

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): August 6, 2024

TREACE MEDICAL CONCEPTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40355
(Commission
File Number)

47-1052611
(IRS Employer
Identification Number)

100 Palmetto Park Place
Ponte Vedra, Florida 32081
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: (904) 373-5940

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.001 par value per share | TMCI | The Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02. Results of Operations and Financial Condition.

On August 6, 2024, Treace Medical Concepts, Inc. (the "Company") issued a press release regarding its financial results for the quarter ended June 30, 2024. A copy of the press release is furnished as [Exhibit 99.1](#) to this Current Report on Form 8-K and is incorporated by reference herein.

This information furnished under this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release of Treace Medical Concepts, Inc. issued on August 6, 2024 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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 hereunto duly authorized.

TREACE MEDICAL CONCEPTS, INC.

Date: August 6, 2024

By: /s/ Mark L. Hair
Mark L. Hair
Chief Financial Officer



Treace Medical Concepts Reports Second Quarter 2024 Financial Results

PONTE VEDRA, Fla. – August 6, 2024 – Treace Medical Concepts, Inc. ("Treace" or the "Company") (NasdaqGS: TMCI), a medical technology company driving a fundamental shift in the surgical treatment of bunions and related midfoot deformities through its flagship Lapiplasty® and Adductoplasty® Procedures, today reported financial results for the second quarter ended June 30, 2024.

Recent Highlights

- Revenue of \$44.5 million in second quarter 2024 increased 6% over same period in 2023
- Gross margin of 80.2% in second quarter 2024
- Patent portfolio expands to 65 granted U.S. patents, with an additional 22 granted patents worldwide and 84 pending U.S. patent applications

John T. Treace, CEO and Founder of Treace, said, "Second quarter results came in as expected. We remain focused on capturing an even larger share of procedure volumes from our base of over 3,000 active surgeons with several new planned product launches in the second half of 2024, including our entry into the relatively nascent minimally invasive metatarsal osteotomy market in Q4. We are confident in our strategic investments in our growing portfolio of innovative, reproducible solutions for a dynamic bunion market, supporting our market position and long-term outlook."

Second Quarter 2024 Financial Results

Revenue for the second quarter of 2024 was \$44.5 million, representing an increase of 6% compared to \$42.0 million in the second quarter of 2023. The increase was driven by product mix shift that resulted from increased adoption of newer technologies and increased sales of complementary products used in bunion and related midfoot procedures as well as increases in our active surgeon base.

Gross profit for the second quarter of 2024 was \$35.7 million compared to a gross profit of \$34.3 million in the second quarter of 2023. Gross margin totaled 80.2% in the second quarter of 2024, compared to 81.7% in the second quarter of 2023, primarily due to a shift in product mix, increases in payroll and inventory provisions, partially offset by lower royalty rates.

Total operating expenses were \$57.1 million in the second quarter of 2024, compared to total operating expenses of \$47.3 million in the second quarter of 2023. Increased operating expenses in the second quarter of 2024, including share-based compensation expense, reflect strategic investments in the Company's expanding direct sales channel, investments in product innovation, customer credit loss, and support for other corporate initiatives.

Second quarter 2024 net loss attributable to common stockholders was (\$21.2) million, or (\$0.34) per share, compared to (\$12.3) million, or (\$0.20) per share, for the same period in 2023. Adjusted EBITDA loss was (\$8.7) million in the second quarter of 2024 compared to a loss of (\$7.7) million for the same period in 2023. See below for additional information and a reconciliation of non-GAAP financial information.

Cash, cash equivalents, marketable securities and investment receivable totaled \$97.0 million as of June 30, 2024. The Company believes it has sufficient balance sheet strength and flexibility to continue effectively executing on its strategic investments and growth initiatives for the foreseeable future.

Financial Outlook

The Company is reaffirming full-year 2024 revenue guidance of \$201 million to \$211 million, representing growth of 7% to 13%, compared to full-year 2023.

The Company continues to expect Adjusted EBITDA to improve approximately 50% compared to full-year 2023.*

** A reconciliation of Adjusted EBITDA to GAAP net loss on a forward-looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure.*

Webcast and Conference Call Details

Treace will host a conference call today, August 6, 2024, at 4:30 p.m. ET to discuss its second quarter 2024 financial results. Investors interested in listening to the conference call may do so by registering. Once registered, participants will receive dial-in numbers and a unique pin to join the call and ask questions. The live webcast of the conference call will be available on the Investor Relations section of the Company's website at investors.treace.com. The webcast will be archived on the website following the completion of the call.

