and sale of the Processed Parts

(e.g., research related to the development of new products intended to be coated with the PcoMed Surface Modification Technology and clinical studies and other research to confirm the safety and efficacy of Processed Parts). Nothing herein grants any rights to SeaSpine of its Affiliates(i) to manufacture or authorize any Third Party to manufacture any products using the PcoMed Surface Modification Technology; (ii) to sell or commercialize or authorize any Third Parties to sell or commercialize any products utilizing the PcoMed Surface Modification Technology other than the Processed Parts for use in the Field in the Territory; (iii) or to reverse engineer or authorize any Third Parties to reverse engineer the PcoMed Surface Modification Technology. Neither PcoMed nor its Affiliates shall during the First Contract Year sell or offer for sale, or grant rights in or to, the PcoMed Surface Modification Technology to any Third Party for use in the Field in the Territory. Except as expressly stated in the preceding sentence, PcoMed shall not be subject to any restriction under this Agreement with regard to the PcoMed Surface Modification Technology. Without limiting the foregoing or Section 9.3 below, the exclusive nature of the Rights during the first Contract Year shall not in any way limit PcoMed from: (i) making, having made, using, selling or offering for sale products and/or services that do not utilize or embody the PcoMed Surface Modification Technology; or, (ii) from engaging in Authorized Pre-sale Activities alone or in conjunction with one or more Third Parties.

3.2. **Post-Processing Instructions**. Unless the Parties have mutually agreed otherwise, SeaSpine (i) shall not apply or have applied any other coating to any SeaSpine Parts treated with the PcoMed Surface Modification Technology, unless that coating is for the sole purpose of identification or sterilization and (ii) shall not process the PcoMed Surface Modification Technology in any way that will adversely affect its integrity or performance. Notwithstanding the foregoing, the Parties agree that SeaSpine's failure to adhere to the foregoing instructions shall not, in and of itself, be deemed a breach of this Agreement.

4. PRICES AND PAYMENT

4.1. **Royalty Payments**.

(a) Part Royalty Fees. SeaSpine shall pay PcoMed a royalty fee of [***]% of Net Sales of all Processed Parts (including, without limitation, Parts processed by PcoMed prior to the Effective Date) Sold by SeaSpine and its Affiliates (the "Royalty Fee").

(b) Royalty Fee Payment Terms; Audit Rights.

(i) Royalty Fees shall be payable to PcoMed by SeaSpine on a monthly basis within thirty (30) days following the end of each calendar month. Each such payment shall be accompanied by a statement (each a "Royalty Statement") setting forth in reasonable detail (a) the number and type of Processed Parts sold and the gross revenue attributable thereto, (b) an itemized breakdown of all deductions from gross revenue in calculating Net Sales by Part for the determination of the payment due. All payments to be made under this Agreement shall be paid in United States dollars. Net Sales of Processed Parts and fees in currencies other than United States dollars shall first be determined in the currency of the country in which they are earned and shall be converted (for the purpose of this calculation only) in accordance with GAAP using the exchange rate for such currency published in the Wall Street Journal (or its successor) on the last business day of the calendar month in which the sale of such Processed Part occurred.

(ii) During the Term and for a period of two (2) year thereafter, SeaSpine shall maintain and preserve complete and accurate records and accounts, including all

invoices, ledgers, financial and other records pertaining to the sale of the Processed Parts. Upon written request by PcoMed, but not more than once in each calendar year, SeaSpine shall permit PcoMed or its designated representative to have access during normal business hours to those records of SeaSpine as may be reasonably necessary to verify the accuracy of the Royalty Statements hereunder. PcoMed shall provide SeaSpine with a copy of the auditor's report within thirty (30) days following the completion of an audit. SeaSpine shall pay PcoMed all undisputed underpayments of Royalty Fees within thirty (30) days of PcoMed providing SeaSpine reasonable documentation evidencing such underpayment. All audits shall be conducted at the expense of PcoMed unless any such audit reveals an underpayment of Royalty Fees in excess of five percent (5%) of the total Royalty Fees due PcoMed for the period being audited, in which case SeaSpine shall, in addition to paying PcoMed such underpaid Royalty Fees, reimburse PcoMed for its reasonable out-of-pocket expenses for the audit, upon submission of supporting documentation.

4.2. **Processing Fees**.

(a) Minimum Guaranteed Processing Fees. SeaSpine shall pay PcoMed a non-refundable minimum processing fee in the amount of $[***] for each Contract Year during the Term (the "Minimum Guaranteed Processing Fee").

(b) Additional Processing Fees. In addition to the Minimum Guaranteed Processing Fee, SeaSpine will pay PcoMed the following additional processing fees ("Additional Processing Fees"): (i) $[***] per Part for the first [***] ([***]) Parts processed by PcoMed during a Contract Year inclusive of Rework, Test Parts and Dummy Parts but excluding any Parts for which SeaSpine shall have received a credit during such Contract Year pursuant to Section 2.10; and (ii) $[***] for each Part processed by PcoMed during a Contract Year over and above [***] ([***]) Parts inclusive of Rework, Test Parts and Dummy Parts but excluding any Parts for which SeaSpine shall have received a credit during such Contract Year pursuant to Section 2.10. For the purpose of determining Additional Processing Fees due PcoMed, the number of Parts in each lot of Parts processed by PcoMed shall be deemed to be the greater of (a) the MOQ for such Parts or (b) the aggregate number of Parts processed, including Dummy Parts. For the purpose of determining the number of Parts processed by PcoMed during the first Contract Year, Parts processed by PcoMed during the Interim Period shall be included.

(c) Special Processing Fees. In addition to the Minimum Guaranteed Processing Fee and the Additional Processing Fees, SeaSpine will pay PcoMed the following special processing fees ("Special Processing Fees"): (i) $[***] per Processed Part for all VuApod/Prime and Meridian Part Families; and (ii) $[***] per Processed Part for the Regatta Lateral Part Family. For the purpose of determining Special Processing Fees due PcoMed, the number of Parts in each lot of parts Processed by PcoMed shall be deemed to be the greater of (a) the MOQ for such Parts or (b) the aggregate number of Parts processed, including Dummy Parts. The Special Processing Fee, if any, payable with respect to a New Part Family or the addition of a new Part Number to an existing Part Family shall be determined by mutual agreement of the Parties acting in good faith and taking into account the particular size, weight and processing characteristics of such New Part Family or new Part Number.

(d) Processing Fee Payment Terms.

