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Treace Medical Concepts, Inc. (TMCI)

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CORPORATE PARTICIPANTS

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

Julie Dewey

Chief Communications & Investor Relations Officer, Treace Medical Concepts, Inc.

Mark L. Hair

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OTHER PARTICIPANTS

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Okay. Here we go. I'm Rick Wise, Stifel Medtech analyst. I'd like to welcome Treace Medical. To my left CEO, John Treace. To John's left, CFO, Mark Hair; and the excellent, Julie Dewey, Chief Communications and Investor Relations Officer. Thank you all for being here. Really glad that you're here.

QUESTION AND ANSWER SECTION

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

John, I was just thinking that maybe just to kick this off, coming out of a complicated quarter and just wanting to level set everybody that maybe let's just start off at a high level, maybe give us a few thoughts and just remind us, just reorient us to some of the Treace growth story. Where are we now in your view? How do we think about the near, medium, and long term at this point? Thank you again for being here.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Sure. Thanks. Thanks, Rick. And thanks for having us. We're really glad to be here. And thanks everybody for joining us today. Maybe for those a little less familiar with Treace Medical, our company is driving a fundamental shift in the surgical management of bunions through our patented Lapiplasty 3D Correction system. We've been doing that for the past eight years. It is our focus. We also believe we are the fastest growing company and the fastest growing subsegment of orthopedics, the foot and ankle reconstructive market. And we do believe sitting here today, the foundation of this business has never been stronger.

In regards to Q3, during the summer, unlike the past eight years, we saw a sudden and pretty pronounced shift in the demand for surgery within our unique patient demographic. And that's the 30 to 60-year-old female, highly commercial insured. And this had an impact on our Q3 revenues and our Q4 outlook. That said, as we sit here in the middle of Q4, a quarter that we internally refer to as bunion season, it's our busiest and most active surgical quarter of the year. I can tell you after eight years, this feels exactly like bunion season should. So while last summer did not feel like summer should, Q4 feels like it should.

We're focused on building a long-term and driving a long-term value of this business. We have a powerful and growing direct sales channel armed with several new products that we recently announced launching, and they will be building in supply through Q4 and achieving full supply in Q1, that includes our Hammertoe implant system, as well as our SpeedPlate fixation platform, which we believe could be one of the biggest launches for Treace in its history. So, beyond that, middle of next year, we'll be offering our RedPoint patient-specific cutting guides for both Adductoplasty and Lapiplasty procedures. So we're really excited about that.

And then we go beyond that, we have another really exciting platform will be introducing that we believe help us speed our penetration into the bunion market and drive utilization rates even higher. We have a strong balance sheet. We have a pathway to EBITDA neutral in 2024 and cash flow positive in 2025. So, as we look at the future, we're pretty excited about our ability to go out there and execute and drive our top-line growth rate at multiples of the market rate and significantly outpace our competitors in 2024 and beyond.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. I think that the whole innovation aspect of Treace is something that's underappreciated, just the depth of the pipeline, so it's interesting to hear about what's next again. But just revisiting the quarter and some of the concerns I got from investors, was there any aspect of third quarter performance that reflected greater threats or competition from new – from current competitors? Anything new in the market just at a high level before we get into some of the specifics that leave you at all incrementally concerned?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

No, great question. And we talk about this market that we've created, it's very large, over \$5 billion in the US, and we're only 6% penetrated. We've made it very exciting. We've made companies have to respond. Competition is nothing new for us. We've been dealing with Stryker and J&J and others for the past several years in this marketplace. As more companies enter the space, we have a significant patent portfolio, 52 patents that a lot of these companies have to navigate around. And it's hard to produce something that at the user and interface between the patient and doc performs like Lapiplasty. But there's more noise out there. There will continue to be more noise. We've got an incredibly strong offensive strategy that we continue to execute with our direct channel, product innovation, patient awareness, DTC. And we're the only product out there, commercial product, serving the bunion market that has significant clinical data to back it up. So, although there's competition out there, we didn't see anything material – materially increasing its impact in Q3 nor do we see it in Q4. What happened in Q3 was predominantly this seasonal shift in the way patients behave this year. That was unique.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. And I take it we should take it that your comments about fourth quarters is bunion season and the smile on your face as you said it, it sounds like you're already seeing a return to normal performance or more normal market behavior. How we should phrase it or think about it? Is that the right way to interpret what you're saying?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Yeah, there were a couple of data points on our call. We mentioned that we did see a spike in new surgeon adds in the month of September, and we also saw that continuing in October. And that's just sort of this delayed patient activity level kicking back in. Bunion season kind of tends to go, mid-September through, even now January, and sometimes into February because some of the patients that want to get the surgery in Q4 for reasons we'll talk about later, maybe they can all get treated in Q4 and they get pushed to Q1. So we've got a little bit of [ph] elongated (06:17) bunion season. It just – it happened a little later. It came a little later than it has in the past eight years. And it surprised us there in the summer months.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. I know that you and Mark, this weekend, dedicated Treace folks that you are – spent the weekend at a doc training course. Why don't you talk about – just – would you anything new or talk about some of your takeaways. It's always interesting to hear that latest feedback.

