



*The Leader in Hallux Valgus Surgery™*

## J.P. Morgan Healthcare Conference

**JANUARY 2022**



# Safe Harbor

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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, including a registration statement on Form S-1 (including a final prospectus dated April 22, 2021). 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, assumption, 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.

# Highlights

Medical device company 100% focused on the surgical treatment of Hallux Valgus (Bunions)

Developed and patented Lapiplasty® 3D Bunion Correction™ System to advance the standard of care in the management of bunion deformities



- Large \$5B+ addressable US market opportunity and strong early market penetration
- Broad product portfolio centered on instrumented Lapiplasty® System and ancillary products
- Compelling clinical data: low recurrence rates and accelerated time to weightbearing

- Comprehensive education programs for surgeons and patients
- Built orthopaedic industry's only dedicated direct sales channel focused on bunions
- Robust revenue growth, up an anticipated 64% to 65% in 2021<sup>(1)</sup>



Strong IP protection  
**33 US patents**  
**8 OUS patents**



**Experienced** Board and Management Team



**250+** Employees

Note: Patent count as of January 4, 2022 and employee count as of December 31, 2022.

(1) Preliminary unaudited revenue for full year 2021 is anticipated to be in the range of \$94.1 to \$94.4 million

# Management Team



**John T. Treace**  
CEO, Founder,  
Board Member



**Mark L. Hair**  
Chief Financial Officer



**Jaime A. Frias**  
Chief Legal Officer &  
Corporate Secretary



**Daniel E. Owens**  
Chief Human  
Resources Officer



**Shana Zink**  
SVP, Clinical Affairs, Medical  
Education & Reimbursement



**Scot Elder**  
SVP, Chief Ethics &  
Compliance Officer



**Sean F. Scanlan, PhD**  
SVP & Marketing



**Rachel Osbeck**  
SVP, Quality Assurance &  
Regulatory Affairs



**Aaron Berutti**  
SVP, Sales



**Terry Lubben**  
SVP, Operations



# Board of Directors



**James T. Treace**  
Chairman of the Board



**John T. Treace**  
CEO, Founder,  
Board Member



**John K. Bakewell**  
Board Member



