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TMCI.OQ - Treace Medical Concepts Inc at Morgan Stanley Global Healthcare Conference

EVENT DATE/TIME: SEPTEMBER 12, 2023 / 12:10PM GMT

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PRESENTATION

Andrew Christopher Ranieri - *Morgan Stanley, Research Division - Equity Analyst*

Thanks everyone for joining us this morning. I'm Drew Ranieri, one of the medical device analyst here at Morgan Stanley. It's my pleasure today to have Treace Medical with us. And from the company, we have CEO, John Treace; CFO, Mark Hair; and Investor Relations, Julie Dewey. So before we get started, just a brief disclaimer. About full important disclosures, see morganstanley.com/researchdisclosures.

QUESTIONS AND ANSWERS

Andrew Christopher Ranieri - *Morgan Stanley, Research Division - Equity Analyst*

With that, let's kind of get into the discussion. And maybe first, let's talk about the market opportunity for Treace, John. You've mentioned that before that [extremities] is one of the faster-growing markets in orthopedics, growing high-single-digits. So a couple of questions here. On the procedure side, we got 450,000 annual procedure opportunity. So maybe just talk about what you see in terms of that underlying market growth? And then how you're deploying patients off the sidelines who may not have been present before?

John T. Treace - *Treace Medical Concepts, Inc. - CEO, Founder & Director*

Great, Drew, and thanks for having us. We're excited to be here at the Morgan Stanley Conference. Yes, talking about the market a little bit. So foot and ankle is one of the fastest-growing sub-segments in orthopedics. And then the sub-segment within that that we're playing in is the bunion and bunion-related product space, which we believe is the fastest-growing sub-segment of foot and ankle. So it's a great place to be.

We've identified a market of about 1.1 million surgical candidates that we think are symptomatic. And that translates to about a \$5 billion opportunity TAM for us. That said, there are only about 450,000 patients being treated annually, and we think that's because of the deficiencies of the current standards of care. And that's what we're trying to change with Lapiplasty. So we're certainly targeting the existing 450,000 cases with our Lapiplasty procedure. But we are also through our DTC patient awareness initiatives getting the word out to patients that bunion surgery has changed, that there's a different procedure today and they can learn about it at lapiplasty.com, our website, and they're going there and they're learning more about their problem and they're learning more about our procedure and they're able to connect with doctors that do lapiplasty on that site.

So we believe we're tapping into both pieces. So we're having a good impact on the 450,000, but we know we're also reaching out to those that are higher up in the pipeline or sitting on the fence waiting to get bunion surgery done because they've heard bad things about bunion surgery in the past. It would not be uncommon to talk to somebody that's had bunion surgery and then find out that half of those you talked to did not have a good experience and they're not happy. And we have dramatically different clinical outcomes with Lapiplasty and actual clinical data to back those claims so we can take those messages to the patients, and that's been very helpful.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got you. Do you have a sense of maybe what kind of the core 450,000 procedures is growing annually? Is it still high-single-digits or any other views -- updated views on the growth rate?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes. Well, the market reports would indicate somewhere in that low-to-mid single-digit range. But beyond that, it's hard to ascertain exactly what that rate is. We hope that over time we can help expand that rate of growth by our DTC efforts, our clinical data, our patient outreach, et cetera.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. Maybe just to quickly touch on GLP-1s, and we're asking most of our companies about this. But we've heard from orthopedic companies that the lower obesity could actually drive an acceleration in the market. But just any views, house views from Treace on what it could mean for the bunion procedures or if there's like a surgical threshold that some of these patients were unable to meet?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, it's a great question. And we've spoken to a lot of our surgeon advisers about this because it's become such a popular topic. Bunions are a progressive deformity. They only get worse. And it's a deformity, it's not related to wear and tear on a joint. It's a pathology of the foot, the soft tissues and the bones and they're genetics. They tend to run in family. So they don't really see a relationship between obesity and whether those patients are heavy or whether those patients are not heavy. So I don't think the GLP-1 is a factor in bunion surgery.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. Very fair. Maybe just to shift gears to some of the growth drivers in the business and let's touch on kind of your procedure opportunity a bit more. You've gained about 450 basis points of the market since 2018 and you're now about 6% penetrated in that kind of 450,000 opportunity. So maybe just talk to us about what the barriers are and kind of doubling your market penetration or maybe even just accelerating the penetration rate annually?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. And Drew, some of it is just a time factor because we've added about 42% of our surgeon users. 42% of our 2,600 surgeon users have come on in the past 24 months or sooner. So at that stage, they tend to be doing lower volumes. They're in that kind of 6 to 8 -- I'm sorry, 6 to 10 procedure range. We know that as they get out towards 5 years, they're approaching 20 procedures. So they ramp each year, they use Lapiplasty longer. So a lot of that is just time in getting those surgeons to run through the utilization curve.