Mark L. Hair

Chief Financial Officer, Treace Medical Concepts, Inc.

A

And maybe I'll comment a little bit on that. So, Rick, we have a very robust medical education program where we're constantly training surgeons throughout the country. We do national training courses, we do regional training courses, and we do a lot of local courses. So this was yet another one of our larger training courses where we invited potential new surgeons who have not yet used Lapiplasty to train them on the benefits of our technique or our system, as well as we brought in a lot of surgeons who are for an advanced course. And so they come in and they learn advanced techniques. They can learn about Adductoplasty, they can learn increased skills. So, again, we continue to have a high interest in all our surgeon trainings throughout the country. And we saw that again this past weekend in Dallas.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's great. And help us think about surgeon training. I mean, that was one of the – I think that was one of the biggest surprises that surgeon training was less than you thought and obviously you brought your numbers down. Why don't you frame that or just as your thoughts have evolved post the quarter. How do you want us to think about those numbers? You gave us guidance, but I'm going to persist in believing and hoping that you're being understandably conservative in setting the stage now.

Mark L. Hair

Chief Financial Officer, Treace Medical Concepts, Inc.

A

Yeah. And Rick, maybe I'll take that one. With regards to surgeon training, we really did about as much surgeon training this year as we did last year, pretty consistent. And so, the numbers that we report on a quarterly basis are our total surgeons that are actively using Laplasty, as well as the quarterly net surgeon adds. And so, as you mentioned in Q2, this was the start of the summer seasonality. We had a lower surgeon add than what we had anticipated and that continued into Q3. Now, the good news is what John already mentioned is we – in the month of September, these surgeons who are trained, they become active surgeons once they do their first Laplasty case. And so, the net surgeons add added in the month of September [indiscernible] (08:56) our company record.

So, this lull in the summer really came back strong. So that's a really exciting trend that we saw. And then October has remained strong as well. So it looks like a lot of the summer seasonality is behind us. So, we've added over 300 surgeons so far this year through Q3. And if the Q4 trend is similar to what we saw in Q3, that will be over 400 surgeons or 4% of the market of the 10,000 surgeons that perform surgical bunions cases would have been added this year. So we would feel really good about that, that number of 400.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. All our doc checks. I mean, I have to say, I mean have been outstanding. We just hear great feedback from the field and we just randomly reaching out to docs all the time and hear great thoughts. So, one question I have is sort of odd a little bit. Are we just some – okay, the summer vacation part I understand, but sort of pause before you launched this next wave of innovation that you just need that to sort of get people over the hump in a way it seduce them into your world and the benefits of what you offer. Do you have any thoughts about that, John?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Yeah, sure. Obviously, as Mark mentioned, we continue to have strong demand for our trainings. What happened over the summer, you can train all the doctors you want. But if a patient's not coming in and saying I want surgery this summer, they don't get counted as a new doc.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Right.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

So that's what happened and that's why the number was dampened. So, we are seeing acceleration again. But there are reasons why groups of doctors haven't looked towards Lapiplasty yet. One of them can be fixation options. And SpeedPlate opens the door to a whole new group of surgeons that in the past have been standoffish because they believe in quickly applied fixation with compression – dynamic compression, nitinol staples. We haven't had that. We have traditional plates and screws, they're excellent, but they don't go in fast and they don't dynamically compress. So we think SpeedPlate gives us a whole new avenue to tap into a whole new group of doctors in the future and that's going to be beneficial.

And then don't forget, we're not done building our direct sales channel. And the stronger we get, the more powerful reps we're starting to attract that have more relationships and can bring more doctors into training. So, I think for all those reasons, it will continue to be a good robust new surgeon add per year.

