



On solid footing for sustained top-tier growth

TREACE[®]
Medical Concepts, Inc.

42nd Annual J.P. Morgan Healthcare Conference

John T. Treace, CEO & Founder
January 9, 2024

Forward-Looking Statements

This presentation may include forward-looking statements. All statements other than statements of historical facts contained in this presentation, including statements regarding our future results of operations and financial position, strategy and plans, industry environment, potential growth opportunities, and our expectations for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “design,” “intend,” “expect,” “could,” “plan,” “potential,” “predict,” “seek,” “should,” “would,” or the negative version of these words and similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. These risks and uncertainties, many of which are beyond our control, include risks described in the section entitled Risk Factors in our filings made with the Securities and Exchange Commission (the “SEC”), including our Form 10-K for the year ended December 31, 2022, and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. No representations or warranties (expressed or implied) are made about the accuracy of any such forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.

Non-GAAP Financial Measures

To supplement the financial results presented in accordance with GAAP, this presentation 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 and debt extinguishment loss. As of March 31, 2023, in its calculation of Adjusted EBITDA, the Company began subtracting interest income from net loss as interest income is expected to be significant for the full-year 2023. Prior period results for Adjusted EBITDA have been updated to be consistent with the updated presentation as described above. 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 these 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 these non-GAAP financial measures provide 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 these non-GAAP financial measures because it believes investors, analysts and rating agencies consider them to be a useful metrics 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. Reconciliations between GAAP and non-GAAP results are included at the end of this presentation.

Treace Medical Concepts, Inc.

Hyper-focused

Pure-play medical device company focused on the surgical treatment of bunions and related deformities

53 US PATENTS
79 US PENDING PATENTS

Growing

FY 2023 preliminary revenue of \$186.7M to \$187.1 million (+32% YOY growth at midpoint)*

5-year revenue growth CAGR of +60%

Just getting started

10 new product launches in 2H 2023 and 2024

Clear line-of-sight to near-term profitability – driving towards adj. EBITDA breakeven for FY 2024 and cash flow positive in 2025

Strong cash & liquidity position – no current need for equity financing

Fastest-growing company in foot and ankle, one of the fastest-growing segments in Orthopaedics¹

* The preliminary revenue remains subject to completion of year-end accounting procedures and adjustments and is subject to change.
(1) TMCI estimate based on other publicly-traded peers participating in the foot and ankle market

A LARGE, underserved


\$5B+ U.S. market opportunity

Bunions affect **~1 in 4** U.S. adults¹,
a population of **65 million**

10,000 U.S. bunion surgeons

450k annual surgical procedures:
\$2.3B current market²

650k more in need of surgery:
\$2.7B market



Emily
Lapiplasty[®] patient

(1) Nix S, et al. J Foot Ankle Res 2010
(2) iData Research, Inc., 2022

Bunions: 3-Plane Deformities

An unstable joint in the middle of the foot allows the metatarsal bone to shift outward...

Creating the painful “bump” on the side of the big toe

Bunion (bump) presents here



Unstable joint is here

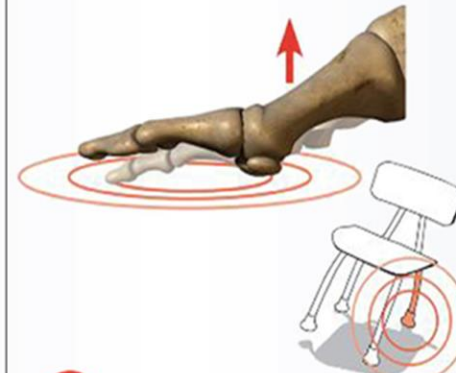


In nearly 90% of bunions, the metatarsal bone is rotated in the frontal plane¹



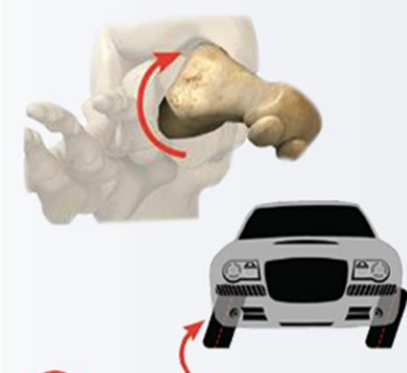
1 Transverse Plane

The unstable joint (foundation) allows the metatarsal to Lean Sideways



2 Sagittal Plane

The metatarsal can Elevate, transferring excessive pressure to other toes & ball of the foot