(i) Minimum Guaranteed Processing Fees. SeaSpine shall pay PcoMed the Minimum Guaranteed Processing Fee for each Contract Year in four (4) equal

quarterly installments of $[***] in advance on the first business day of each Contract Quarter. PcoMed hereby acknowledges receipt of the sum $[***], which sum shall be credited against the Minimum Guaranteed Processing Fee for the first Contract Year. Upon execution of this Agreement, SeaSpine shall pay PcoMed an additional sum of $[***], the receipt of which shall constitute payment in full of the first quarterly installment of the Minimum Guaranteed Processing Fee for the first Contract Quarter of the first Contract Year.

(ii) Additional Processing Fees and Special Processing Fees. PcoMed will invoice SeaSpine directly for Additional Processing Fees and Special Processing Fees, if any, owed to PcoMed on a monthly basis, no later than five (5) business days following the month it ships the Processed Parts which give rise to such fees. The invoice shall include PcoMed's name, address, invoice date, the Purchase Order number, an itemization by processing order number and Part Number of Additional Processing Fees and Special Processing Fees, if any, due for such order, and the name, if applicable, title, and complete mailing address where payment is to be sent. Processing Fees shall be paid in United States dollars via ACH to an account designated by PcoMed. All undisputed and properly submitted invoices shall be paid within thirty (30) days of receipt of the invoice.

(e) Taxes. The Processing Fees are exclusive of any and all applicable taxes other than income taxes payable by PcoMed arising from the performance by PcoMed of any services or the payment of fees or Royalty Fees to PcoMed under this Agreement. With the exception of such PcoMed income taxes, SeaSpine will be solely responsible for, and will indemnify and hold PcoMed harmless from and against, the payment of all taxes (including sales, use, GST, value-added, and income taxes) and other governmental charges (including customs duties), and any related fines, penalties, and interest related to the Processed Parts.

5. TERM AND TERMINATION.

5.1. **Term**. The term of this Agreement (the "Term") shall commence on the Effective Date and will continue through January 14, 2024, unless earlier terminated as provided herein.

5.2. **Termination for Cause**. This Agreement may be terminated by either Party as follows:

(a) Material Breach. In the event that a Party materially defaults under or materially breaches any of the provisions of this Agreement, the other Party shall have the right to terminate this Agreement upon 60 days' prior written notice, unless such material default or breach is cured during such 60-day period (or in the event any breach is incapable of being cured in such time period, the other Party presents a plan to attempt cure of such breach and prevent similar breaches, which plan is reasonably acceptable to the terminating Party), in which event this Agreement shall continue in full force and effect.

(b) Bankruptcy. If a Party institutes for its protection or is made a defendant in any proceeding under bankruptcy, insolvency, reorganization or receivership law, or such Party is placed in receivership, makes an assignment for benefit of creditors or is unable to meet its debts in the regular course of business, the other Party may elect to terminate this Agreement immediately by written notice to the first Party without prejudice to any right or remedy the other Party may have, including damages for breach.

5.3. **Effects of Termination**.

(a) Obligations Accruing Prior to Termination. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination.

(b) Termination of Rights. Subject to Section 5.3(c), upon expiration or termination of this Agreement, the Right and all rights of either Party hereunder shall immediately cease and terminate.

(c) Transition. Except in the event of early termination by PcoMed pursuant to Section 5.2(a) of this Agreement, in the event SeaSpine makes a one-time non-refundable payment (the "Transition Fee") to PcoMed equal to the greater of (i) [***]($[***]) or (ii) the aggregate amount of Royalty Fees paid to PcoMed in the twelve (12) months preceding the Termination Date (defined below) within fifteen (15) days following termination or expiration of this Agreement (such date of termination or expiration, the "Termination Date"), SeaSpine and its Affiliates may, for a period of eighteen (18) months following the Termination Date, sell any Processed Parts in its inventory in the Field, and may, with respect to all Parts which, prior to the Termination Date, were ordered or manufactured with the anticipation of being included as Processed Parts, direct PcoMed to complete their processing (and PcoMed agrees to follow such direction) such that SeaSpine may then sell such Processed Parts as though they had been in its inventory on the Termination Date; provided, however, that PcoMed shall not be required to process or complete processing for more than [***] Parts following the Termination Date unless the Parties mutually agree otherwise. For clarity, the Parties' obligations under Section 4.1 of this Agreement, including SeaSpine's obligation to pay Royalty Fees, shall extend beyond the Termination Date and apply to any sales of Processed Parts made by SeaSpine or its Affiliates after the Termination Date pursuant to this Section 5.3(c); provided, however, that the Transition Fee shall be credited against any Royalty Fees accruing with respect to Parts Sold by SeaSpine after the Termination Date.

(d) Survival. The following provisions of this Agreement and all defined terms shall survive termination of this Agreement for any reason: Section 1, Section 2 (to the limited extent necessary for the Parties to fulfill their obligations and exercise their rights pursuant to Section 5.3(c)), Section 3 (to the limited extent necessary for the Parties to fulfill their obligations and exercise their rights pursuant to Section 5.3(c)), Section 4 (provided, however, that if SeaSpine terminates this Agreement pursuant to Section 5.2, SeaSpine's obligations under Section 4.2(a) shall not survive such termination), Section 5.3, Section 6, Section 7, Section 8 (for a period of eighteen (18) months following the expiration or termination of this Agreement), Section 9, Section 10, Section 11, Section 12, Section 14 and Section 15.

6. CONFIDENTIALITY.

6.1. **Confidential Information**. Except to the extent expressly authorized by this Agreement or otherwise agreed to in writing by the Parties, each Party agrees that, for the term of this Agreement and for twenty (20) years thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement any Confidential Information furnished to it by the other Party pursuant to this Agreement. Notwithstanding anything in this Agreement to the contrary, Confidential Information shall not include any information for which the receiving Party can demonstrate that such information: (i) was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the other Party; (ii) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party; (iii) later became part of the public domain through no act or omission of the receiving Party; (iv) was disclosed to the receiving Party by a Third Party who had no obligation to the disclosing Party not to disclose such

information to others; (iv) was independently developed by a person having no knowledge of or access to the disclosing Party's Confidential Information; or (v) is an Authorized Disclosure under Section 6.3 below.

6.2. **Ownership of Confidential Information**. Confidential Information relating to the PcoMed Technology is PcoMed's Confidential Information. Confidential Information relating to the SeaSpine Technology is SeaSpine's Confidential Information. PcoMed's Confidential Information and SeaSpine's Confidential Information will include all Confidential Information as such term is defined in Section 1.8.

6.3. **Authorized Disclosure**.