Again, we don't have to get 50% or even 60% of the doctors using Lapiplasty to have a very large business. We get 40% of the doctors with some modest point at ASP growth over the next several years. And the way they ramp utilization, we've got over \$600 million business. So the amount of shareholder value that can be created just by getting to that level is pretty incredible.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. And I had some other questions first, but SpeedPlate's come up a couple of times and I know how critical it is to the story. I know how excited you are. And I have to tell you, we talked to some of the early adopters and had superb feedback. I mean, they're saying it's easy to handle. They're getting procedure time savings. It does drive better compression and fixation and supports more primary healing. That's – those are direct quotes we're hearing, which is very exciting to me. But maybe – so we can all better understand, what are those enhancements that you're putting in place with SpeedPlate that was worth the pain of the delay and giving me more gray hair and stressing out Julie and other people in the room and listening? Why was it worth it? Why are we excited? And just flesh out those thoughts, if you would.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Sure, Rick. And I think one of the things you know about Treace Medical all along is we iterate and innovate very rapidly. And when we see an opportunity to take a couple of months and make a great product awesome, we're going to probably take it every time because it's worth it to our customers. It's worth it to our – their patients. And we believe the long-term value of this company to the shareholders.

We found ways very early on in the launch of SpeedPlate gathering outside user feedback to adjust the instrumentation design and the implants to make the procedure easier and more accessible to a broader range of surgeons. There are instrument enhancements that were made that were very important to make it more elegant, increase the doctor's confidence. And then on the implant side, we were able to adjust the implants to make them more versatile. So not only could they be used in Lapiplasty or Adductoplasty, but many other areas for bone fusions in the foot. And that was really exciting because I told, as we had something that created some incremental market value outside of our traditional procedure.

So, for all those reasons, we decided it was the right thing to do to make these enhancements. And I did bring some of them along with me for one-on-ones later today for those of you with us so you can see the difference. But...

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.



Let me – you should show me before you walk out of the room. I'd love to see it as well. And this idea of expanding beyond the bunion, I mean, you've been a bunion company. Why is this a good idea? I mean, does it confuse the message? Should I be anxious about you getting beyond this bunion-oriented purview that you've focused on and built so well?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.



Yeah, no, it's the core thrust of our business for the last eight years and will continue to be. We have laser focus on the bunion opportunity, but as we learn more about bunions and get deeper into them, we see these adjacencies. We developed Adductoplasty, we identified that hammertoe implants for something that were done in high frequency within our bunion cases, so now we're launching a hammertoe implant. SpeedPlate, there are other adjunctive bone fusion procedures that they do outside of Lapiplasty and Adductoplasty in those procedures. So they fit well, they just build upon our overall wallet share and ability for our reps to really develop a larger relationship with their existing doctors. We've got a tremendous sales force with a lot of capacity to handle more products, and we have 2,700 doctors out there. So every time we launch something, it can have a very meaningful impact.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.



Sounds like lots of room for margin expansion, I'll come back to that. We'll pick on the CFO, in a little bit. Some of the other new product launches, I don't think I'd understood how critical SpeedPlate is for the Micro-Incision System launch. Remind us the what – the importance of Micro-Incision. Why it's so contingent on SpeedPlate and what the two of them together can mean for uptake and procedures, and et cetera?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.



Yeah, Great. Great question. And it's interesting, the only reason SpeedPlate was developed was to allow the Micro-Incision approach to be made possible because now we had our instrumentation and technique down where we could do it through a 2-centimeter incision, but our implants were 3.5 centimeters long, our plates. So we had to come up with an implant that would be very robust and fit within a tiny incision. And that's what drove the development of SpeedPlate. And then as we learned more about the technology, then we broadened and realized it could have more beyond just Micro-Lapiplasty. But since SpeedPlate is building in supply during Q4, we are going to be launching those instruments for the Micro-Lapiplasty at the very end of Q4, and then we'll be able to start doing cases more broadly with doctors.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.



How quickly can these products – just in simple-minded terms, I'm a simple-minded person. When would we imagine they are "fully rolled out"? Is this going to take three years. Is it like some orthopedic rollouts or is this something can – are you ready to like six months in, is it fully launched? Any perspective?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.



Yeah. Yeah. The technologies we talked about, the hammertoe implant, our new two sterile osteotomes that we just started making available and SpeedPlate. We're building supply here through Q4. So every week, we're getting more supply out to the field. By the end of Q1, we should be in good shape with all those three technologies and Micro-Lapiplasty as well.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