Use of Non-GAAP Financial Measures

To supplement the financial results presented in accordance with GAAP, this earnings release presents Adjusted EBITDA, which the Company defines as net loss before depreciation and amortization expense, interest income, interest expense, taxes, share-based compensation expense, acquisition-related costs, restructuring costs, customer credit loss, and debt extinguishment loss. Non-GAAP financial measures such as Adjusted EBITDA are presented in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Management uses non-GAAP financial measures to evaluate the Company's operating performance and trends, as well as for making planning decisions. The Company believes that Adjusted EBITDA helps to identify underlying trends in the Company's business that may otherwise be masked by the effect of the income and expenses and other items that it excludes in its calculation of Adjusted EBITDA. Accordingly, the Company believes this non-GAAP financial measure provides useful information to investors and others in understanding and evaluating the Company's operating results, enhancing the overall understanding of its past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by the Company's management in their financial and operational decision-making. The Company also presents this non-GAAP financial measure because it believes investors, analysts and rating agencies consider it to be a useful metric in measuring the Company's performance against other companies and its ability to meet its debt service obligations.

There are limitations related to the use of non-GAAP financial measures such as Adjusted EBITDA because they are not prepared in accordance with GAAP, may exclude significant income and expenses required by GAAP to be recognized in the Company's financial statements, and may not be comparable to non-GAAP financial measures used by other companies. The Company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. A reconciliation between GAAP and non-GAAP results is presented below.

Forward-Looking Statements

This press release and statements made during the Company's earnings call contain 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. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, the Company's: revenue guidance and estimated revenue growth rates for full-year 2024; estimated quarterly revenue growth rates; ability to effectively respond to and mitigate the impact of challenges in the current market environment, including in response to increased competition and accelerating adoption of MIS osteotomy solutions; ability to

effectively reduce costs and right size the Company's P&L and the future impact of the right sizing; anticipated future product launches and the timing of such product launches, including its planned 3D MIS osteotomy platforms; ability to increase its procedure volumes and gain market share; strategic investments supporting its market position and long-term outlook; ability to protect and enforce its intellectual property rights; success in defending against infringement of its intellectual property by third parties, including its competitors; expected seasonality; anticipated pace of growth in the foot and ankle market; sufficient balance sheet strength and flexibility to continue effectively executing on its strategic investments and growth initiatives for the foreseeable future; anticipated liquidity; and expectation of progress in Adjusted EBITDA for full-year 2024 and expected rate of Adjusted EBITDA improvement. Forward-looking statements are based on management's current assumptions and expectations of future events and trends, which affect or may affect the Company's business, strategy, operations or financial performance, and actual results and other events may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could cause actual results or other events to differ materially from those contemplated in this press release can be found in the Risk Factors section of Treace's public filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 27, 2024, and its subsequent SEC filings. Because forward-looking statements are inherently subject to risks and uncertainties, you should not rely on these forward-looking statements as predictions of future events. These forward-looking statements speak only as of their date and, except to the extent required by law, the Company undertakes no obligation to update these statements, whether as a result of any new information, future developments or otherwise. The Company's results for the quarter ended June 30, 2024 are not necessarily indicative of its operating results for any future periods.

Internet Posting of Information

Treace routinely posts information that may be important to investors in the "Investor Relations" section of its website at www.treace.com. The Company encourages investors and potential investors to consult the Treace website regularly for important information about Treace.

About Treace Medical Concepts

Treace Medical Concepts, Inc. is a medical technology company with the goal of advancing the standard of care for the surgical management of bunion and related midfoot deformities. Bunions are complex 3-dimensional deformities that originate from an unstable joint in the middle of the foot and affect approximately 67 million Americans, of which Treace estimates 1.1 million are annual surgical candidates. Treace has pioneered and patented the Lapiplasty® 3D Bunion Correction® System – a combination of instruments, implants, and surgical methods designed to surgically correct all three planes of the bunion deformity and secure the unstable joint, addressing the root cause of the bunion and helping patients get back to their active lifestyles. To further support the needs of bunion patients, Treace has introduced its Adductoplasty® Midfoot Correction System, designed for reproducible surgical correction of the midfoot as well as its Hammertoe PEEK Fixation System designed to address hammertoe, claw toe and mallet toe deformities. The Company continues to expand its footprint in the foot and ankle market with the introduction of its SpeedPlate™ Rapid Compression Implants, an innovative fixation platform with broad versatility across Lapiplasty® and Adductoplasty® procedures, as well as other common bone fusion procedures of the foot. For more information, please visit www.treace.com.