**F. Barry Bays**  
Board Member



**Lawrence W. Hamilton**  
Board Member



**Betsy Hanna**  
Board Member



**Deepti Jain**  
Board Member



**Richard W. Mott**  
Board Member



**Thomas E. Timbie**  
Board Member

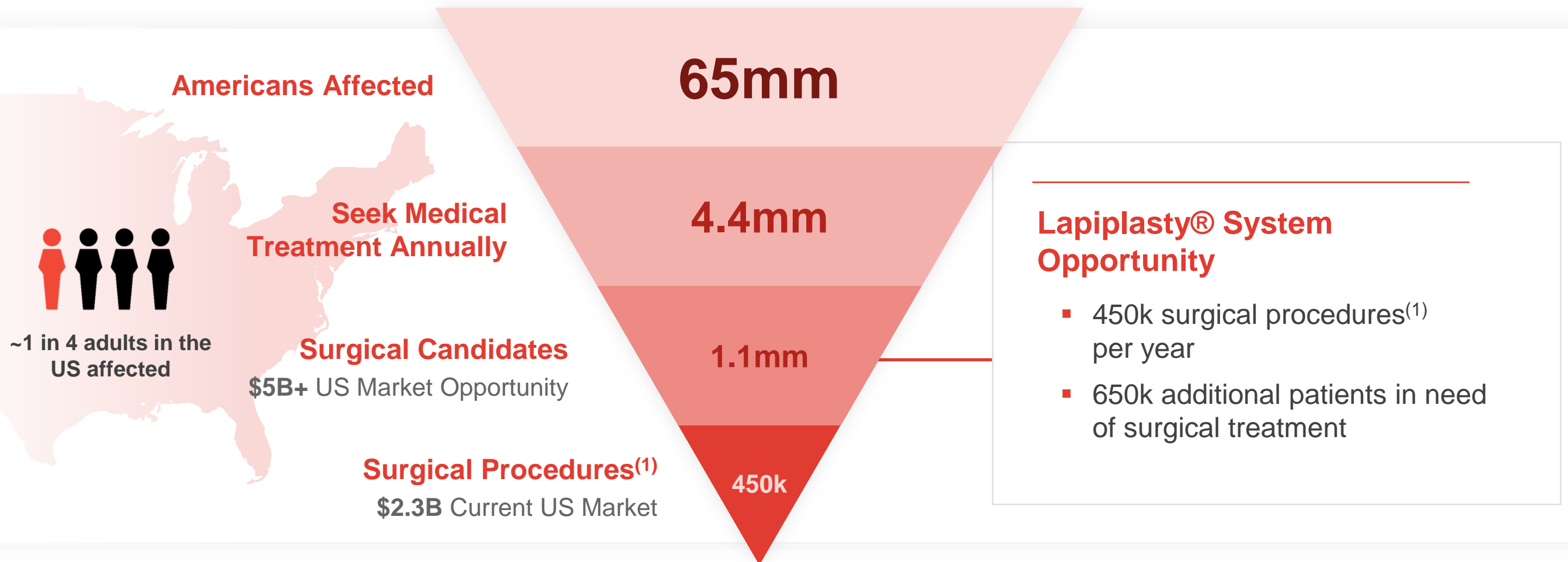


**John R. Treace**  
Board Member



## Large and Underserved US Market Opportunity

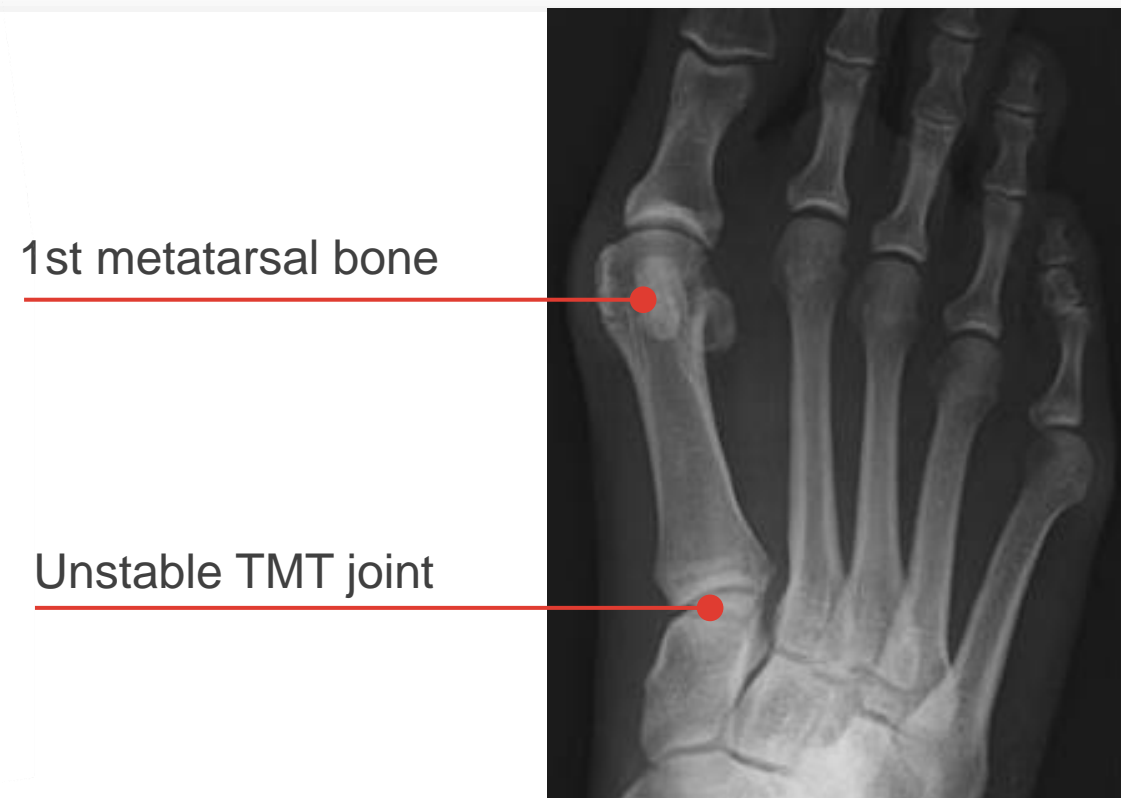
- One of the largest and most underserved markets in orthopaedics
- 10,000 US Bunion Surgeons: ~7,400 surgical podiatrists + ~2,600 orthopaedic foot & ankle specialists



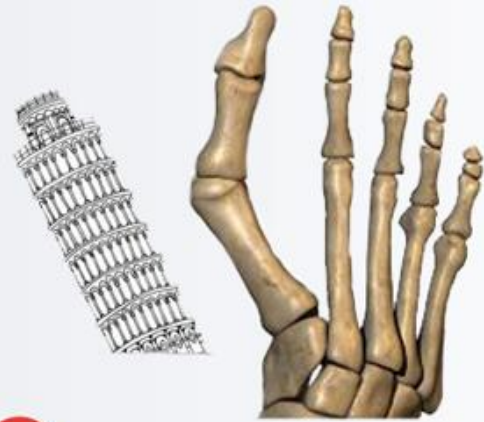
(1) ~75% of the estimated ~450k annual bunion surgical procedures are 2D osteotomy surgical procedures.

## Understanding Bunions

- Not a growth of bone on the side of the toe
- An outward shift of the 1st metatarsal bone which creates the painful bump



# The 3 Planes of the Bunion Deformity



## 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

Historically  
Unrecognized  
and Neglected

**Failure to correct the frontal plane component can lead to a 10-12x greater risk of recurrence<sup>(1)</sup>**

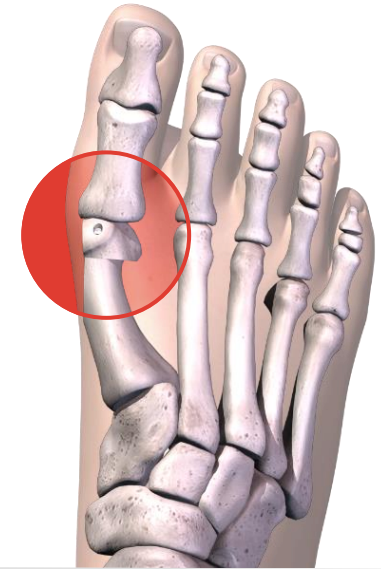


# Current Approaches Have Significant Shortcomings

## 2D OSTEOTOMY (~75% of cases)

**Cuts the metatarsal bone and shifts the bump inward**

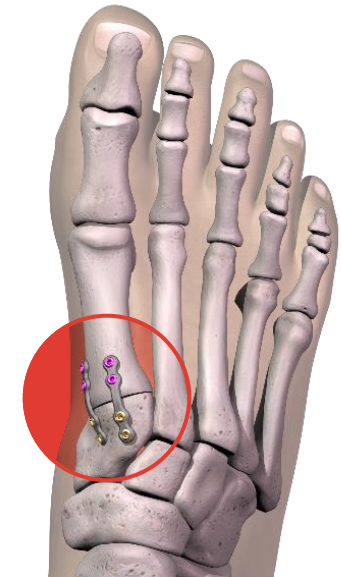
- Cosmetic fix neglects root cause of deformity (unstable TMT joint)
- Only addresses 2 planes (2D)
- High recurrence (1.8 – 78%)
- Variable time to weight-bearing (1 Day – 6 weeks)



## LAPIDUS FUSION (~25% of cases)

**Realigns the entire metatarsal bone and fuses the unstable joint**

- Addresses root cause but technically challenging “freehand” operation
- Does not address all 3 planes of deformity reliably
- Lower recurrence (0 – 46%)
- Long recovery (6 – 8 weeks non weightbearing) often in a cast

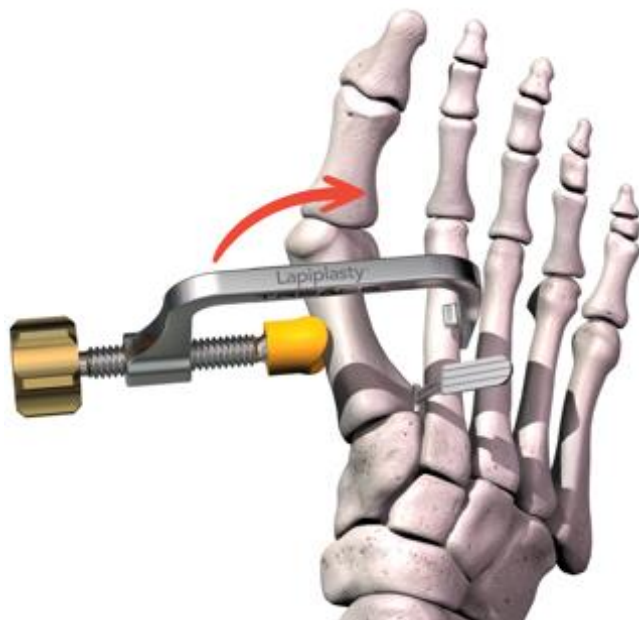


# Our Solution: Lapiplasty<sup>®</sup> 3D Bunion Correction<sup>™</sup> System

- 3D fix for a 3D problem
- Addresses the root cause of the bunion (unstable joint), and corrects all 3 planes
- Fast recovery (time to weightbearing: 3-10 days in a post-op boot)
- Consistent low recurrence rate (0.9% to 3.2%)(<sup>1</sup>)