That said, we think we've got a pretty powerful agenda in terms of trying to ramp utilization faster. That's adding more new sales reps that are focused on these customers and getting more surgeons on board, training them and then gaining the business and gaining utilization. Second is launching new innovative products that make the procedure easier to do, quicker to do, less invasive for the patient and that will change their preference over time more towards doing more Lapiplasty. And then third, we've got this powerful DTC initiative that's reaching out to patients, informing them about Lapiplasty. They could find the doctors online and they'll go into the practice asking about Lapiplasty and if they're a candidate.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Maybe just a little bit more on that. You've mentioned more recently that you think you could be a \$600 million business one day, and that's penetration of 40% of the surgeon days, 20% procedure penetration and that implies doubling your utilization to kind of reach that number. But outside of DTC, maybe medical education, kind of what are the other drivers and playbook that kind of gets you to a \$600 million opportunity even beyond?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes. So you're right. If we can get 40% of the 10,000 bunion surgeons using Lapiplasty and get them out to that 4 to 5 year time point on the curve, they're approaching that 20 procedures with modest improvement blended ASP throughout that timeframe, which is what we're doing through launching these complementary new products that go into the Lapiplasty case and build the wallet share per case. That's the other component that we think can help close that gap and narrow that gap over time.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And maybe just on the blended ASP, kind of it's been growing maybe low-single-digits, mid-single-digits for a couple of years and even on a quarterly basis. Is that kind of how you're thinking about it in the model looking ahead? Is that a reasonable kind of rate that we should be kind of considering?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes. We've got a pretty nice pipeline lined up. We effect blended ASP through 2 pathways. One, we're from time to time launching new and improved fixation systems, plating systems. Last year, we launched our S4A plating system that was very heavily embraced by the surgeon community and elevated our blended ASP on our core plating kits. Now we have SpeedPlate coming at the end of the year. That will be a premium price over S4A. So we're doing that with our underlying plating business and that's providing some modest lift in the overall blended ASP number that we're recording.

The other and more impactful piece are the launch of these new complementary products like we just announced last night, our hammertoe implant and our tissue release tools and osteotomes. These contribute meaningfully towards elevating the revenue per case. And those are the 2 contributors. So we grew blended ASP 13% in Q1, 8% in Q2 over prior year. So we feel pretty good about that mid-single-digit range.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. Maybe to go to active surgeons for a moment. Right now, you have 25% of the 10,000 surgeons in the U.S. and you've added slightly less than 200 surgeons first half this year, we're modeling close to 500 for adds in 2023. Do you have any concerns that you kind of hit like the early phase of the adoption curve? And is it realistic to kind of expect 250, 300 surgeons adds looking ahead? Just it's a question that I've been getting more frequently from investors on just how to think about maybe the surgeon penetration and kind of like when that utilization kicks in since you have like 40% of your surgeons are less than 2 years of experience or tenured on the product.

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Yes. And Drew, maybe I'll jump in and provide a little commentary and then maybe John can add a little bit more. So first of all, we've added already nearly 200 in the first half of this year. So we feel really good about all that opportunity and how many new surgeons continue to come to our medical education training. There's a lot of interest. We've got training throughout the country on national, regional and local levels. So we feel good about that success.

Another thing that we're doing right now, it's really in conjunction with what John was talking about is not only are we training brand new surgeons that have a lot of interest in Lapliasty, but we've got this 2,600 surgeon customers right now that we're also focused on to ensure that they are up to speed on all of our new technologies. So we've got a Adductoplasty, Mini-Incision System, a micro system is coming out. SpeedPlate is coming out, the new SpeedRelease tools. So it's really a bifurcated focus to ensure that all of our existing surgeons are getting the training that they need to be great in the OR and to reduce that timing in the OR as well as bringing on new surgeons.