3 Frontal Plane

The metatarsal can Rotate, causing abnormal wear, just like a car tire out of alignment

Failure to correct the frontal plane component can lead to a 10-12x greater risk of recurrence²

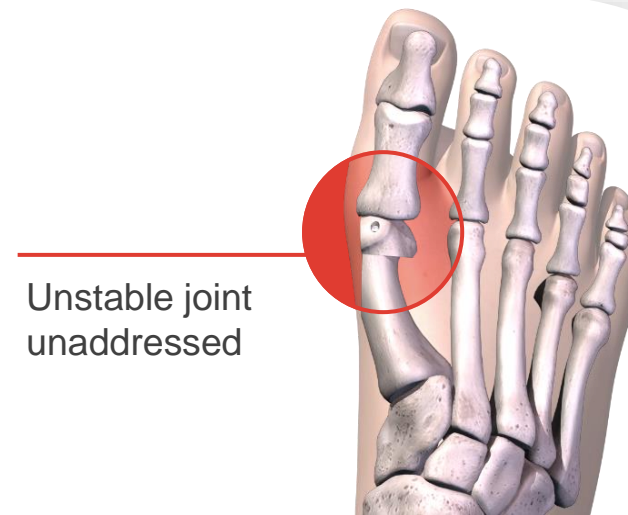
(1) Kim Y, et al. Foot Ankle Int 2015
(2) Okuda R, et al. JBJS 2009; Okuda R, et al. JBJS 2007

Traditional 2D Surgical Approaches Have Significant Shortcomings

2D OSTEOTOMY (~75% of cases)

Cuts the metatarsal bone and shifts the bump inward

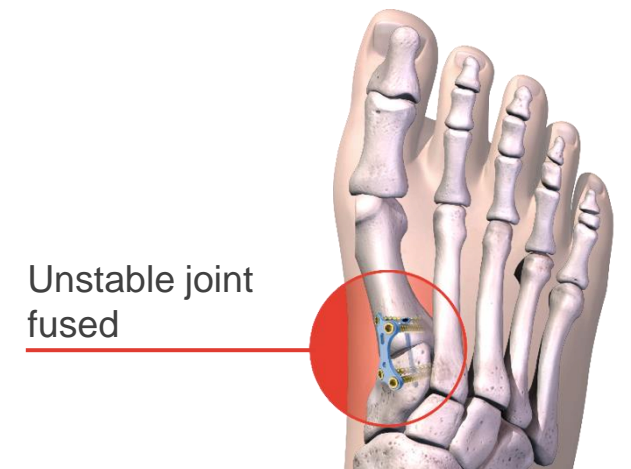
- Relatively straightforward procedure
- Doesn't address the unstable joint
- Increased recurrence risk¹



2D LAPIDUS FUSION (~25% of cases)

Realigns the entire metatarsal bone and fuses the unstable joint

- Challenging freehand procedure
- Decreased recurrence risk²
- 6 – 8 weeks non-weightbearing (cast)²



Lapiplasty[®]

3D Bunion Correction[®] Procedure differs from 2D options



Treace has **democratized** a “**3D-bunion procedure**”, making it accessible to more physicians and their patients

Our 3D solution:

Correct.

Make correction *before* you cut



Cut.

Perform precision cuts with confidence



Compress.

Achieve controlled compression of joint surfaces



Fixate.