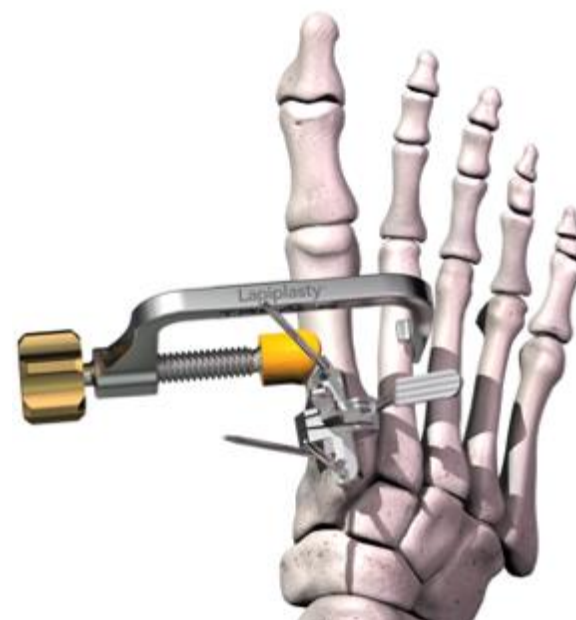
## Correct.

Make correction  
*before* you cut



## Cut.

Perform precision  
cuts with confidence



## Compress.

Achieve controlled  
compression of joint surfaces



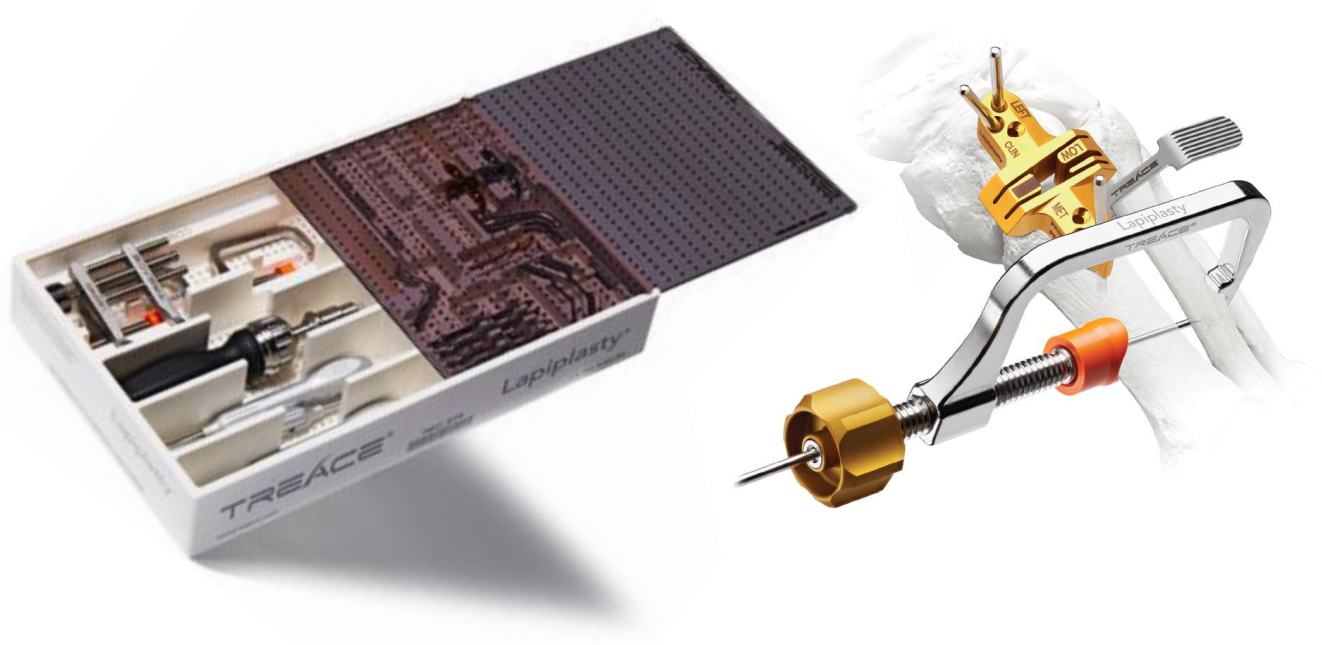
## Fixate.

Apply multiplanar fixation  
for robust stability



(1) Measured at 17 and 13 months, respectively

## Capitalized Reusable Instrumentation



## Sterile-Packed Implant Kits



**Low capital requirements, highly scalable, consumable model**

## Product Innovations: *Lapiplasty® Mini Incision System*

- Initial launch in late Q4 2020
- Increasing share of Lapiplasty® cases through 2021
- Higher ASP