With that said, seasonally, we typically have had more new customer surgeons come in the back half of the year. So we feel really good. That 250, 300, we feel really good about that.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

For the back half?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Well, saying on an annual basis to continue to add new surgeons.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

So looking out beyond 2023, that's a reasonable rate and you're still on track to maybe hit the 500 this year?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Well, we haven't given any specific guidance to 500 count this year. But what we're seeing on a go-forward basis that that 250 to 300, that seems definitely reasonable to us given the interest that we continue to have and the seasonality that we see.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. And just with the active surgeon number that you gave, it's a little difficult to like kind of see like how many of them have actually used the product before and maybe step aside and re-engaging. But maybe just talk about the retention rate that you see for the surgeons. Can you discuss maybe what you're seeing and just how you kind of close the gap to make sure that they are a repeat surgeon looking ahead?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. I'd say most of our surgeons stick with it once they adopt, not absolutely, but the majority do. A lot of ways that we can ensure that we're still aggressively expanding our direct sales force. That means we're putting a tighter ratio of doctors per rep in place. And when a rep has fewer doctors to call on and fewer doctors to service, they're going to make sure that those doctors stick with the product and they come to our advanced training events and they embrace the new technologies that we put out that make the procedure better and better and better. So those are some of the ways that we can influence that number and influence that stickiness to Lapliasty for the customer base.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And just on the sales force side, the goal was to get to 200 by year-end. You did it by the second quarter. How should we be thinking about maybe incremental adds for the back half of the year? And really like kind of on your point about case coverage and being there to drive utilization, what's the ideal sales force size that you're thinking about to get to that \$600 million revenue opportunity? And maybe your thoughts on like adding more like clinical support specialists to kind of bait there?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. We'll -- we hit the 200 at the end of Q2. We'll say that the vast majority of those 32 reps we added this year came at the very end of Q2. They came on at the very end of Q2. So we kind of anticipate they tend to ramp a little bit in 6 to 9 months. They start making a little bit of an impact but then they hit kind of full productivity out at the 2-year point. So we'll continue to selectively and opportunistically add on top of the 200 through the rest of the year. And then we'll figure out as we go into next year's planning, line-up how many we're going to need to deliver the objectives for next year and get that -- the right rep to surgeon count down to where we want it and achieve our growth objectives.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And have you talked about kind of what that count looks like at the surgeon count before publicly or any metrics?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

No, we've just given examples that if today, we're at, call it, 100 doctors per rep, we're going to keep whittling, whittling and whittling it down to get to that point where we know that optimum number of surgeons that provides great productivity and opportunity for the sales rep, but ensures that we're also getting tight coverage on all the doctors.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. In 2022 and even a bit of '23 has been kind of the heavy investment year in the sales force. It sounds like it might be coming a little bit more of an incremental versus heavy investment looking ahead. Is that the right way to think about it or could we see like kind of another influx of new direct reps coming?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, I think that's a good way to couch it. We'll continue to -- first of all, we're going to continue to advance our 3 initiatives that we mentioned when we started 2022. We wanted to invest aggressively in our direct sales channel. We wanted to invest in our R&D innovation pipeline. We're seeing the fruits of that come out right now and more to come. And then our DTC patient awareness. Those are the 3 areas. So definitely, this year was a heavy lift. Next year, we probably won't be doubling the sales force again like we did last year, but we'll continue to make the right adds in those 3 areas to support our business plan.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And on the rent productivity side, some more implant-based medtech companies, productivity rates like \$1.5 million, \$2 million. How are you kind of thinking about that in terms of your model? I know you don't necessarily talk about kind of your model on the rep side, more on the surgeon side, but maybe, Mark, how do you kind of model this out in your projections when you're looking at sales force productivity?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Yes. So like you said, Drew, we often approach it from the surgeon count, we know the utilization that they have. And so we will continue to add our sales reps to ensure that we've got really good case coverage. We also find that as we are adding our new sales reps that they continue to find new surgeons to bring them to our introductory med-ed courses and to -- they began their adoption process of our Lapliasty system and then move up that utilization curve that John referred to. So we're going to continue to add sales reps. It's the gift that keeps on giving. It supports the surgeons in their cases as well as bringing new surgeons. So we're going to continue to add those sales reps over time.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And maybe on new products, some of the recent launches or recent approvals that came out this week. Maybe just talk about the opportunity for micro Lapiplasty? And maybe how you think that mix could evolve in kind of your core plating system and SpeedPlate too and really both of these products influencing the blended ASP, just give us a sense of maybe what the premium could be?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Sure. So SpeedPlate is pretty exciting because it does a few things for us. One, it appeals to a whole different group of surgeons that we're not doing business with today and serving today that have a different philosophy on their hardware fixation. And these are surgeons that want compression, they like to use things like Nitinol Staple technology that you don't have to put in screws and the implant compresses the joint. SpeedPlate offers a stability of a plate, but compression like a Nitinol Staple, and that's a pretty attractive combination. So we see this as something that's going to generate more interest from surgeons we haven't had interest from in the past.