Apply multiplanar fixation for robust stability



Lapiplasty[®]

compelling outcomes, supported by evidence



EARLY WEIGHT BEARING
in 8.4 days (avg)^{1,2}



LOW RECURRENCE RATES
0.7% at 24 months, 1.1% at
36 months¹



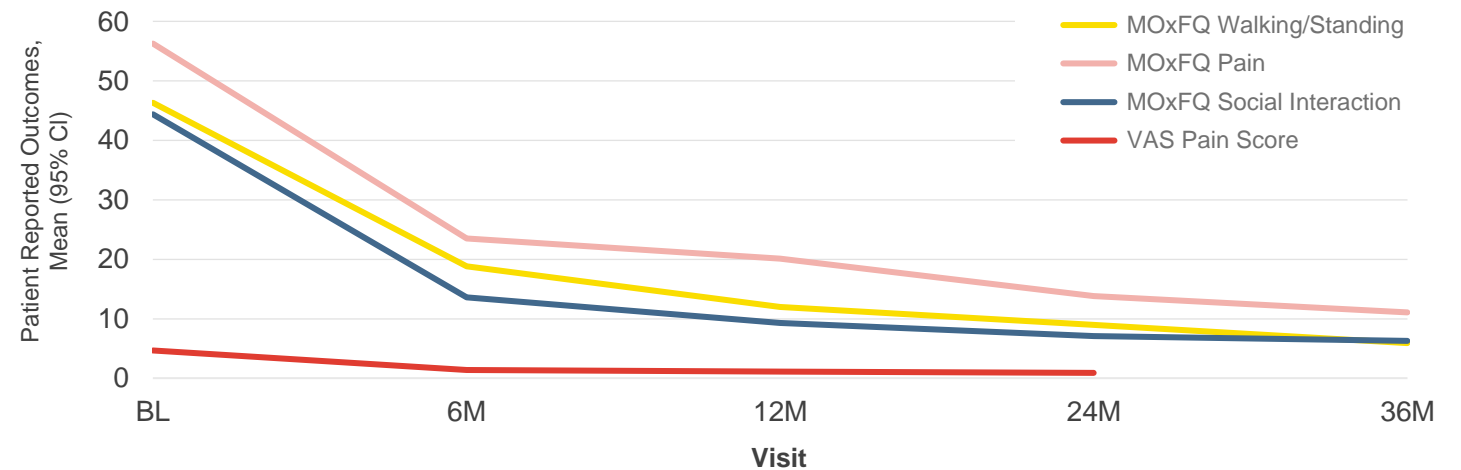
81% PAIN REDUCTION³

92% and 93% IMPROVEMENT in
walking/standing and social
interaction scores, respectively⁴

ALIGN3D[™] Multicenter Prospective Study¹

7 centers, 13 surgeons, 173 patient report, average follow-up of 33.4 months
View [White Paper](#)

MOxFQ and VAS Pain Scores Over Time



(1) Interim ALIGN3D[™] study report, AOFAS 2023; HVA >20 degrees; 0.7% of patients (1 of 151 patients) at 24 months and 1.1% (1 of 95 patients) at 36 months

(2) In a post-operative boot

(3) VAS at 24 months post-procedure (n=156). VAS scores only collected to 24 months.

(4) MOxFQ at 36 months (n=100)

A LARGE, underserved

\$5B+ U.S. market opportunity

Additional complementary markets added

+ **\$750M TAM** 15% 

**Adductoplasty[®]
Midfoot Correction¹**
~\$500M

**Hammertoe
Correction¹**
~\$250M

*These conditions often coexist with bunions
and are often addressed at same time*

(1) iData Research, Inc., 2022 and TMCI company estimates; includes metatarsus adductus deformity, midfoot OA opportunities, and hammertoe correction

Rapid, focused innovation and growth

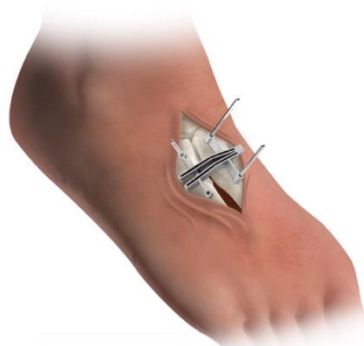
Adductoplasty[®] Midfoot Correction

First instrumented approach for correcting metatarsus adductus deformity and osteoarthritis of midfoot

Present in up to 30% of bunion patients; increased recurrence if not addressed¹

\$4K+ additional per Lapiplasty[®] case²

Adductoplasty[®] System (Launched Q2 2022)