# Lapiplasty®

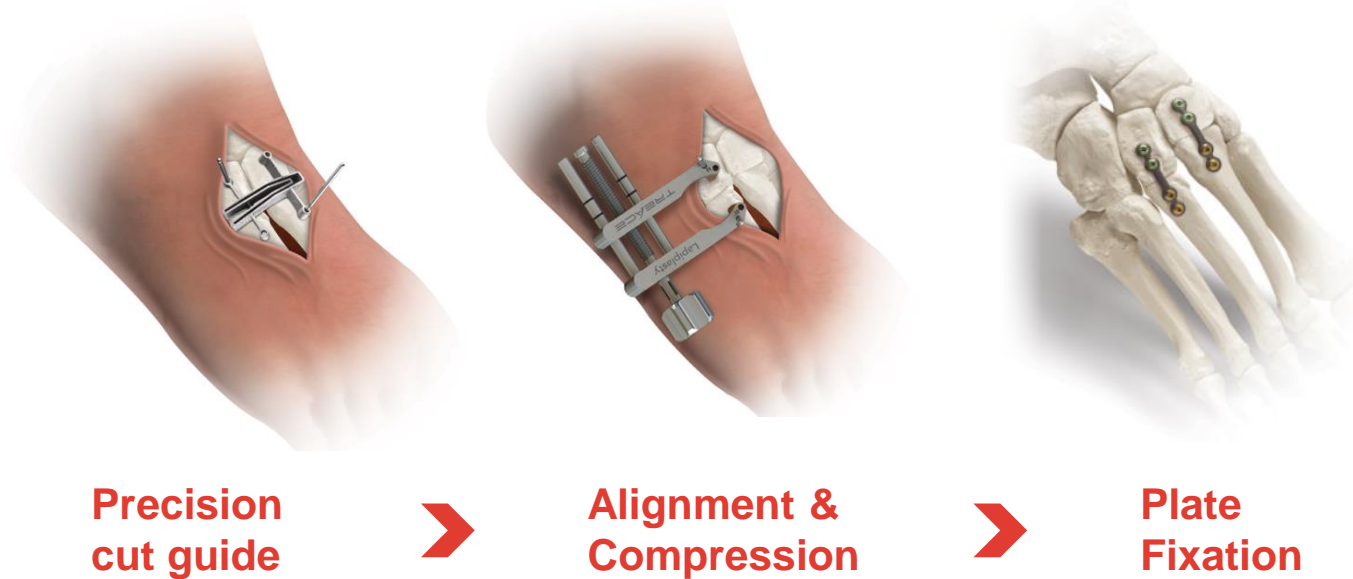
Mini-Incision™ System



The Power of Lapiplasty®  
Now Through a 3.5cm Incision

# Product Innovations: Adductoplasty™ Midfoot Correction System

- Initial launch in late Q3 2021
- First instrumented approach for reproducibly correcting midfoot deformities
- Present in up to 30% of bunion patients
- Increased rate of recurrence if midfoot deformity is not addressed



**Before Adductoplasty™**



**After**



# Product Innovations: Ancillary Products

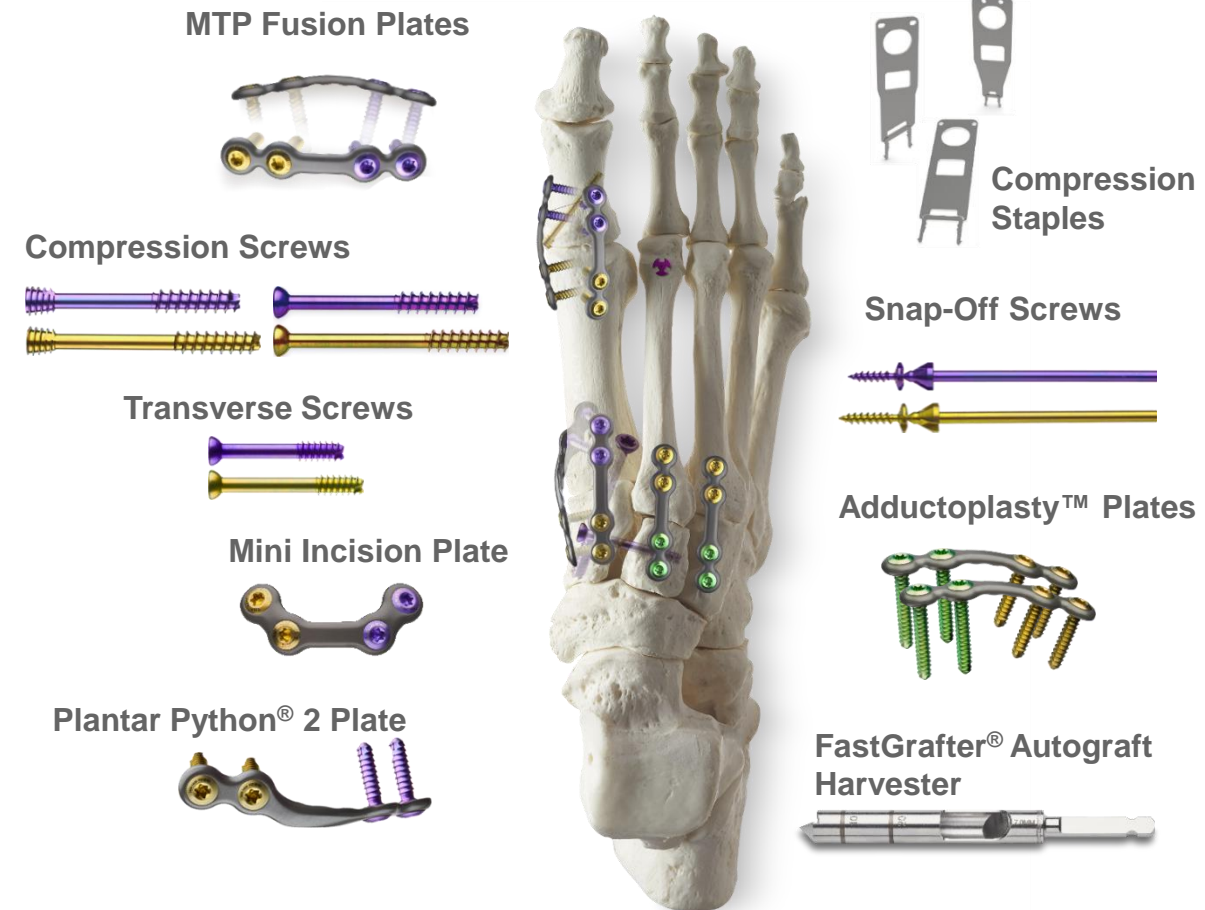
Multiple procedures performed in 70%+ of bunion surgical cases