To learn more about Treace, connect with us on LinkedIn, X, Facebook and Instagram.

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Treace Medical Concepts

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Treace Medical Concepts, Inc.
Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------|------------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | \$ 44,455 | \$ 41,953 | \$ 95,563 | \$ 84,148 |
| Cost of goods sold | 8,781 | 7,675 | 18,908 | 15,714 |
| Gross profit | 35,674 | 34,278 | 76,655 | 68,434 |
| Operating expenses | | | | |
| Sales and marketing | 37,681 | 33,773 | 78,009 | 67,428 |
| Research and development | 5,157 | 3,526 | 10,416 | 6,938 |
| General and administrative | 14,218 | 10,031 | 28,580 | 20,896 |
| Total operating expenses | 57,056 | 47,330 | 117,005 | 95,262 |
| Loss from operations | (21,382) | (13,052) | (40,350) | (26,828) |
| Interest income | 1,376 | 1,968 | 2,911 | 3,447 |
| Interest expense | (1,312) | (1,282) | (2,629) | (2,567) |
| Other income, net | 112 | 95 | 186 | 223 |
| Other non-operating income (expense), net | 176 | 781 | 468 | 1,103 |
| Net loss | \$ (21,206) | \$ (12,271) | \$ (39,882) | \$ (25,725) |
| Other comprehensive income (loss) | | | | |
| Unrealized gain (loss) on marketable securities | \$ (95) | \$ (163) | \$ (189) | \$ (192) |
| Comprehensive loss | \$ (21,301) | \$ (12,434) | \$ (40,071) | \$ (25,917) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.34) | \$ (0.20) | \$ (0.64) | \$ (0.43) |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 62,081,494 | 61,382,514 | 61,937,140 | 60,060,483 |

Treace Medical Concepts, Inc.
Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

| | June 30, 2024 | December 31, 2023 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 18,181 | \$ 12,982 |
| Marketable securities, short-term | 76,865 | 110,216 |
| Accounts receivable, net of allowance for credit losses of \$978 and \$980 as of June 30, 2024 and December 31, 2023, respectively | 25,559 | 38,063 |
| Inventories | 41,279 | 29,245 |
| Prepaid expenses and other current assets | 9,668 | 7,853 |
| Total current assets | 171,552 | 198,359 |
| Property and equipment, net | 24,245 | 22,298 |
| Intangible assets, net of accumulated amortization of \$950 and \$475 as of June 30, 2024 and December 31, 2023, respectively | 8,550 | 9,025 |
| Goodwill | 12,815 | 12,815 |
| Operating lease right-of-use assets | 8,775 | 9,264 |
| Other non-current assets | 146 | 146 |
| Total assets | <u>\$ 226,083</u> | <u>\$ 251,907</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 18,073 | \$ 11,835 |
| Accrued liabilities | 13,730 | 10,458 |
| Accrued commissions | 5,931 | 10,759 |
| Accrued compensation | 6,192 | 7,549 |
| Other liabilities | 520 | 4,432 |
| Total current liabilities | 44,446 | 45,033 |
| Long-term debt, net of discount of \$843 and \$992 as of June 30, 2024 and December 31, 2023, respectively | 53,157 | 53,008 |
| Operating lease liabilities, net of current portion | 16,302 | 15,891 |
| Other long-term liabilities | 37 | 37 |
| Total liabilities | 113,942 | 113,969 |
| Commitments and contingencies (Note 7) | | |
| Stockholders' equity | | |
| Preferred stock, \$0.001 par value, 5,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of June 30, 2024 and December 31, 2023 | — | — |
| Common stock, \$0.001 par value, 300,000,000 shares authorized; 62,194,845 and 61,749,654 issued, and 62,175,241 and 61,749,654 outstanding as of June 30, 2024 and December 31, 2023, respectively | 62 | 62 |
| Additional paid-in capital | 286,484 | 271,973 |
| Accumulated deficit | (174,129) | (134,247) |
| Accumulated other comprehensive (loss) income | (26) | 163 |
| Treasury stock, at cost; 19,604 and 1,218 shares as of June 30, 2024 and December 31, 2023, respectively | (250) | (13) |
| Total stockholders' equity | 112,141 | 137,938 |
| Total liabilities and stockholders' equity | <u>\$ 226,083</u> | <u>\$ 251,907</u> |