Precision cut guide



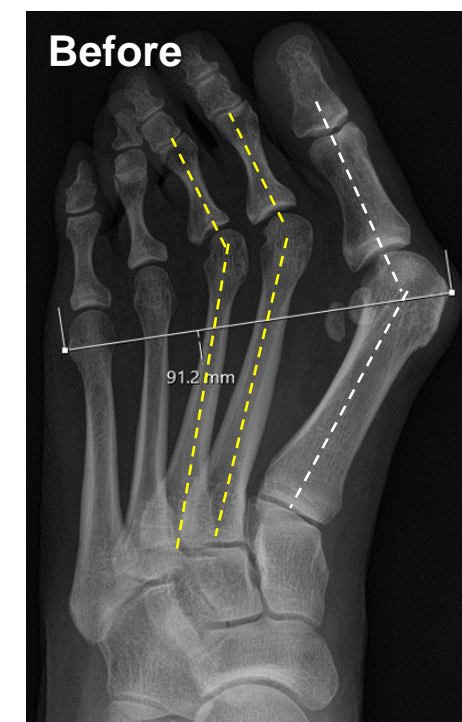
Alignment & Compression



Plate Fixation

NEW

TriTome[™] Release Instrument



(1) Aiyer AA, et al. Foot Ankle Int 2014; Aiyer AA, et al. Foot Ankle Int 2016
 (2) Additional procedures and products used to address concurrent disease states and/or co-morbidities, such as Metatarsus Adductus; Case refers to average Lapiplasty[®] case

Rapid, focused innovation and growth

Hammertoe Correction

Q4 2023 launch

Designed to address
hammertoe, claw toe and mallet
toe deformities

PEEK material offers
radiolucency and mechanical
properties comparable to bone^{1,2}

Sterile-packed kit



Hammertoes often present with bunions –
one of the most prevalent deformities in the foot,
resulting in approximately 700,000 surgical repairs
per year in the U.S.³

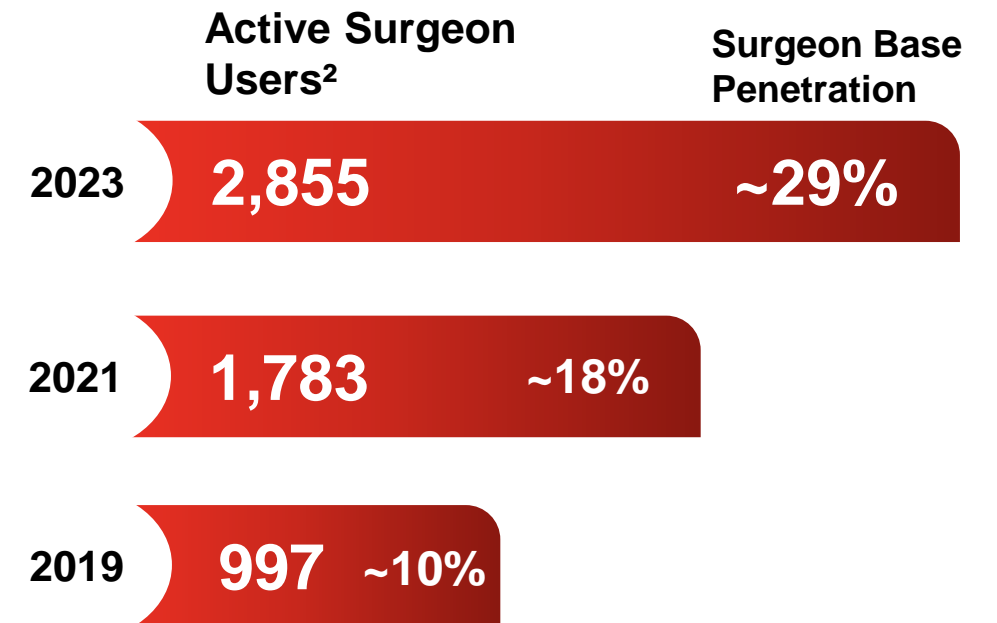
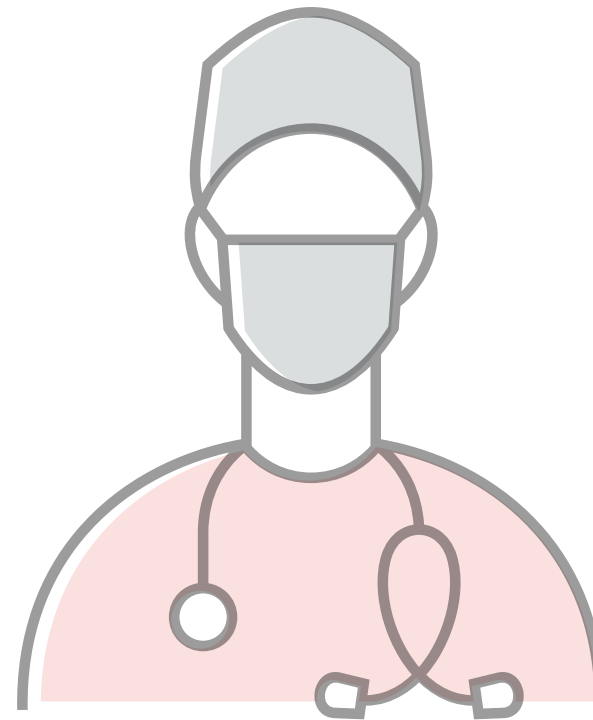
(1) Treace Medical Concepts data on file
(2) Dong XN, et al. Journal of Biomechanics 2012
(3) iData Research, Inc., 2022