A few things about it. It goes in very quickly, so it saves time in the case. It provides compression. And the surgeons who have been on the early evaluation have been raving about this product. That was at a meeting about 3 weeks ago where a group of our early users were sharing their cases and they were making comments like the second biggest launch from Treace Medical ever. This is really meaningful technology. They're talking about the speed of the case. They were talking about the swelling that they're seeing. And they were talking about the rate of bone healing that they're seeing with this technology, and it was a pretty exciting discussion to here.

So as a standalone platform, SpeedPlate is fantastic. It's applicable to our Adductoplasty cases. It's applicable to all of our Lapiplasty cases. And it even has applications outside of those 2 procedures in foot and ankle. And you'll have doctors we think that are going to be utilizing it in side cases for different indications -- on-label indications. So that's a pretty exciting technology in itself.

Micro Lapiplasty relies on SpeedPlate because SpeedPlate was the only way we could make an implant small enough to put 2 in through a 2-centimeter incision. So micro Lapiplasty instrumentation is just another breakthrough from us; a 2-centimeter incision approach, Lapiplasty procedure, enabled by SpeedPlate. We think it will probably be embraced first by our most experienced surgeons, those that are more familiar with and utilize our Mini-Incision System today. They'll probably embrace this first. And then we'll continue to walk -- work our way through our base of surgeons and get it to the ultimate point of adoption.

A lot of these surgeons will use it as their go-to we think. And then a lot will use it selectively. If a patient wants a smaller incision or they have some other reason for wanting to do very little tissue dissection. As with any surgical procedure that offers a smaller incision and less tissue trauma, you tend to get less swelling and quicker recovery. And we see that as an opportunity with SpeedPlate and micro.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. And maybe just a follow-up on SpeedPlate. You talked about some of your surgeons saying it's more efficient. Can you give a little bit more detail there? Is it possible to look at another case, now there are a couple of cases in per day? Just maybe how are some of these more experienced users or even newer users of SpeedPlate thinking about it in their case loads?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. So today, our plate fixation, which is fantastic because it provides 2 plating constructs, 90 degrees apart that provides this incredible stability so patients can bear weight early. That's been the big benefit of what we call biplanar plating. But to put them on, the surgeon has to place the plate, drill 8 holes for the 2 plates and then put in 8 screws. With SpeedPlate, they just drill a few holes and they pop the implant in because it's one piece. There's no screws there. It's a unibody construct. So if you can save 5 to 10 minutes on a Lapiplasty case and maybe 15

minutes or so on Adductoplasty case where you're putting in even more plates, that's really meaningful. And you're saving a lot of time and the surgeons appreciate it. And yes, it affords a lot of efficiency in the OR.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. And the follow-up for the Micro Lapiplasty, but talking to (inaudible) and foot and ankle surgeons and they're noticing in their practice that patients want like fewer incisions or smaller incisions and there's been kind of a step change to more smaller products. But when you're thinking about micro Lapiplasty, do you think you're going to see more adoption from the mini Lapiplasty surgeons or kind of your core Lapiplasty docs, and they're just like a mix change?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. I think that's where it comes into play. For those surgeons that are really experienced and like the Mini-Incision System, they're almost competitive about it. I did a 2.5 or 3 centimeter Mini-Incision System procedure. I think this is going to be very attractive to them. And this may overtake Mini-Incision. Throughout the broader user pool, I think it would be adopted potentially by patient request or by those in our surgeon pool that want to be cutting edge and want to be using the latest small incision technology on their patients. So we'll have to see how it's going to play out. It's early, but we're really excited about these 2 technologies.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. And you recently made an acquisition, RedPoint Medical, maybe just talk about the integration process from an operation or even a technology standpoint? And maybe what the next milestones are that we should be looking at, product launches, anything there on the CT-based technology?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Yes, great question. We're really excited about RedPoint. It fits so nicely with our forward initiative of making Lapiplasty and Adductoplasty faster, easier, less steps, more precise, to be able to take a patient CT scan, generate an AI-enabled software model of a reconstruction or a correction through software and then produce a cutting guide that is specialized with all the right cut angles for that patient so the doctor can put the cut guide on, make their cuts, pull the bones together and they're going to be in a fully corrected position. That's a really, really exciting technology that has not only a lot of benefits for the surgeons and patients, but a lot of marketability around it too.