Sterile kits reduce need for multiple vendors, increases revenue per case

## Sterile Packaged Kits



## Increasing Total Case \$ Share



# Compelling Lapiplasty® Clinical Outcomes

## Leading Clinical Support: 16 Peer-Reviewed Publications

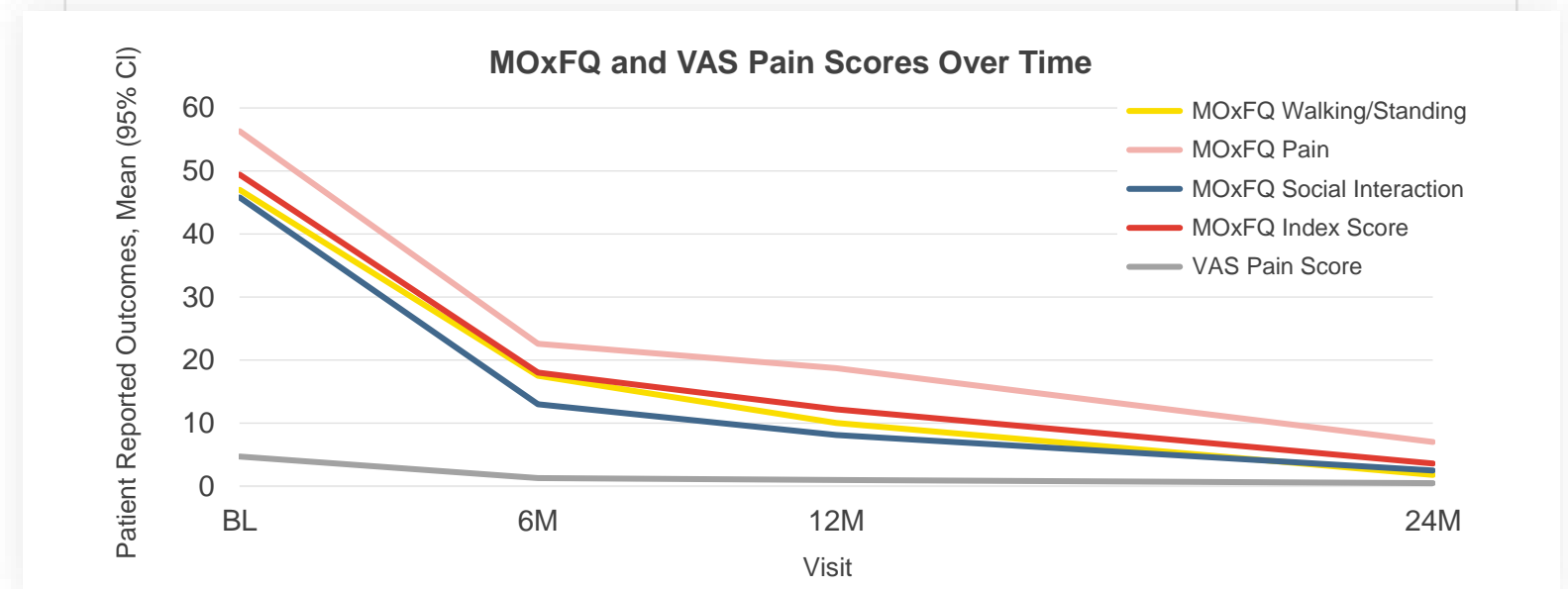
Key Endpoints <sup>(1)</sup>	Lapiplasty® Procedure	2D Osteotomy	Lapidus Fusion
Time to Weightbearing	3 – 10 days <sup>(2)</sup>	Day 1 – 6 weeks <sup>(3)</sup>	6 weeks – 8 weeks <sup>(4)</sup>
Recurrence Rate	0.9 – 3.2% <sup>(5)</sup>	1.8 – 78% <sup>(6)</sup>	0 – 46% <sup>(6)</sup>

## ALIGN3D™ Multicenter Prospective Study

173 patient, 24-month primary endpoint

Interim 12 and 24-month data for 151 patients:

- Return to **weight bearing at avg 8.3 days**;<sup>(2)</sup>
- Recurrence rate of 0.9%** at 12 months;
- Significant improvement in **patient reported outcomes** (VAS, MOxFQ, PROMIS-29) through **24 months**



(1) For illustrative purposes only based on published clinical data and not based on head-to-head comparative studies.  
 (2) In post operative boot.  
 (3) In post operative shoe or boot.  
 (4) Often in a cast.  
 (5) Measured at 17 and 13 months, respectively.  
 (6) Recurrence rate driven by procedure type and follow up duration.

# Commercial Strategy





# Highly Effective Surgeon Education

## In-person labs and online webinars:

- Monthly introductory and advanced events
- Experienced surgeon faculty and clinical specialist support

- Evergreen learning “Advanced” courses create a support community
- Successfully onboards an average 100+ new surgeon users per quarter

## Monthly Webinars

Introductory & Advanced

### Lapiplasty® Mastery Webinar Panel

Lapiplasty® Pitfalls, Challenging Cases, and Technique Pearls

Wed, July 29 @ 8pm ET

LIVE SURGEON EDUCATION WEBINAR



Moderator  
James Nunley, MD  
Durham, NC



Daniel  
Cutica,  
DO  
Falls Church,  
VA



Will  
DeCarbo,  
DPM  
Pittsburgh, PA



Abdi  
Raissi,  
MD  
Las Vegas, NV



Amber  
Shaw,  
DPM  
Orlando, FL



## Monthly Cadaveric Labs

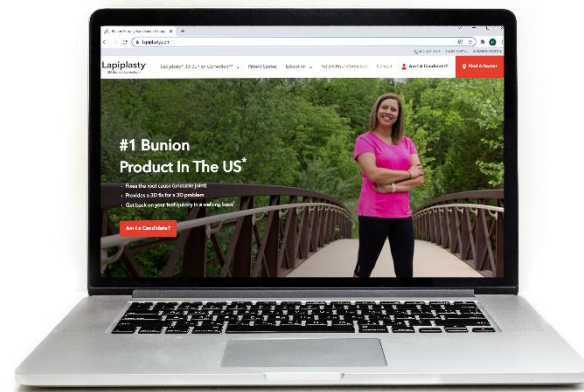
Introductory & Advanced



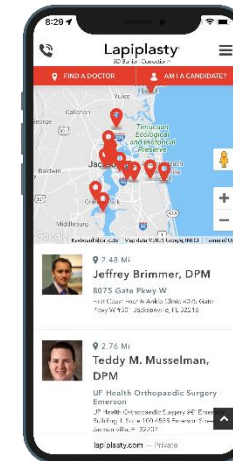
# Comprehensive Direct to Patient Program