Taking Bold Steps to Capture the Market

30% 4-year CAGR in Active Surgeons¹

Approaching **30%** bunion surgeons using Lapiplasty[®] procedure

Early in utilization curve: nearly **40%** of surgeons added in last two years



Increased experience leads to increased utilization

(1) 4-year CAGR reflects Q4 2019 to Q4 2023

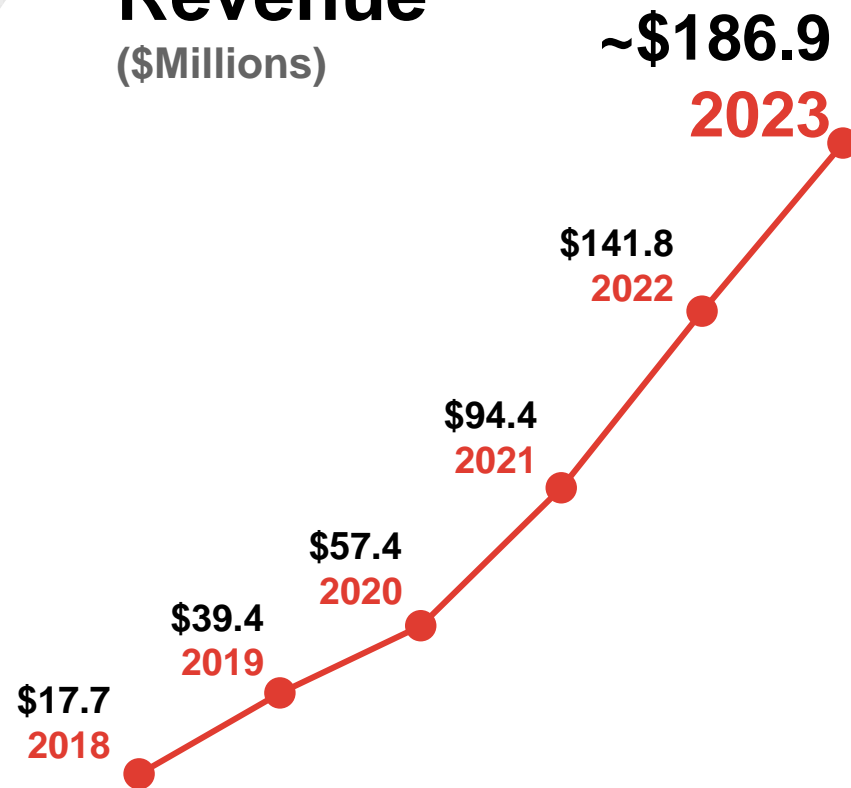
(2) Active Surgeons perform at least one Lapiplasty[®] procedure in trailing twelve months