(a) Authorized Disclosure. Except as expressly agreed to in writing by SeaSpine or as permitted by this Agreement, PcoMed shall keep SeaSpine Technology and all SeaSpine Confidential Information confidential. Except as expressly agreed to in writing by PcoMed or as permitted by this Agreement, SeaSpine shall keep PcoMed Technology and all PcoMed Confidential Information confidential. Each Party may disclose the other Party's Confidential Information to the extent such disclosure is reasonably necessary for the following reasons: (i) subject to Sections 7.7, regulatory filings, including filings with the U.S. Securities Exchange Commission and Regulatory Authorities (for clarity, nothing herein permits PcoMed to disclose SeaSpine's Confidential Information in regulatory filings of PcoMed which are unrelated to the Parts or permits SeaSpine to disclose PcoMed's Confidential Information in regulatory filings of SeaSpine which are unrelated to the Processed Parts); (ii) prosecuting or defending litigation provided the Confidential Information is under seal or protective order; and (iii) complying with Applicable Laws.

(b) Notice of Disclosure. Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to this Section 6.3, it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use best efforts to secure confidential treatment and limit the scope of such information. In any event, the Parties agree to take all reasonable actions to avoid any unauthorized use or disclosure of Confidential Information hereunder.

6.4. **Employees; Agents**. Each Party shall ensure that each of its Affiliates and each employee, director, officer, consultant, or other agent of it or of its Affiliates (collectively "Agents"), who has access to Confidential Information of the other Party is bound to obligations of confidentiality and non-use substantially similar in scope to those set forth herein. Each Party agrees that any disclosure or distribution of the other Party's Confidential Information within its own organization shall be made only as is reasonably necessary to carry out the intent of this Agreement.

6.5. **Regulatory Submissions of SeaSpine Regulatory Data**. During the Term, SeaSpine shall provide all SeaSpine Regulatory Data directly to the relevant Regulatory Authority within the required timeframes. PcoMed is expressly not authorized to disclose SeaSpine Confidential Information directly to any Regulatory Authority unless such disclosure is authorized in writing by SeaSpine or otherwise permitted by Section 6.3. Notwithstanding the foregoing, PcoMed may disclose SeaSpine Confidential Information to a Regulatory Authority in the following circumstances, provided that, to the extent reasonably practicable, PcoMed has provided notice to SeaSpine and given SeaSpine the opportunity to review the information being disclosed:

(a) where PcoMed is required by Applicable Law to disclose such information;

(b) in response to an FDA or other applicable Governmental Authority request; or

(c) as otherwise required by this Agreement.

6.6. **Regulatory Submissions of PcoMed Regulatory Data**. PcoMed shall provide all PcoMed Regulatory Data directly to the relevant Regulatory Authority within the required timeframes. SeaSpine is expressly not authorized to disclose PcoMed Confidential Information directly to any Regulatory Authority unless such disclosure is authorized in writing by PcoMed, except as provided for in Section 6.3 or in the following circumstances:

(a) where SeaSpine is required by Applicable Law to disclose such information,

(b) in response to a Complaint filing concerning a Processed Part provided that SeaSpine secures confidential treatment of PcoMed's Confidential Information and uses reasonable efforts limit the scope of such disclosure;

(c) in response to an FDA or other applicable Governmental Authority request; or

(d) as otherwise required or permitted by this Agreement

6.7. **Injunctive Relief**. The Parties expressly acknowledge and agree that any breach or threatened breach of this Section 6 may cause immediate and irreparable harm to the owner of the Confidential Information which may not be adequately compensated by damages. Each Party therefore agrees that in the event of such breach or threatened breach and in addition to any remedies available at law, the Party that owns the Confidential Information shall have the right to seek equitable and injunctive relief, in connection with such a breach or threatened breach, without posting bond.

6.8. **Terms of Agreement Confidential**. The Parties agree that unless and until the terms of this Agreement are publicly disclosed in accordance with this Section 6.8, the terms of this Agreement are confidential and shall not be disclosed by either Party to any Third Party (except to a Party's professional advisors) without advance written permission of the other Party, subject to the following:

(i) either Party may make any filings of this Agreement required by law or regulation in any country so long as such Party uses its reasonable efforts to obtain confidential treatment for portions of this Agreement as available, consults with the other Party, and permits the other Party to participate, to the extent practicable, in seeking a protective order or other confidential treatment;

(ii) either Party may disclose the terms of this Agreement to a Third Party (and its professional advisors) when such disclosure is reasonably necessary in connection with (A) the grant of a license or sublicense to such Third Party, (B) prosecuting or defending litigation, (C) an actual or potential merger, acquisition, placement, investment, or other such transaction with such Third Party, or (D) the sale of securities to or other financing from such Third Party or a financing underwritten by such Third Party, in which case disclosure may be made to any person or entity to whom such Third Party sells such securities (and its professional advisers);

(iii) advance written permission for disclosure will not be required when a Party is ordered to disclose information concerning the Agreement by a competent tribunal or such disclosures are required by law, regulation, or stock exchange rules, except that such Party shall make all reasonable efforts to limit any disclosure as may be required in the course of legal proceedings by entry of an appropriate protective and confidentiality order, and shall provide the other Party with as much advance notice of such circumstances as is reasonably practical.

6.9. **Return of Materials**. Any materials or documents which have been furnished by a disclosing Party to a receiving Party will be promptly returned, accompanied by all copies thereof, or certified as destroyed upon request by the disclosing Party following termination or expiration of this Agreement, except that a Party may retain one copy solely for reference to comply with regulatory or other legal requirements, subject to the obligations of confidentiality herein. Notwithstanding the foregoing, the receiving Party may retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with the Party's standard archiving and back-up procedures, but not for any other use or purpose.

7. QUALITY ASSURANCE AND REGULATORY SUPPORT

7.1. **Quality Agreement**. SeaSpine and PcoMed have entered into that certain Quality Agreement, dated as of September 19, 2017, with respect to Processed Parts (the "Quality Agreement") that sets forth the terms and conditions upon which PcoMed will conduct its quality activities in connection with this Agreement, including Quality Assurance Requirements. The Quality Agreement is subject to the terms of this Agreement, and in the event of a conflict between terms of the Quality Agreement and the terms of this Agreement, the terms of the Quality Agreement will govern with respect to quality matters, and this Agreement will govern as to all other matters. If from time to time, the Parties mutually determine that the Quality Agreement requires additional or different terms, including as necessary to comply with Applicable Laws in a given jurisdiction, the Parties will amend or supplement the Quality Agreement in writing to reflect such terms.

7.2. **Facilities**. Unless otherwise approved by SeaSpine, which approval shall not be unreasonably withheld or delayed, PcoMed shall perform all processing services at its processing facility located at Longmont, Colorado. The Parties acknowledge and agree that PcoMed is not permitted to process Parts under this Agreement at any other facility unless and until such other facility has been qualified and approved by SeaSpine.