**OUTREACH**  
to raise awareness with  
content



**EDUCATE**  
on Lapiplasty<sup>®</sup>.com



**SEARCH**  
for a doctor



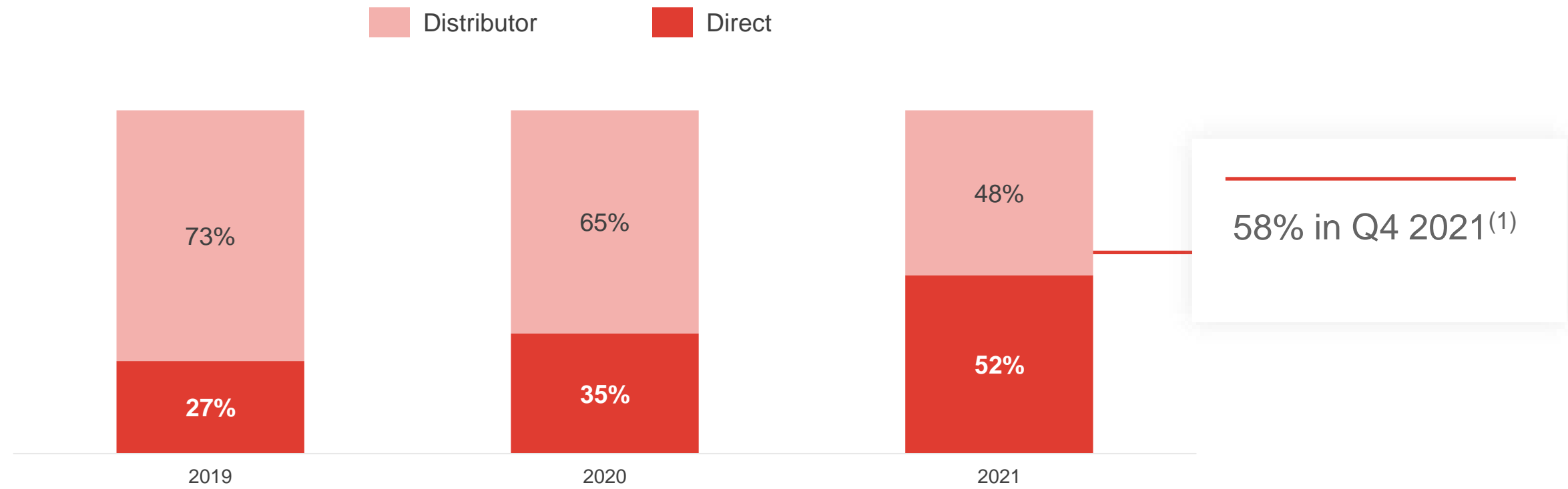
**SCHEDULE**  
an appointment

**Leveraging highly targeted direct-to-patient  
education throughout the patient journey**

## Industry's only direct union-focused sales channel

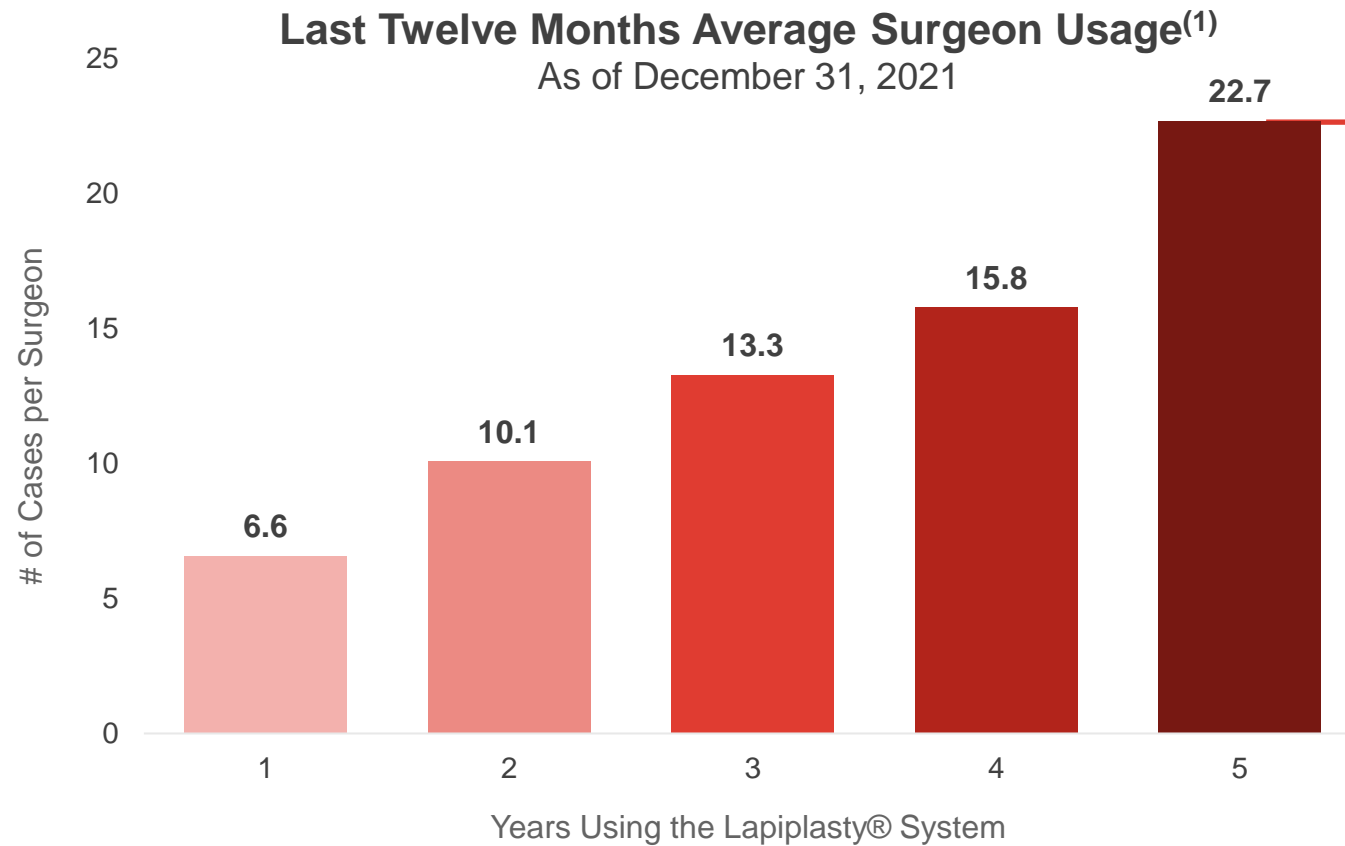
- Focused and specialized sales reps selling only Treace Medical products
- Increase customer acquisition and market penetration
- Drive higher utilization and blended ASP

### Direct vs. Distributor Revenue (%)



(1) Quarterly results are unaudited.