Market-capturing momentum A Step Ahead

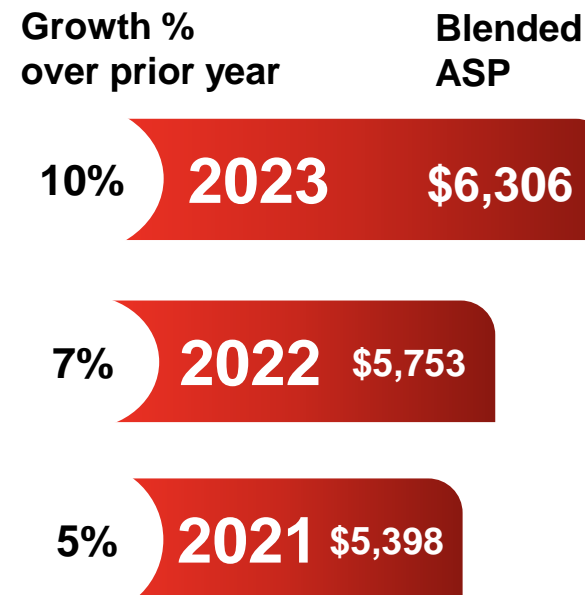


Tom
Lapiplasty® patient

Revenue¹ (\$Millions)



Increasing blended ASP for each procedure kit sold



Revenue growth driven by increasing surgeon utilization, new surgeon users and higher blended average sales prices (BASP)

BASP expansion driven by next-gen Lapiplasty® technologies and complementary product usage

(1) Revenue for 2023 is preliminary and represents the midpoint of the expected revenue range of \$186.7 million to \$187.1 million for full-year 2023

A capital-light, highly scalable model **Margin from one procedure pays for our instrument tray**

Reusable instrumentation



Sterile-packed implant kits



> ~40 sellable SKUs facilitate supply chain and inventory management with ~80% gross margin



Jim
Lapiplasty® patient

Where others walk, We sprint

A rapid, nimble,
product iteration cycle



SURGEONS SAY:

*“The biggest thing from Treace since
Lapiplasty®”*

“Total game changer”

SpeedPlate™

Fixation Platform, a giant step forward

SpeedPlate™ - a **new standard** for foot and ankle fixation for Lapiplasty®, Adductoplasty® and **BEYOND**. We expect it to fuel continued revenue growth and new surgeon additions.



**SpeedPlate™ Implants
shown in Lapiplasty® and
Adductoplasty® procedure**

Why SpeedPlate™ is a “Game Changer”

Dynamic compression

Designed to deliver stability of a titanium locking plate¹ with speed and compression of a staple

Platform technology

For Micro-Lapiplasty™ (2cm incision), Lapiplasty® & Adductoplasty® procedures and beyond

Not just Lapiplasty®

Potential to achieve broad adoption across many other common bone fusion procedures in the foot

SpeedPlate™

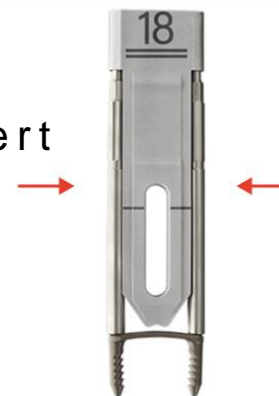
Rapid Compression Implants

Key Surgical Steps

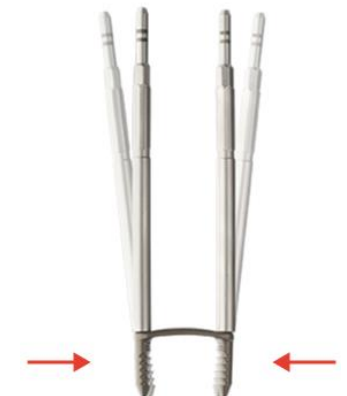
Step 1
Position & Drill



Step 2
Preload & Insert



Step 3
Release & Compress



(1) Encompasses locking plate and screw construct

“I’d like the slowest
recovery possible”

...and other things no patient ever says

Through continued refinement and innovation, Lapiplasty[®] can now be performed through a micro 2cm incision



Lapiplasty[®] Procedure
~7cm Incision; 2015



Mini-Incision[™] System
~3.5cm Incision; 2021



Micro-Lapiplasty[™] System
~2cm Incision; Q1 2024

Uses
SpeedPlate[™]
fixation with
premium ASP



Building on our strengths

Powerful Future Pipeline

Coming in 2H 2024



REDPOINT™ PSI TECHNOLOGY

Pre-operative planning and patient-specific cut guides

Strengthens market leadership position and competitive differentiation

First to U.S. market with FDA-cleared PSI solution for bunion and midfoot deformity correction