7.3. **Vendor Quality**. If any part of the processes used in the processing of the Parts is performed at the site of a vendor or subcontractor to PcoMed (i.e., a sub-supplier), PcoMed will ensure proper controls at each such sub-supplier site. For any sub-supplier that has not been qualified by PcoMed in accordance with the requirements of PcoMed's ISO 13485 certification, the Part specifications, and/or any other applicable standards or regulations, PcoMed shall disclose the sub-supplier name and site to SeaSpine. For all sub-suppliers, PcoMed shall provide SeaSpine the documentation and records of quality control related to parts/components or Parts on request. Notwithstanding the foregoing, PcoMed will be responsible for all activities and obligations relating to any such sub-supplier's qualifications, including, but not limited to, audits and validations.

7.4. **PcoMed Incidents or Accidents**. PcoMed shall immediately notify SeaSpine in writing of any incident or accident experienced by PcoMed that PcoMed in its reasonable judgment believes may affect the quality of Processed Parts that PcoMed is obligated to deliver hereunder or its ability to meet its delivery and shipment obligations hereunder. PcoMed shall promptly investigate such incident or accident, and PcoMed shall provide a written report of the results of the investigation of such incident or accident to SeaSpine within five (5) business days of completion of the investigation. For avoidance of doubt, such notification shall not relieve PcoMed of any of its obligations or liability hereunder or waive any of SeaSpine's rights with respect thereto.

7.5. **Audits**. PcoMed shall permit SeaSpine, its representatives, and/or applicable governing regulatory bodies, to perform quality audits at any of its facilities processing Parts pursuant to this Agreement and, if required by SeaSpine, facilitate a joint audit or visit to the sub-supplier site. Such audits shall be conducted at SeaSpine's discretion, during normal business hours and upon reasonable advance notice of the date of such intended audit, in order to ensure compliance with this Agreement and Applicable Laws, including, without limitation, the Regulatory Requirements. PcoMed shall use its reasonable efforts to accommodate SeaSpine's requests to perform such audits on the date SeaSpine so requests. Notwithstanding anything contained in the foregoing to the contrary, SeaSpine shall not audit PcoMed or any sub-supplier of PcoMed more frequently than once per calendar year unless SeaSpine has a good faith belief that PcoMed has failed to comply with the Quality Assurance Requirements and/or Regulatory Requirements.

7.6. **Regulatory Filings**. Except as otherwise expressly set forth herein, SeaSpine shall have sole control over all filings necessary for Regulatory Approval of Parts, including Processed Parts. PcoMed agrees to use reasonable efforts relevant to its role (i.e., by making pertinent facilities and records available to regulators and by complying with mutually agreed regulations pertinent to medical device manufacturing per the Quality Assurance Requirements) to assist SeaSpine in obtaining such Regulatory Approvals throughout the world. PcoMed shall also provide, upon request by SeaSpine, information concerning its PcoMed Surface Modification Technology processes and quality control procedures (including procedures to comply with Quality Assurance Requirements) with respect to Parts solely as necessary to support creation and submission of regulatory filings to Governmental Authorities; provided, however, that if such Governmental Authority is the FDA, PcoMed shall have no obligation to provide SeaSpine with information that is otherwise available to the FDA in PcoMed's Master Access File for the PcoMed Surface Modification Technology.

7.7. **Regulatory Conformance**. PcoMed agrees to conform to Regulatory Requirements, and to cooperate with any inspections required by Regulatory Authorities with respect to Regulatory Requirements. PcoMed will process, package and ship the Parts in accordance with the Regulatory Requirements, including without limitation the proper preparation and maintenance of a device history record as and to the extent required by the Quality Agreement for each Part processed by PcoMed. PcoMed shall, on a timely basis, provide SeaSpine with information in PcoMed's possession relevant to its role as a processor of Parts that is reasonably necessary for and relevant to SeaSpine's compliance with Regulatory Requirements. PcoMed will provide to SeaSpine such documentation, data and other information relating to Parts as SeaSpine may require for submission to Governmental Authorities.

7.8. **Regulatory Inspections**. PcoMed agrees to promptly inform SeaSpine of any regulatory inquiry, communication or inspection, which relates to or adversely effects the processing of Parts. In the event PcoMed receives advance notice of inspection or an inspection visit by any Governmental Authority, which involves a Part or could impact PcoMed's ability to process a Part, PcoMed shall promptly notify SeaSpine of the notice before such inspection or immediately upon the inspection start. SeaSpine, at its option, shall have the right to have its representatives present at any such inspection by a Governmental Authority. In the event there are written observations (or any other written communications) by a Governmental Authority that involve a Part or could impact PcoMed's ability to produce a Part, or any proposed written response by PcoMed to any such inspection, SeaSpine shall be promptly informed and be provided with copies of all documentation and shall have a reasonable opportunity to review and comment on the proposed response. If SeaSpine elects to provide input to the response, such input shall be provided

by SeaSpine as promptly as possible and PcoMed shall in good faith consider incorporating such input into the response; provided, however, that the contents and substance of any such response shall be determined by PcoMed in its sole discretion.

7.9. **Part Complaints**.

(a) PcoMed shall advise SeaSpine within twenty-four (24) hours (and shall confirm in writing no later than ten (10) business days) after it becomes aware of any (i) Complaint, whether oral or written, relating to the Processed Parts, (ii) serious injury from the use of, or malfunction of, the Processed Parts, or (iii) or otherwise becomes aware of any other fact or circumstance relating to the Processed Parts which may result in an alleged violation by SeaSpine or its Affiliates of any Applicable Laws. PcoMed shall promptly investigate each Complaint to the extent such Complaint relates to or could have reasonably arisen from the PcoMed's processing of the Processed Parts and maintain a written record of each such investigation. PcoMed shall send SeaSpine copies of each Complaint received by PcoMed within 24 hours after receipt. PcoMed shall send SeaSpine copies of the corresponding investigation record no later than ten (10) business days after completion of such investigation. Such record shall include all material facts known to PcoMed, including but not limited to customer name, address, telephone number, name and address of the health care professional, patient and institution where the Complaint occurred, and instrument, and lot or serial number, as appropriate, of the Processed Part in question to the extent such information is known to PcoMed. PcoMed shall cooperate with SeaSpine to the extent reasonably necessary to resolve outstanding Complaints.

(b) SeaSpine shall advise PcoMed no later than thirty (30) days after it becomes aware of any (i) Complaint, whether oral or written, relating to or arising from the PcoMed's processing of the Processed Parts to the extent such Complaint is reasonably likely to give rise to a claim by a SeaSpine Indemnitee for indemnification pursuant to Section 11.1 below, or (ii) other fact or circumstance relating to the Processed Parts which may reasonably result in an alleged violation by PcoMed or its Affiliates of any Applicable Laws. SeaSpine shall investigate each Complaint in accordance with its internal protocols and shall share with PcoMed that information which PcoMed may reasonably need to conduct its own investigation. SeaSpine shall cooperate with PcoMed to the extent reasonably necessary to resolve outstanding Complaints.