So if you're a US doctor early – let's say, certainly in the first quarter or first half, everybody is going to have – anybody who wanted going to have access?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Anyone that needs a case should be able to access those technologies. Correct.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's great. And you touched on a little bit, but one thing I – just reading your transcript and getting ready for today, I thought I was almost lost. I certainly – it went past me that you have five new product launches slated for the fourth quarter and first quarter. Yes. But you're also planning to launch five additional products, I think you said, in the next 12 months. That's crazy. I mean, can you really do it? Can the sales force do it? Can the physician community absorb it? I mean, it sounds exciting.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Yeah. We've been – since the IPO, one of the key areas that we doubled down our investment in was R&D, innovation and developing new technologies and new products. And I'd say the R&D team is really hitting on all eight cylinders right now. And you're beginning to see this rhythm – steady rhythm of new technologies coming out of Treace Medical. And I don't want to get into the details where we need to be a little covert on some of these that are coming. But we talked about RedPoint, a couple of applications there that are going to be really important. And then beyond that, there's a really large and very significant launch coming in the back half of 2024 that we believe will meaningfully accelerate our penetration into the bunion market.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Interesting. Exciting.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

More later on that.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay. Bases loaded, bottom of the ninth grand slam homerun on that one, maybe. I think that's why Julie said it to me. But the others – are these just a collection of singles and doubles kind of magnitude or – that collectively obviously add up to something more?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Yeah. I think RedPoint's a very significant milestone launch for us. The ability to make really complex surgeries approachable by the vast majority of surgeons for the first time with a software program, cut guide that has the exact correction that that patient needs. So it takes the guesswork out of the surgery. I think that's going to be very meaningful. It's going to allow us to get into more procedures and it's going to attract more doctors to us. And there will be others [ph] literally been (19:43) along the way that could be the double – the doubles, but not a lot of singles in there, but definitely some doubles and a couple of home runs.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's great. That's exciting to hear. I'm going to – I said, I'll pick on the CFO, a good CFO time. Let's talk about some of the guidance metrics, if you would, Mark. The "reasonable 250 to 300 newly trained surgeon target," talk to us about your new targets. It's certainly well below your historic surgeon add run rate. It's a little [indiscernible] (20:23) the second quarter annualized run rate as I look back at it, just – what's driving your thinking? How do you want us to think about this? I mean, again, I understand after a frustrating summer glitch, you want to be careful, but I just can't tell, I don't know exactly how to put all this in perspective, if you would.

Mark L. Hair

Chief Financial Officer, Treace Medical Concepts, Inc.

A

Yeah. So Rick, I think you're asking specifically, the one piece that we gave guidance on was a baseline for the way we're thinking about how many new surgeons we'd add next year and going forward. And so, in the earnings call, we talked about, as a baseline, 250 to 300 surgeons would be added each year. And that's reflective of what John and I talked about as we get to be a larger and larger company, we're approaching adding another 300 would be over 30% of all the US surgeons would be using – actively using Lapliplasty. So that's a large percentage. So it's a reflection of getting to be a larger company, having already a very large surgeon base and just developing a very reasonable baseline.

To John's point, too, we'll have a lot more going on next year lot more going on next year as we have more products and more training requirements for all the new product launches that we'll have as well. So, again, that's a baseline. There's always going to be opportunity as we continue to reach higher up in the tree to find surgeons.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah, talk to us a little bit about the – also the revenue per procedure growth runway. I mean, lots of innovation, more sales guys keep adding surgeons. That sounds pretty positive on our revenue per procedure potential. But again, just as you've thought about it since the quarter and everything, what are your thoughts and reflections now?

Mark L. Hair

Chief Financial Officer, Treace Medical Concepts, Inc.

A

Yeah. So we've had a very strong year this year. We knew – going back to what John has talked about, a lot of our three-pronged strategic approach was one of those was to really focus on rapid innovation. And so the R&D team has really been focused on bringing out these new products. And so what that means is they've – we've talked to surgeons, we're asking them what they need, we're asking them what they see and what other procedures that they commonly perform when handling and treating a bunion. And so, those are the kind of products that we're bringing out.

So, a surgeon is going to go into a case. And if a patient has more needs in the foot, we want to have those products available. So what that has meant this year is really nice, mid-to-high single-digit growth on a blended average selling price per case. And that's because those products that we are introducing our surgeons are using. So that can be led by Adductoplasty, we've seen a nice adoption of our surgeons using Adductoplasty, hammertoe that we've recently released, that's going to be a really nice additional type of procedure that can be performed in conjunction with a Lapiplasty as well. So, we'll continue to do those.