Treace Medical Concepts, Inc.
Statements of Cash Flows
(in thousands)
(unaudited)

| | Six Months Ended June 30, | |
|---|---------------------------|-------------|
| | 2024 | 2023 |
| Cash flows from operating activities | | |
| Net loss | \$ (39,882) | \$ (25,725) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization expense | 4,025 | 2,019 |
| Provision for allowance for credit losses | 2,207 | 78 |
| Share-based compensation expense | 14,148 | 6,288 |
| Non-cash lease expense | 1,182 | 1,264 |
| Amortization of debt issuance costs | 149 | 148 |
| Accretion (amortization) of discount (premium) on marketable securities, net | (685) | (663) |
| Other, net | 159 | 5 |
| Net changes in operating assets and liabilities, net of acquisitions | | |
| Accounts receivable | 10,297 | 1,886 |
| Inventory | (12,034) | (6,704) |
| Prepaid expenses and other assets | 185 | (1,641) |
| Operating lease liabilities | (1,291) | 1,072 |
| Accounts payable | 6,238 | (522) |
| Accrued liabilities | (5,943) | (3,137) |
| Other, net | 127 | 38 |
| Net cash used in operating activities | (21,118) | (25,594) |
| Cash flows from investing activities | | |
| Purchases of available-for-sale marketable securities | (28,711) | (120,957) |
| Sales and maturities of available-for-sale marketable securities | 60,558 | 55,763 |
| Purchases of property and equipment | (5,656) | (5,709) |
| Acquisition, net of cash acquired | — | (20,000) |
| Net cash provided by (used in) investing activities | 26,191 | (90,903) |
| Cash flows from financing activities | | |
| Proceeds from issuance of common stock from public offering, net of issuance costs and underwriting discount of \$7.5 million | — | 107,527 |
| Proceeds from exercise of employee stock options | 363 | 1,532 |
| Taxes from withheld shares | (237) | — |
| Net cash provided by (used in) financing activities | 126 | 109,059 |
| Net increase (decrease) in cash and cash equivalents | 5,199 | (7,438) |
| Cash and cash equivalents at beginning of period | 12,982 | 19,473 |
| Cash and cash equivalents at end of period | \$ 18,181 | \$ 12,035 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ 2,490 | \$ 2,567 |
| Operating lease right-of-use asset and lease liability adjustment due to lease incentive | \$ 86 | \$ (13) |
| Noncash investing activities | | |
| Unrealized (gains) losses, net on marketable securities | \$ 189 | \$ 192 |
| Unsettled matured marketable security and receivable from broker | \$ 2,000 | \$ — |

Treace Medical Concepts, Inc.
Reconciliation of GAAP Net Loss to EBITDA & Adjusted EBITDA
(in thousands)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------------|--------------------------------|-------------|------------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss | \$ (21,206) | \$ (12,271) | \$ (39,882) | \$ (25,725) |
| Adjustments: | | | | |
| Interest income | (1,376) | (1,968) | (2,911) | (3,447) |
| Interest expense | 1,312 | 1,282 | 2,629 | 2,567 |
| Taxes | — | — | — | — |
| Depreciation & Amortization | 2,116 | 1,095 | 4,025 | 2,019 |
| EBITDA | \$ (19,154) | \$ (11,862) | \$ (36,139) | \$ (24,586) |
| Share-based compensation expense | 6,740 | 3,596 | 14,148 | 6,288 |
| Acquisition-related costs | 556 | 520 | 1,873 | 520 |
| Restructuring costs ¹ | 964 | — | 964 | — |
| Customer credit loss ² | 2,147 | — | 2,147 | — |
| Adjusted EBITDA | \$ (8,747) | \$ (7,746) | \$ (17,007) | \$ (17,778) |

¹ Restructuring charges primarily relate to severance payments and other post-employment benefits from a restructuring in June 2024.

² Customer credit loss consists of the write-off of accounts receivable due from a customer that filed for bankruptcy during the second quarter of 2024.