7.10. **Adverse Event Reporting**. SeaSpine shall have full control and authority for all reporting to Governmental Authorities of adverse events associated with the use of Parts unless otherwise required under Applicable Laws. If PcoMed becomes aware of any adverse events associated with the use of such Parts, it shall report all information in its possession regarding such event to SeaSpine as soon as practicable after becoming aware of such information. PcoMed shall cooperate with SeaSpine in supplying information that may be used to investigate the cause of such event.

7.11. **Recalls, Corrections and Removals**. If SeaSpine determines that any Processed Part should be recalled or withdrawn from distribution or sale, that a field correction should be made, or that an advisory letter should be issued regarding reliability or defects in any such Processed Part (any of which shall be referred to herein as a "Recall Action"), SeaSpine shall have full control and authority over the coordination of the Recall Action, and PcoMed shall use diligent efforts to cooperate in good faith. Recall Actions due to the failure of a Processed Part to comply with the Quality Assurance Requirements at the time such Processed Part is delivered by PcoMed to the Part Supplier, or any quality related term or condition of this Agreement, shall be at PcoMed's sole cost and expense. If the action arises out any other cause including, without limitation, a design or regulatory nonconformance attributable to SeaSpine, SeaSpine shall be responsible for all costs related to the Recall Action. In the event both Parties have contributed to

the need for a Recall Action, the Parties shall share the costs of such action in proportion to each Parties' contribution to such action, as mutually determined by the Parties' acting in good faith. If PcoMed becomes aware of a nonconformance during the surface modification process that might affect Processed Part already shipped, PcoMed shall promptly inform SeaSpine and shall cooperate in determining the extent of the nonconformance. PcoMed shall maintain complete and accurate records for such periods as may be required by Applicable Law, of all Processed Parts for purposes of determining the extent and nature of any field corrective action.

8. REPRESENTATIONS AND WARRANTIES

8.1. **General Representations and Warranties by SeaSpine**. SeaSpine represents and warrants that (i) it has full right, power, and authority to enter into this Agreement and to perform its obligations and duties under this Agreement; (ii) the performance of such obligations and duties does not and will not conflict with or result in a breach of any other agreements or any judgment, order, or decree by which SeaSpine is bound; and (iii) SeaSpine owns or has licensed all Intellectual Property Rights in the SeaSpine Technology and that application of the use of the SeaSpine Technology in the processing of the Parts does not and will not infringe, or be a misappropriation of, any Intellectual Property Rights of a Third Party; (iv) it has, and will maintain during the Term, all government permits, including without limitation health, safety, and environmental permits, necessary for SeaSpine to market and sell the Parts and to otherwise perform its obligations under this Agreement; and (v) as of the Effective Date SeaSpine has not used or disclosed PcoMed's Confidential Information except in strict compliance with Section 5 of the Supply Agreement.

8.2. **General Representations and Warranties by PcoMed**. PcoMed represents and warrants that (i) it has full right, power, and authority to enter into this Agreement and to perform its obligations and duties under this Agreement; (ii) the performance of such obligations and duties does not and will not conflict with or result in a breach of any other agreements or any judgment, order, or decree by which PcoMed is bound; (iii) it has the skill, expertise, and experience in the industry necessary to perform the obligations set forth in this Agreement; (iv) all of its employees who will be performing obligations under this Agreement are properly trained and qualified in processing Parts in accordance with Regulatory Requirements and that its processing facility is properly equipped to process Parts in accordance with mutually approved specifications to prepare Processed Parts; (v) it has sufficient capability and capacity to meet the Minimum Processing Capacity Commitment; (vi) it has, and will maintain during the Term, all federal, state and local government permits, including without limitation health, safety, and environmental permits, necessary for the conduct of the actions and procedures that it undertakes pursuant to this Agreement; and (vii) as of the Effective Date, PcoMed has not used or disclosed SeaSpine's Confidential Information except in strict compliance with Section 5 of the Supply Agreement.

8.3. **Performance Warranties by PcoMed**.

(a) PcoMed represents and warrants to SeaSpine that (i) the Processed Parts when delivered by PcoMed to a Part Supplier shall have passed all Quality Assurance Requirements; (ii) the Processed Parts when delivered by PcoMed to a Part Supplier will comply with all Applicable Laws and Regulatory Requirements provided such Parts complied with all Applicable Laws and Regulatory Requirements at the time such Parts were received by PcoMed for processing; and (iii) provided that the Parts are not adulterated or misbranded at the time such Parts are received by PcoMed for processing, the Processed Parts when delivered by PcoMed to a Part Supplier will not

be adulterated or misbranded within the meaning of the Federal Food, Drug, and Cosmetic Act, as amended.

(b) PcoMed represents and warrants to SeaSpine that (i) PcoMed owns or has licensed all Intellectual Property Rights in the PcoMed Surface Modification Technology: (ii) except for the license granted to SeaSpine in the Supply Agreement, PcoMed has not assigned any right, title or interest in or to the PcoMed Surface Modification Technology for use in the Field in the Territory; and, (iii) the application of the PcoMed Surface Modification Technology to Parts by PcoMed does not and will not infringe, or be a misappropriation of, any Intellectual Property Rights of any Third Party.

(c) PcoMed shall at all times during the term use commercially reasonable efforts to:

(i) maintain reasonable production levels, and inventory of materials and components, to supply SeaSpine's requirements for Processed Parts in accordance with this Agreement;

(ii) provide adequate personnel, equipment, and resources to enable it to fulfill its obligations under this Agreement; and

(iii) in the event that any vendors that do not timely deliver any critical materials used to process the Parts, use commercially reasonable efforts to pursue all of its rights and remedies against such vendors and to identify and secure replacement vendors.

9. INTELLECTUAL PROPERTY OWNERSHIP.

9.1. Ownership. All PcoMed Technology is and shall remain the property of PcoMed, and all SeaSpine Technology is and shall remain the property of SeaSpine. Any Invention that is neither PcoMed Technology nor SeaSpine Technology but that is Derived during the Term jointly by the Parties relating to this Agreement shall be the property of (i) PcoMed if it relates primarily to the PcoMed Technology and (ii) SeaSpine if it relates primarily to the SeaSpine Parts; provided that the Parties may agree that an Invention that is Derived during the Term jointly may become the property of both Parties, including Inventions or methods related to the surface preparation of SeaSpine Parts. Except with regard to the foregoing joint Inventions or methods, each Party hereby assigns to the other, by way of present and future assignment, all of the right, title and interest (including all Intellectual Property Rights therein) that it has or may have in any such Invention that is jointly Derived and that is subject to ownership by the other Party.