# Lapiplasty® Surgeons Increase Utilization Each Year



Result of mastering the procedure and witnessing excellent outcomes in their practice

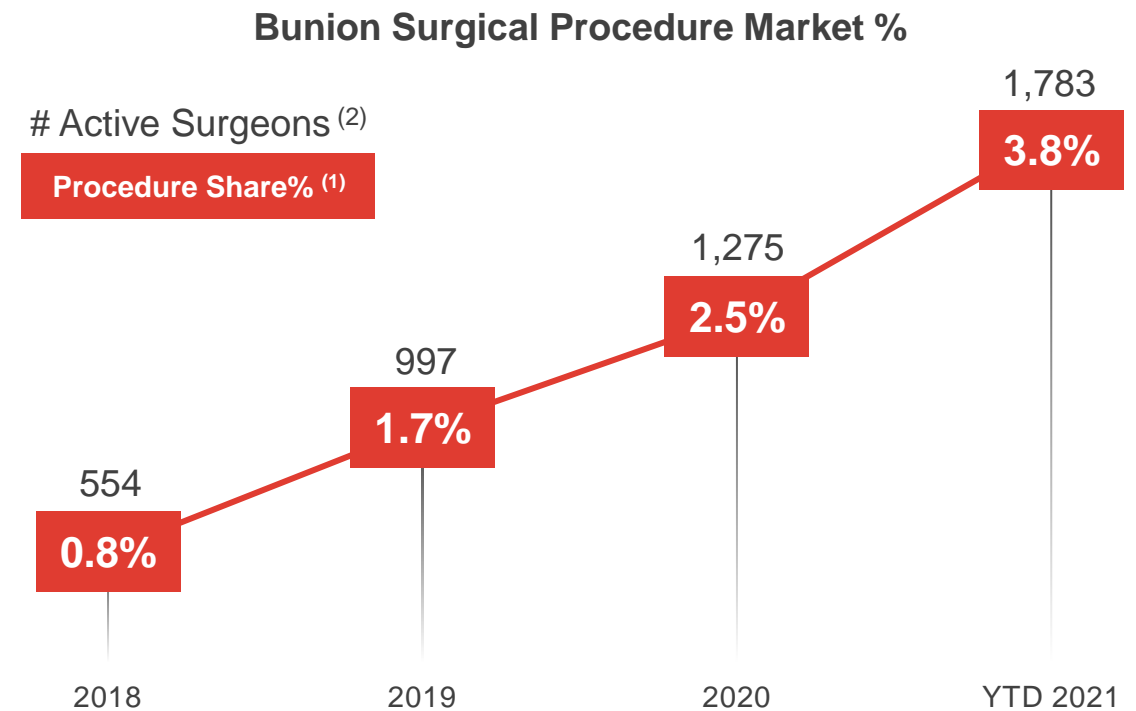
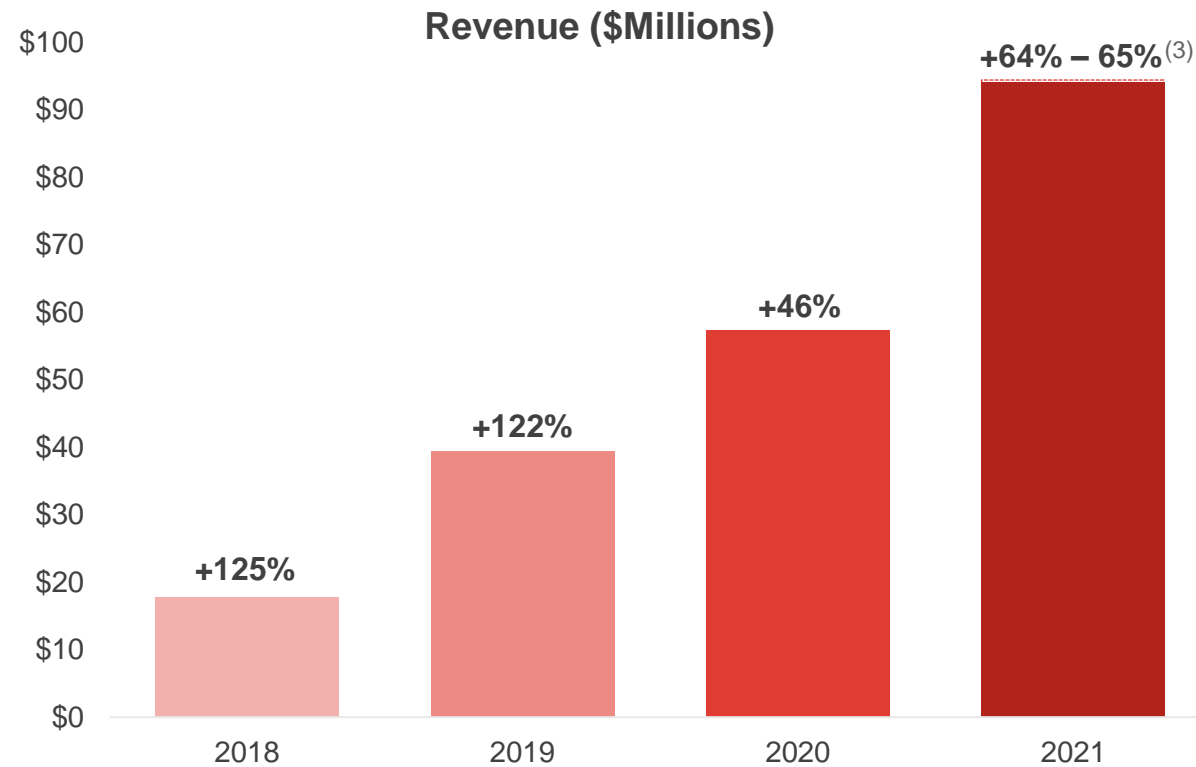
(1) Surgeons may discontinue performing cases over time. Usage shown excludes Treace Medical's Surgeon Advisory Board members. Usage information provided in the chart above is based on trailing twelve months. Usage information previously provided in the Form S-1 provides usage in calendar years and includes Treace Medical's Surgeon Advisory Board members.

# Significant Momentum and Growth Opportunity

## Goal

Establish novel **Lapiplasty® 3D Bunion Correction™** technology as the standard of care for bunion treatment

Drove 3.8% penetration of bunion surgical procedure<sup>(1)</sup> market in 2021, up from 0.8% in 2018



(1) ~75% of the estimated ~450k bunion surgical procedures are 2D osteotomy surgical procedures.  
 (2) Active Surgeons perform at least one Lapiplasty® procedure in trailing twelve months.  
 (3) Preliminary unaudited revenue for full year 2021 is anticipated to be in the range of \$94.1 to \$94.4 million.