From where we are today, our engineers and our surgeon design team, they're integrating the technology with our core procedures. We may begin some cases here late in the year, early next year and then we'll be refining it and looking for a launch in the union application or a Lapiplasty type indication in the back half of next year and an Adductoplasty indication in the back half of next year as well.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

I mean, with this new technology, new enabling technology, are you approaching kind of your R&D differently than where you were before the acquisition?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Well, you need to create a new core capacity within the company. We're hiring software engineers now, not mechanical and biomedical. We're adding to our team. So that's a great core competency that we're building inside the company that I think is going to serve us really well as we go through the next 2, 3, 5 years of evolution of our products. Now we have different ways of looking at it with RedPoint type of technology.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Okay. Maybe just to pick on Mark for a little bit, give you a break. But with the back half numbers, I mean, one of the things that investors vest is just kind of like what the deceleration is about and your guide for the third quarter and imply for the 4. So essentially, why not stronger than really where the guide is shaking out? I mean, you talked about adding -- getting to the 200 reps by the end of the second quarter. So there might be some incremental help there. But maybe talk about your confidence in the back half and even some of the trends that you're seeing in the third quarter given COVID spikes or seasonality or research indications?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Yes, great question, Drew. I appreciate that. And we don't comment on in-quarter activities here that we have seen in the third quarter itself. But what we said earlier on our Q2 call was a guidance of roughly equal revenue in Q3, plus or minus from what we saw in that activity in Q2. And that was really largely based on what we've talked about traditionally Q3 is a little slower seasonally in orthopedics and elective procedures. And so we saw that in Q2 and we saw that as we started into Q3. And so that was really driving a lot of our commentary. And we've seen a protracted, really pent-up demand for some of these vacations and trips that both on the patient and surgeon side as well, we talked about that before as well.

Now with that said, we're seeing a lot of really strong interest in Lapiplasty through our DTC analytics, through a lot of our surgeon surveys. So we know that there's a lot of interest still. It's really a question of the timing of when patients are electing to have some of these procedures done. So we feel really good about all of these things that are happening here, all of our new product introductions that are driving increased utilization, increased interest for our new surgeons coming in. And so we feel good about the back half of this year.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Got it. And maybe heading into next year, I mean, the company has posted 50% plus growth on average. Guidance for this year is high-30s. I mean, how sustainable are these growth rates? I mean, you do have a large opportunity ahead of you, but does anything need to change -- have to change in the playbook as you're going into 2024 and beyond?

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Mark, you can clean up on the line.

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

I think we've got a great commercial plan, a great commercial strategy in place. We know the drivers of the top-line. We announced these 4 -- I'm sorry, 3 new products, including SpeedPlate 4 last night. But inclusive of those, we've got a pipeline over the next 12 months of 8 new product introductions. And we've talked about RedPoint following SpeedPlate. But then beyond that, we've got another platform that's quite significant that we believe is going to increase our opportunity to accelerate market penetration in the bunion space and utilization as well. So we feel like we've got a really good playbook in place that will allow us to continue to grow this company very nicely over the coming years.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And that should be like this time next year for that new product?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Some time in the back half of the year. We'll talk more about it later.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

And then maybe in a couple of minutes we have left, but back to Mark, just kind of a pathway to profitability. The company has hit net income profitability a couple of times in the fourth quarter with some of the leverage there. But your thoughts on EBITDA breakeven, could that be in 2025 could it take longer? And just your views there?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Yes, great question. And we continue to have a focus on expense management and we're benefiting from the increased scalability of the company as well. So in Q2, we improved our adjusted EBITDA of 20% over the prior year. So we feel really good about all the efforts that we're making there. And fundamentally, in our company as we continue to scale, as we continue to focus on driving new surgeons, the utilization to increase blended ASP per case, we really feel that there's improved opportunities here. So we've talked about this year that we're going to have some modest improvement on adjusted EBITDA this year, both in dollars as well as percentage basis over prior year. And fundamentally, Drew, given what we're seeing here, we don't really see any reason why we can't really meaningfully start approaching adjusted EBITDA profitability or breakeven, I should say, approaching that breakeven even into next year 2024. So we'll have some nice improvements next year.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

So we should expect incident necessarily being a modest improvement, something maybe a little bit more meaningful for next year?

Mark L. Hair - Treace Medical Concepts, Inc. - CFO

Fundamentally, we don't see any reason why that couldn't be the case for next year. We feel really good about our trends, both on the top-line as well as our expense management.

Andrew Christopher Ranieri - Morgan Stanley, Research Division - Equity Analyst

Okay. Well, great. I appreciate the time. We'll have to wrap it there. But thank you, John. Thank you, Mark and Julie for joining us today. Thanks.

John T. Treace - Treace Medical Concepts, Inc. - CEO, Founder & Director

Thanks, Drew. Appreciate this.

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