9.2. Reservation of Rights. Nothing in this Agreement shall be construed as granting to any Party any right, title or interest in or to or under any Intellectual Property Rights or Inventions of the other Party, other than as expressly agreed by the Parties in writing in this Agreement. All rights not specifically granted herein are reserved to the applicable Party, which may at all times fully and freely exercise the same except as otherwise restricted herein.

10. LIMITATION OF LIABILITY.

a. Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY

NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION IS INTENDED TO LIMIT OR RESTRICT THE DAMAGES AVAILABLE FOR BREACHES OF SECTION 3 (GRANT OF RIGHTS), SECTION 6 (CONFIDENTIALITY), OR SECTION 9 (INTELLECTUAL PROPERTY OWNERSHIP; PROSECUTION, ENFORCEMENT), OR A PARTY'S INDEMINIFICATION OBLIGATIONS.

11. **INDEMNIFICATION**.

11.1. PcoMed's Indemnification. PcoMed shall indemnify and defend SeaSpine and its Affiliates, and the directors, officers, members, employees, counsel, agents and representatives of SeaSpine and its Affiliates, and the successors and assigns of any of the foregoing (the "SeaSpine Indemnitees"), and hold the SeaSpine Indemnitees harmless from and against any and all Third Party claims, demands, actions, liabilities, damages, losses, judgments, costs or expenses (including interest and penalties and reasonable attorneys' fees and professional fees and expenses of litigation)(collectively, "Claims") arising out of, in connection with, or resulting from any and all Claims incurred by or asserted against SeaSpine Indemnitees for (i) infringement of any patent or other proprietary rights arising solely from or occurring as a result of the manufacture, sale, offer to sell, importation and/or use of PcoMed Technology; (ii) any and all breaches of the representations and warranties of this Agreement by PcoMed; and (iii) product defects or liability associated with any Parts to the extent arising from the PcoMed Surface Modification Technology.

11.2. SeaSpine's Indemnification. SeaSpine shall indemnify and defend PcoMed Indemnitees, and hold the PcoMed Indemnitees harmless from and against any and all Claims asserted by third Parties and arising out of, in connection with, or resulting from any and all Claims incurred by or asserted against PcoMed Indemnitees for (i) infringement of any patent or other proprietary rights arising from or occurring as a result of the manufacture, sale, offer to sell, importation and/or use of SeaSpine Technology; (ii) any and all breaches of the representations and warranties of this Agreement by SeaSpine; and (iii) product defects or liability associated with any Parts except to the extent arising from the SeaSpine Technology.

11.3. **Indemnification Procedure.** Any party entitled to indemnification under this Section 11 (an "indemnified party") will give written notice to the indemnifying party of any matters giving rise to a claim for indemnification; provided, that the failure of any Party entitled to indemnification hereunder to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 11 except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any action, proceeding or claim is brought against an indemnified party in respect of which indemnification is sought hereunder, the indemnifying party shall be entitled to participate in and, unless in the reasonable judgment of the indemnified party a conflict of interest between it and the indemnifying party may exist with respect of such action, proceeding or claim, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. The indemnified party shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the indemnified party which relates to such action or claim. The indemnifying party shall keep the indemnified party fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. If the indemnifying party elects to defend any such action or claim, then the indemnified party shall be entitled to participate in such defense with counsel. No indemnifying party will, without the prior written consent of the indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened action, suit, proceeding or investigation in respect of which indemnification may be sought by the indemnified party hereunder (whether or not any indemnified party is an actual or potential party to such action, suit, proceeding or

investigation) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability and obligations arising therefrom.

12. **USE OF NAMES.**

a.1, Names and Trademarks. Each Party agrees not to use or reference the name of the other Party, or the other Party's logos or trademarks in any advertising, sales promotion, press release or other communication relating to this Agreement without obtaining such Party's prior written consent. Notwithstanding the foregoing, a Party may use or reference such information to the extent reasonably necessary for (i) regulatory filings, including filings with the U.S. Securities Exchange Commission and Regulatory Authorities, (ii) prosecuting or defending litigation, or (iii) complying with applicable governmental regulations and legal requirements. Notwithstanding the foregoing, SeaSpine shall have the right to indicate that the Processed Parts were partly manufactured by PcoMed and PcoMed shall have the right to indicate that it processes Parts for SeaSpine.

13. **RIGHT OF NEGOTIATION.**

13.1. PcoMed shall not during the Term, directly or indirectly through an Affiliate of PcoMed, enter into any agreement or consummate any transaction relating to a Change of Control with any person or entity other than SeaSpine or an Affiliate of SeaSpine (such transaction, an "Acquisition Transaction") except in compliance with the terms and conditions of this Section 13.

(a) If, at any time during the Term, PcoMed determines to initiate a process or activities reasonably likely to result in a Change of Control of PcoMed (a "Trigger Event"), PcoMed shall, within five (5) business days following such Trigger Event, notify SeaSpine in writing of such Trigger Event (the "Sale Notice").

(b) At any time prior to the expiration of the ten (10) business day period immediately following SeaSpine's receipt of the Sale Notice (the "Exercise Period"), SeaSpine may notify PcoMed in writing that it has a bona fide interest in the acquisition of PcoMed (a "Notice of Interest"). Upon receipt of such notice by PcoMed, the Parties shall promptly and in good faith negotiate for the acquisition of PcoMed by SeaSpine under such terms and conditions as the Parties may mutually agree. If SeaSpine delivers a Notice of Interest and the Parties are unable to reach a definitive written agreement for the acquisition of PcoMed despite good faith and diligent efforts within a period of thirty (30) days following PcoMed's receipt of the Notice of Interest, then PcoMed may, within a one-hundred eighty (180) day period following the conclusion of negotiations between SeaSpine and PcoMed, consummate an Acquisition Transaction on terms, taken as a whole, that are the same or more favorable to PcoMed as the terms last offered by SeaSpine to PcoMed without further notice to SeaSpine.

(c) If, by the expiration of the Exercise Period, SeaSpine has not provided Notice of Interest, and provided that PcoMed has complied with all of the provisions of this Section 13.1, then at any time during the one hundred eighty (180) day period immediately following the expiration of the Exercise Period, PcoMed may consummate the Acquisition Transaction, on terms such terms as PcoMed is willing to accept in its sole discretion. If such Acquisition Transaction is not consummated within such one hundred eighty (180) day period, the terms and conditions of this Section 13.1 will again apply, and PcoMed shall not enter into any Acquisition Transaction during the Term without affording SeaSpine the right of negotiation on the terms and conditions of this Section 13.

13.2. Any financial and other information provided by PcoMed to SeaSpine under this Section 13 shall be Confidential Information of PcoMed, subject to protection under Section 6.