NEW TECHNOLOGY PLATFORM

Expected to: Drive further penetration into bunion market

Attract new physicians

Fuel higher utilization rates



Investing Wisely in Direct Sales

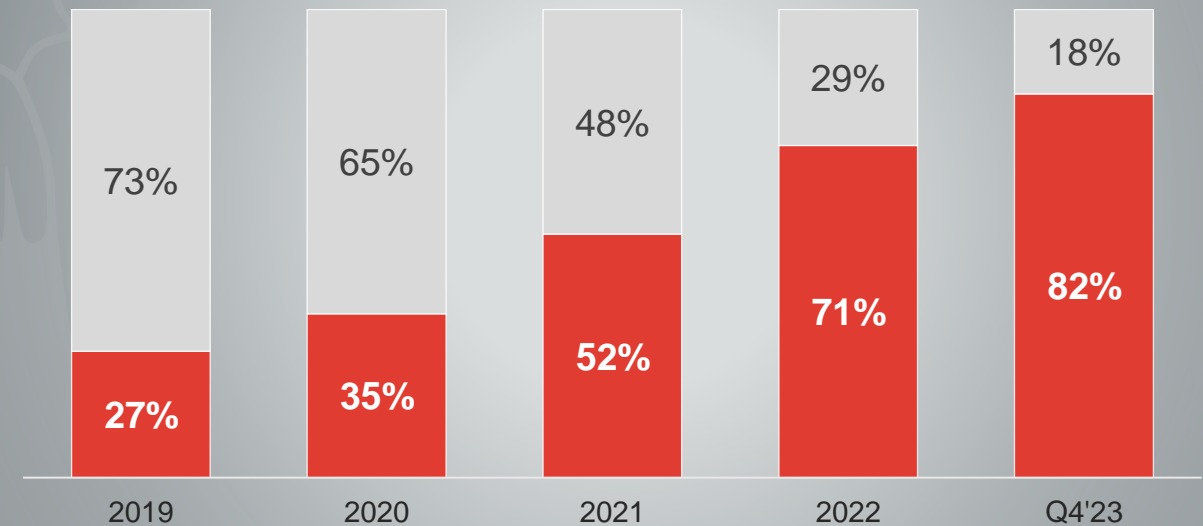
Our dedicated sales force is a key tactic in growing Treace market penetration

TODAY:

227 employee direct sales reps¹
~340 employee “field fleet”¹

Direct vs. Distributor Revenue (%)

■ Distributor
 ■ Direct



This supports higher utilization and ASP

Ongoing Commitment to Highly Effective Surgeon Education



Baseline for new surgeon
adds going forward:

+250-300/yr


Hands-on training is required
prior to live clinical use of the
Lapiplasty[®] procedure

Monthly introductory and
advanced events with experienced
surgeon faculty and Treace staff

Patients ask for it by name

Lapiplasty[®]

Lapiplasty[®] is fast becoming a standard of care for bunions, and we have built a deep and wide competitive moat

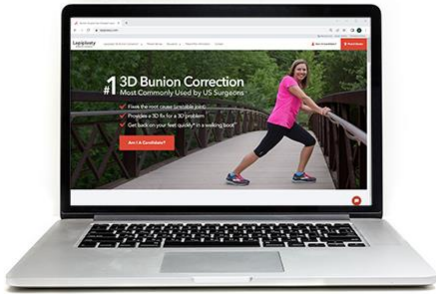

Approximately 6.6% market penetration in Q4 2023, up from 3.5% in Q3 2021

Generating Brand Awareness and Demand Through Direct-to-Patient Outreach

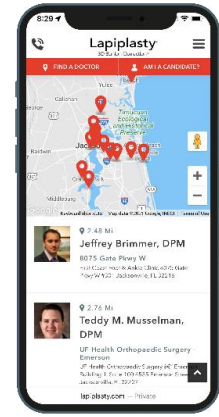
Highly targeted, scalable and effective



OUTREACH
with national programs to raise awareness



EDUCATE
on Lapiplasty.com



SEARCH
for a doctor



SCHEDULE
an appointment

We reach surgical candidates via national programs



We educate via Lapiplasty.com, then offer the means to find a surgeon and schedule an appointment