# Financial Summary

## Revenue

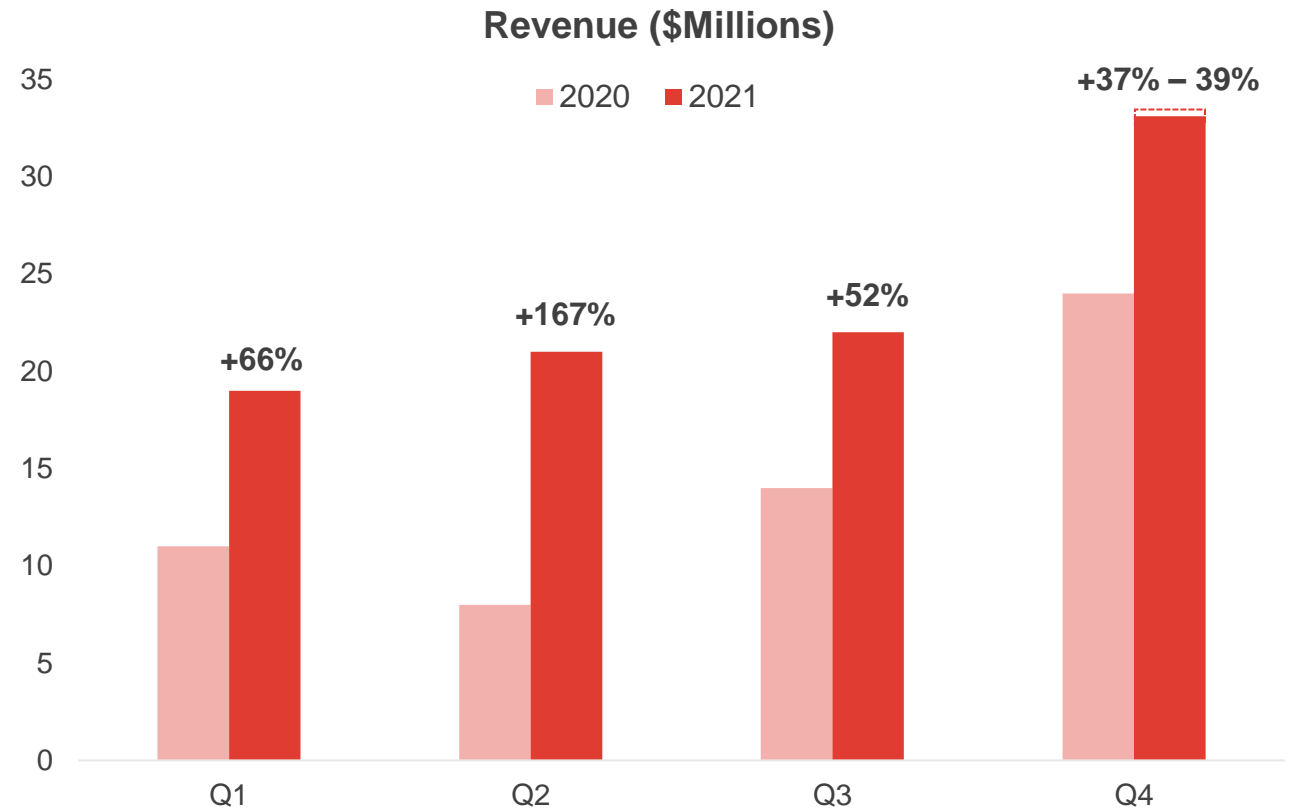
- \$57.4 million in 2020 (+46% YoY)
- \$94.1 – \$94.4 million in 2021 (+64% - 65% YoY) <sup>(1)</sup>

## Gross Margin

- 78.3% in 2020
- 81.1% year-to-date through Q3 <sup>(1)</sup>

## Cash & Cash Equivalents

- \$18.1 million as of December 31, 2020
- \$109.5 million as of September 30, 2021 <sup>(1)</sup>



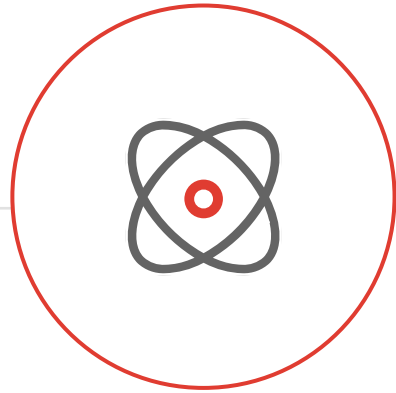
**Strong revenue growth and expanding gross margins**

<sup>(1)</sup> Preliminary unaudited revenue for the fourth quarter and full year 2021 is anticipated to be in the range of \$33.1 to \$33.4 million and \$94.1 to \$94.4 million, respectively. Quarterly results are unaudited.

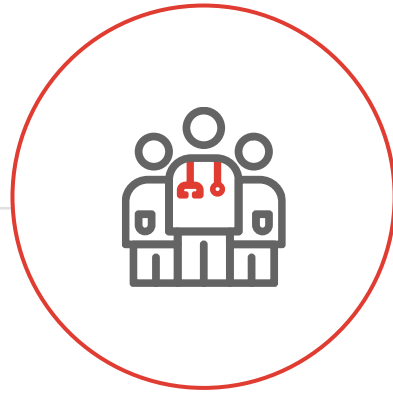
# Investment Highlights



\$5B US market opportunity, with strong early market penetration



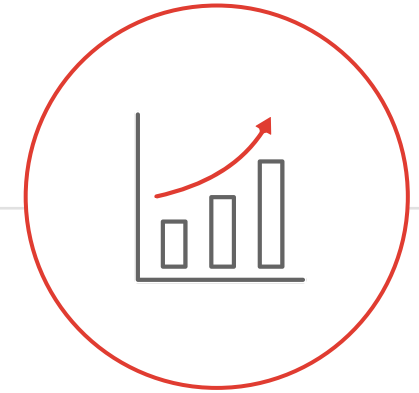
Disruptive, patented technology changing the practice of medicine



Industry's only union-focused direct sales force



Differentiating & supportive clinical datasets



High growth rate and high margin business model

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**TREACE**<sup>®</sup>  
Medical Concepts, Inc.  
*The Leader in Hallux Valgus Surgery*<sup>™</sup>

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