14. **INSURANCE**.

14.1. Throughout the Term and for a period of five (5) years thereafter, each Party will maintain (i) comprehensive general liability insurance covering bodily injury, property damage, contractual liability, products liability and completed operations; (ii) Worker's Compensation and employer's liability insurance; and (iii) auto insurance, all in such amounts as are necessary to insure against their respective risks of s operations, but in no event less than the following minimum amounts:

Insurance	**Minimum Limits of Liability**
Worker's Compensation	Statutory
Employer's Liability	$1,000,000
Automobile Liability	$1,000,000
Comprehensive General Liability (Including Parts and Completed Operations Liability)	$2,000,000 per occurrence/$5,000,000 aggregate
Umbrella/Excess Liability (Including Parts and Completed Operations Liability)	$5,000,000 per occurrence

This insurance coverage shall be issued by carriers having a Best's rating of A-X or better. All policies other than Worker's Compensation, Employer's Liability and Automobile Liability must include the other Party as an additional insured with a waiver of all rights of subrogation. The named insured Party will notify the other Party at least thirty (30) calendar days prior to the cancellation foregoing policy. Upon request, the named insured Party will furnish to the other Party as evidence of insurance a certificate of insurance stating that the coverage will not be canceled without thirty (30) calendar days prior notice to additional insured Party.

15. **MISCELLANEOUS.**

15.1. Notices. Any notice, request, instruction or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given (i) if mailed with the United States Postal Service by prepaid, first class, certified mail, return receipt requested, at the time of receipt by the intended recipient, (ii) if sent by email, when confirmed as received by the recipient personally (i.e., not by automated machine response); (iii) if sent by Federal Express, Airborne, or other overnight carrier, signature of delivery required, at the time of receipt by the intended recipient, (iv) if sent by facsimile transmission, when so sent and when receipt has been acknowledged by appropriate telephone or facsimile receipt, or (v) if hand-delivered, at the time of receipt by the intended recipient, addressed as follows:

If to SeaSpine:	SeaSpine Orthopedics Corporation 5770 Armada Drive Carlsbad, CA 92008 Attention: Ray McDonagh Email: ray.mcdonagh@seaspine.com
With required copy to:	SeaSpine Orthopedics Corporation 5770 Armada Drive Carlsbad, CA 92008 Attention: Legal Department Email: legal@seaspine.com
If to PcoMed:	PcoMed LLC 105 S. Sunset St., Suite G, Longmont, CO 80501 Attn: Managers Dan.Storey@pcomed.com David.Hughes@pcomed.com
With required copy to:	Martin & Hyman, LLC 1125 17th Street, Suite 2100 Denver, Colorado 80202 Attn: Scott A. Hyman, Esq. shyman@martinhyman.com

Notwithstanding the foregoing, notices of breach, termination or extension sent by email are not valid unless also sent by one of the other methods stated herein.

15.2. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws provisions thereof.

15.3. Dispute Resolution. In the event of any controversy or claim relating to, arising out of or in any way connected to any provision of this Agreement (a "Dispute"), either Party may, by notice to the other Party, have such dispute referred to their respective senior officials designated below or their successors, for attempted resolution by good faith negotiations within thirty (30) days after such notice is received. Any Dispute that is not resolved through such negotiations may be referred to binding arbitration in Denver, Colorado with the Judicial Arbiter Group as part of a three (3) person panel, with costs borne separately by each Party, to be conducted in accordance with the rules of the American Arbitration Association.

15.4. Attorneys' Fees. If any legal action is brought to enforce this Agreement, the prevailing Party will be entitled to receive its attorneys' fees, court costs, and other collection expenses, in addition to any other relief it may receive.

15.5. No Waiver. Failure of any Party to enforce a right under this Agreement shall not act as a waiver of that right or the ability to assert that right unless such Party has signed an express written waiver as to a particular matter for a particular period of time.

15.6. Severability. If any provision of this Agreement shall be found by a court of competent jurisdiction to be void, invalid or unenforceable, the provision shall be considered severed from this Agreement and shall not affect the validity or enforceability of the remainder of this Agreement. The Parties shall make a good faith effort to replace any invalid or unenforceable

provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

15.7. Modification. No change, modification, addition or amendment to this Agreement is valid or enforceable unless in writing and signed and dated by the authorized officers of the Parties to this Agreement; provided, for clarity, that any "Confidential Information" as defined in the Supply Agreement shall be deemed Confidential Information under this Agreement.

15.8. Entire Agreement. This Agreement, the Quality Agreement, and the exhibits, schedules, and attachments hereto and thereto constitute the entire agreement between the Parties and replace and supersede the Supply Agreement as of the Effective Date any and all prior agreements and understandings, whether oral or written, between the Parties with respect to the subject matter hereof.

15.9. Successors. Except as otherwise expressly provided in this Agreement, this Agreement shall be binding upon, inures to the benefit of, and is enforceable by, the Parties and their respective heirs, legal representatives, successors and permitted assigns.

15.10. Construction. This Agreement has been prepared, examined, negotiated and revised by each Party and their respective attorneys, and no implication shall be drawn, and no provision shall be construed against any Party to this Agreement by virtue of the purported identity of the drafter of this Agreement or any portion thereof. The captions contained in this Agreement are not a part of this Agreement but are merely guides or labels to assist in locating and reading the several Sections hereof.

15.11. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall constitute one and the same instrument.

15.12. Assignment. This Agreement shall be binding upon and shall inure to the benefit of PcoMed and SeaSpine, and their successors and assigns. Neither Party shall assign their respective rights under this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing, no such consent shall be required for either Party to assign this Agreement (i) to an Affiliate provided the Party to this Agreement continues to be liable for all obligations hereunder, or (ii) in connection with a merger or sale of all or substantially all of the assets of such Party to which this Agreement relates, provided in the case of (ii) the successor or assignee assumes all liabilities hereunder.

15.13. Further Assurances. Each Party shall do, execute, acknowledge and deliver, and cause to be done, executed, acknowledged or delivered, all such further acts, transfers, conveyances, assignments or assurances as may be reasonably required to consummate the transactions contemplated by this Agreement.

15.14. Force Majeure. Neither Party shall be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of the Agreement (other than payment obligations) when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including, without limitation, fire, floods, earthquakes, natural disasters, embargoes, war, acts of war (whether war be declared or not), acts of terrorism, insurrections, riots, civil commotions, shortage of materials, strikes, lockouts or other labor disturbances, epidemics or pandemics and any restrictions imposed by any Governmental Authority as a result thereof, acts of God or acts, omissions or delays in acting by any Governmental Authority or the other Party, provided that such Party promptly notifies the other Party and resumes performance as soon as possible. In the event a Party suffers a force majeure event as described in this Section 15.14 (other than a force majeure event arising from an omission or delay in acting by such party) that the other Party, in its

reasonable judgment, determines renders the affected Party unable to perform for a period of ninety (90) days, the non-affected Party shall be entitled to terminate this Agreement upon sixty (60) days prior written notice to the affected Party unless the affected Party resumes performance within said sixty day (60) notice day period and, upon such termination neither Party shall have no further rights or obligations pursuant to this Agreement except for those rights or obligations which survive termination pursuant to Section 5.3(d).