We also have these osteotomes or single-use sterile instruments, and it's helping surgeons perform either the Lapiplasty with more ease, more comfort in the case, or we have those that are helping them perform the Adductoplasty as well. But that's a really nice lift every single case. And then finally we have SpeedPlate, and so it's our new compression fixation system. And that, of course, as it's been launched, comes with a premium as well. So all those components really set us up well for Q4 and into next year.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

One step maybe to bigger picture question. One question I've been asked a lot lately, especially is, and maybe John, is you've trained 27% or so of the surgeons out there. You said again today, 6% penetration at this point. How do you narrow the delta between those – how do you get the 6% closer to the 27%? And how are you thinking about it? How would you have us think about it?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

Yeah. I think we go back to the – that kind of utilization curve chart that we show where in the first year a surgeon does, 6.8 cases. And by year five, they're approaching 20. So, when you have about 40% of your doctors that have come on the last two years, they're in that low end of the utilization curve. We've done the math, you can start excluding recent 10 years and you see the utilization spike. So a lot of it's just temporal. As those doctors move through the utilization ramp, it's going to narrow those two numbers over time. And then you introduce other products that can appeal to different segments of the patient population in the bunion community, too. And that can provide additional lift over time. That's what we're focused on.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Sure. In the second quarter, you completed the acquisition – a small acquisition of RedPoint Medical pre-operative planning, patient specific instrumentation.

Just briefly remind us your rationale, but I – and I know that there's some potential to age 24 products associated with that launches, but talk about RedPoint specifically, but are there more opportunities for these little tiny technology tuck-in deals that we should be thinking about or are you thinking about?

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

A

We're scanning all aspects of the bunion market and related technologies and things that can help us advance our pathway. RedPoint was a great purchase for us because we had been working a little bit internally on our own PSI system, but also knew the doctor that was behind RedPoint and were watching what they were doing and they had some really nice IP. They had filed some early patents, about 2022 or early dated related to midfoot surgery and bunion surgery. And those we saw dovetailing really nice with our foundational patents as well. So,

as we bring forward RedPoint, and we're not only bringing forth technology, but we're bringing forward some – some nice intellectual property as well.

Rick Wise*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Yeah. And talk to us about when we think about the balance sheet and cash flow from here and your goals of – relative to profitability. Just touch, if you would, Mark, on that and your confidence in be able to hit the goals you've laid out.

Mark L. Hair*Chief Financial Officer, Treace Medical Concepts, Inc.*

A

Yeah, that's a great question, Rick. And we've really focused on making sure that we have a strong balance sheet to really invest in all these three strategic commercial focuses that John has been talking about, that's building our direct sales channel, there's rapid innovation, that's also that the training to both surgeons as well as patients and making sure that they're aware of the technologies and trained and [indiscernible] (27:29) appropriately. So, we've long ago wanted to ensure that we've got a strong balance sheet. We reported about \$128 million of cash marketable securities and related – receivables related to our cash and equivalents.

And when you look at our total access to liquidity, we've got a really nice debt facility that would expand it even further. So, our total access to cash and liquidity is over \$200 million, planning to do all that we're focused on now. We talked about, on our call, that next year, we really have our eyes focused on and an opportunity to get really close to adjusted EBITDA breakeven, which is reflective of a use of cash and then the following year get into an opportunity to get to cash flow breakeven. And so, having that much cash, that much flexibility, that much runway really allows us to continue to invest in all of our strategic three approaches here and really get to cash flow breakeven. So we feel very comfortable about where we are.

Rick Wise*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

And as part of that, I mean, gross margins are stellar, this 80% kind of area how – even with the reduced longer-term guidance in certain aspects, does that aspiration to maintain that remain intact...

Mark L. Hair*Chief Financial Officer, Treace Medical Concepts, Inc.*

A

It does.

Rick Wise*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

...the new product launches help? Just touch on that, if you will.

Mark L. Hair*Chief Financial Officer, Treace Medical Concepts, Inc.*

A

Yeah, Rick. So we're constantly focused on having those 80-plus percent gross margins, that that's what we focus on. That's what we want to achieve. And we've talked a little bit about – where we're rapidly innovating and releasing new products. And so, sometimes when we introduce new products, we don't quite have all the efficiencies right away. So there may be some dips and some fluctuations quarter-to-quarter. But with that said,

we definitely have our eye on the target to be 80% or more over time. And I don't think that's really going to be impacted with our new product launches.

Rick Wise

Analyst, Stifel, Nicolaus & Co., Inc.

Great. I think we're basically out of time. Thank you so much. It goes so quickly. A lot to discuss, but exciting times clearly ahead. John, Mark, Julie, thank you.

Julie Dewey

Chief Communications & Investor Relations Officer, Treace Medical Concepts, Inc.

Thanks.

Mark L. Hair

Chief Financial Officer, Treace Medical Concepts, Inc.

Thanks you for having us.

John T. Treace

Chief Executive Officer, Founder & Director, Treace Medical Concepts, Inc.

Thank you for having us.

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