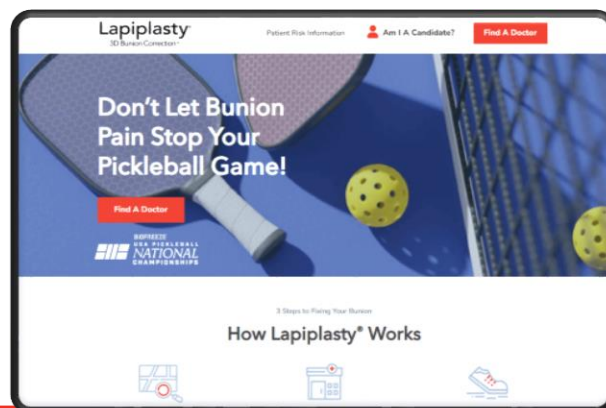
Driving Lapiplasty® Awareness via Targeted DTC

2.6 Million Viewers
Saw Lapiplasty® On Court Signage

Leading indicators show
a meaningful impact:

+8%
bump in direct traffic
to Lapiplasty.com

+12%
bump in organic
searches



Social Channel Impact: >100K total impressions >10k total engagements

www.Lapiplasty.com/pickleball

Solidly on Pathway Towards Sustainable Profitability¹



Jen
Lapiplasty[®] patient

Adj. EBITDA (\$ in millions)



Driving towards adj. EBITDA breakeven in 2024 and cash flow positive in 2025

Total available access to liquidity, including debt facility, is ~\$185 million

Meaningful leverage opportunities to drive profitability

Continued focus on operating expense leverage & management

Scalability of business

Technology-enabled efficiencies

(1) The Company defines Non-GAAP adjusted EBITDA as net loss before depreciation and amortization expense, interest income, interest expense, taxes, share-based compensation expense, acquisition-related costs and debt extinguishment loss.

Solid footing, setting the pace

Fastest-growing company in foot and ankle

one of the fastest-growing
segments in Orthopaedics¹

Differentiated technology and innovative procedures

backed by compelling
clinical evidence

Multiple growth drivers:

- + *new surgeons*
- + *surgeon utilization*
- + *new products*
- + *sales rep productivity*
- + *BASP increases*

Positioned to deliver
sustainable, strong
20%+ revenue growth
in 2024 and beyond

Driving towards adj.
EBITDA breakeven
for full-year 2024
and free cash flow
positive in 2025

(1) TMCI estimate based on other publicly-traded peers participating in the foot and ankle market



www.treace.com

NASDAQ: TMCI

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

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GAAP to Non-GAAP Reconciliations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (12,271)	\$ (17,234)	\$ (25,725)	\$ (26,270)
Adjustments:				
Interest income	(1,968)	(131)	(3,447)	(140)
Interest expense	1,282	946	2,567	1,897
Taxes	—	—	—	—
Depreciation & Amortization	1,095	423	2,019	757
EBITDA	\$ (11,862)	\$ (15,996)	\$ (24,586)	\$ (23,756)
Share-based compensation expense	3,596	1,963	6,288	3,372
Acquisition-related costs	520	—	520	—
Debt extinguishment loss	—	4,483	—	4,483
Adjusted EBITDA	\$ (7,746)	\$ (9,550)	\$ (17,778)	\$ (15,901)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (17,521)	\$ (12,133)	\$ (43,246)	\$ (38,403)
Adjustments:				
Interest income	(1,570)	(420)	(5,017)	(560)
Interest expense	1,296	1,190	3,863	3,087
Taxes	—	—	—	—
Depreciation & Amortization	1,564	459	3,583	1,216
EBITDA	\$ (16,231)	\$ (10,904)	\$ (40,817)	\$ (34,660)
Share-based compensation expense	5,192	2,269	11,480	5,641
Acquisition-related costs	1,802	—	2,322	—
Debt extinguishment loss	—	—	—	4,483
Adjusted EBITDA	\$ (9,237)	\$ (8,635)	\$ (27,015)	\$ (24,536)