15.15 Compliance. SeaSpine has established a toll-free telephone number and online reporting system which individuals may use to report known or suspected compliance concerns. To submit a report, individuals may call 855-792-6402 or visit www.seaspine.ethicspoint.com. All reports to the hotline are confidential and callers may remain anonymous. SeaSpine will investigate all hotline reports as appropriate.

15.16 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partnership, principal and agent or joint venture between the Parties.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

SEASPINE ORTHOPEDICS CORPORATION	**PCOMED, LLC**
By: /s/ Ray McDonagh	By: /s/David G. Hughes
Name: Ray McDonagh	Name: David G. Hughes
Title: Vice President, Supply Chain	Title: CEO

SEASPINE HOLDINGS CORPORATION
NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Amended and Restated Effective June 2, 2021

This SeaSpine Holdings Corporation (the "Company") Non-Employee Director Compensation Program (this "Program") for non-employee directors (the "Directors") of the board of directors of the Company (the "Board") shall be effective on the date set forth above (the "Effective Date"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the SeaSpine Holdings Corporation Amended and Restated 2015 Incentive Award Plan, as amended and/or restated from time to time (the "Plan").

Cash Compensation

Directors will be entitled to receive annual retainers in the following amounts, pro-rated for any partial year of service:

Board Member Annual Retainer:	$ 50,000
Board Chair Additional Annual Retainer:	25,000
Lead Independent Director Additional Annual Retainer:	25,000
Committee Member Annual Retainer: (Audit, Compensation, Nominating and Corporate Governance)	5,000
Committee Chair Additional Annual Retainer: (Audit, Compensation, Nominating and Corporate Governance)	10,000

All annual retainers will be paid in cash quarterly in arrears promptly following the end of the applicable calendar quarter, but in no event more than thirty (30) days after the end of such quarter.

Directors may be permitted to elect to receive Restricted Stock in lieu of the Director's annual retainer (as determined in accordance with the table above) (any such award, a "Retainer Award"). In the event a Director timely elects to receive Restricted Stock in lieu of such Director's annual retainer (as described below), the Restricted Stock shall be granted under the Plan, or any other applicable Company equity incentive plan then-maintained by the Company, on the date of the annual stockholder meeting of the Company (each, an "Annual Meeting") that occurs in the year following such election; provided such Director is re-elected by stockholders at such Annual Meeting (if such Director is nominated for election at such Annual Meeting).

With respect to each Annual Meeting, such election must be made prior to the last day of the calendar year immediately preceding the calendar year in which such Annual Meeting occurs and will cover the annual retainer to which a Director otherwise would be entitled for the period between such Annual Meeting and the next Annual Meeting. In no event may a Director who is initially elected or appointed to serve on the Board after the Effective Date receive Restricted Stock in lieu of such Director's annual retainer prior to the Annual Meeting that occurs in the calendar year following the calendar year in which such Director was initially elected or appointed.

The amount of Restricted Stock granted in lieu of a Director's annual retainer will be determined by dividing the Director's annual retainer with respect to the applicable year, by the Fair Market Value on the applicable grant date.

Equity Compensation

Initial Award:	Each Director who is initially elected or appointed to serve on the Board after the Effective Date shall be granted such amount of Restricted Stock under the Plan, or any other applicable Company equity incentive plan then-maintained by the Company, as is determined by dividing $100,000 or, with respect to the Board Chair, $150,000, by the Fair Market Value on the date on which such Director is initially elected or appointed to serve on the Board (the "Initial Award"), subject to the Director's continued service through such date (if applicable). The Initial Award may be pro-rated to reflect any partial year of service, as determined by the Board in its sole discretion. Each Initial Award is hereby granted on the date the Director is initially elected or appointed to serve on the Board.
Annual Award:	Each Director serving on the Board as of the date of each Annual Meeting shall be granted such amount of Restricted Stock under the Plan, or any other applicable Company equity incentive plan then-maintained by the Company, as is determined by dividing $125,000 or, with respect to the Board Chair, $175,000, by the Fair Market Value on the date of the applicable Annual Meeting (the "Annual Award"). Each Annual Award is hereby granted on the date of the applicable Annual Meeting.

Miscellaneous

Each Retainer Award granted under this Program shall vest with respect to 25% of the Shares subject to the Award on the last day of each three-month period following the applicable grant date, subject to continued service. Each Initial Award and Annual Award granted under this Program shall vest with respect to 100% of the Shares subject to the Award on the one-year anniversary of the applicable grant date, subject to continued service; provided, however, that, if a director stands for re-election at an Annual Meeting but is not re-elected to the Board at such Annual Meeting, any outstanding Annual Award then held by such Director will vest in full on the date of such Annual Meeting.

All applicable terms of the Plan apply to this Program as if fully set forth herein, and all grants of Awards are hereby subject in all respect to the terms of the Plan. The grant of any Award under this Program shall be made solely by and subject to the terms set forth in an Award Agreement in a form approved by the Board and duly executed by an executive officer of the Company.

Effectiveness, Amendment, Modification and Termination

This Program, as amended, shall become effective upon the Effective Date. This Program may be amended, modified or terminated by the Board in the future at its sole discretion. No Director shall have any rights hereunder, except with respect to any Awards actually granted pursuant to the Program, whether prior to or after the Effective Date, which Awards shall continue to be governed by the terms and conditions of the Program in effect at the time such Awards were granted and each applicable Award Agreement.

Exhibit 31.1

Certification of Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Keith C. Valentine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaSpine Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2021

/s/ Keith C. Valentine

Keith C. Valentine

Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John J. Bostjancic, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaSpine Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2021

/s/ John J. Bostjancic

John J. Bostjancic

Chief Financial Officer

Exhibit 32.1

Certification of Principal Executive Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Keith C. Valentine, President and Chief Executive Officer of SeaSpine Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1 The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2021

/s/ Keith C. Valentine
Keith C. Valentine
Chief Executive Officer

Exhibit 32.2

Certification of Principal Financial Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, John J. Bostjancic, Senior Vice President and Chief Financial Officer of SeaSpine Holdings Corporation (the "Company"), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the "Report") fully complies with the requirement of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2021

/s/ John J. Bostjancic
John J. Bostjancic
Chief Financial Officer