



TransMedics Reports Second Quarter 2023 Financial Results

Aug 3, 2023 at 4:05 PM EDT

ANDOVER, Mass., Aug. 3, 2023 /PRNewswire/ -- TransMedics Group, Inc. ("TransMedics") (Nasdaq: TMDX), a medical technology company that is transforming organ transplant therapy for patients with end-stage lung, heart, and liver failure, today reported financial results for the quarter ended June 30, 2023.

Recent Highlights

- Net revenue of \$52.5 million in the second quarter of 2023, a 156% increase compared to the second quarter of 2022.
- Transplant centers' use of the National OCS Program (NOP) drove approximately 93% of total U.S. OCS cases.
- Signed definitive agreement to acquire Summit Aviation.
- Acquired assets and IP related to the Ex-Vivo Organ Support System ("EVOSS") and LifeCradle Heart Preservation Transport System technologies from Bridge to Life.
- Completed convertible senior notes offering for approximately \$393 million in net proceeds.
- Results of OCS DCD Heart Trial published in *New England Journal of Medicine*.
- Received CE mark for OCS Liver combined with bile salt as a Class III medical technology according to MDR, enabling commercial sales of OCS Liver in Europe.
- Appointed Anil Ranganath as Senior Vice President, General Counsel and Corporate Secretary.

"Our second quarter results once again demonstrated the growth trajectory of our business," said Waleed Hassanein, MD, President and Chief Executive Officer. "We believe that we remain in the early innings and are looking forward to continuing to expand our infrastructure to fully capitalize on our unique NOP market opportunity. Additionally, we are investing to expand our product and service offering, as well as our clinical indications."

Second Quarter 2023 Financial Results

Total revenue for the second quarter of 2023 was \$52.5 million, a 156% increase compared to \$20.5 million in the second quarter of 2022. The increase was due primarily to continued increase in utilization of the company's NOP across all three OCS products.

Gross margin for the second quarter of 2023 was 70%, compared to 70% in the second quarter of 2022, and compared to 69% in the first quarter of 2023.

Operating expenses for the second quarter of 2023 were \$37.6 million, compared to \$24.1 million in the second quarter of 2022. The increase in operating expense was driven primarily by personnel increases, NOP logistics costs, investment in digital tools and legal fees. Second quarter operating expenses in 2023 included \$4.9 million of stock compensation expense compared to \$2.3 million of stock compensation expense in the second quarter of 2022.

Net loss for the second quarter of 2023 was \$1.0 million, compared to \$11.5 million in the second quarter of 2022.

Cash was \$582.2 million as of June 30, 2023, inclusive of net proceeds from the recent convertible senior notes offering.

2023 Financial Outlook

TransMedics is updating its full year 2023 revenue guidance to be in the range of \$180 million to \$190 million, which represents 93% to 103% growth compared to the company's prior year revenue. TransMedics' prior 2023 revenue guidance was \$160 million to \$170 million.

Webcast and Conference Call Details

The TransMedics management team will host a conference call beginning at 4:30 p.m. ET / 1:30 p.m. PT on Thursday, August 3, 2023. A live and archived webcast of the event will be available on the "Investors" section of the TransMedics website at www.transmedics.com.

About TransMedics Group, Inc.

TransMedics is the world's leader in portable extracorporeal warm perfusion and assessment of donor organs for transplantation. Headquartered in Andover, Massachusetts, the company was founded to address the unmet need for more and better organs for transplantation and has developed technologies to preserve organ quality, assess organ viability prior to transplant, and potentially increase the utilization of donor organs for the treatment of end-stage heart, lung, and liver failure.

Forward-Looking Statements

This press release contains forward-looking statements with respect to, among other things, our full-year guidance, and statements about our operations, financial position, and business plans, including our plans to integrate newly acquired logistical and transport capabilities to enhance the NOP and integrate the EVOSS and LifeCradle technologies into our OCS offering. These forward-looking statements are subject to a number of risks and uncertainties. Our Management cannot predict all risks, nor can we assess the impact of all factors on the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in or implied by any forward-looking statements we may make. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated in or implied by the forward-looking statements. Some of the key factors that could cause actual results to differ include: that we continue to incur losses; our ability to attract and retain key personnel; our existing and any future indebtedness, including our ability to comply with affirmative and negative covenants under our credit agreement to which we will remain subject until

maturity; the fluctuation of our financial results from quarter to quarter; our need to raise additional funding and our ability to obtain it on favorable terms, or at all; our ability to use net operating losses and research and development credit carryforwards; our dependence on the success of the OCS; our ability to expand access to OCS through the NOP; our ability to scale our manufacturing and sterilization capabilities to meet increasing demand for our products; the rate and degree of market acceptance of the OCS; our ability to educate patients, surgeons, transplant centers and private payors of benefits offered by the OCS; our ability to improve the OCS platform and develop the next generation of the OCS products; our dependence on a limited number of customers for a significant portion of our net revenue; our ability to maintain regulatory approvals or clearances for our OCS products in the United States and the European Union; our ability to adequately respond to FDA follow-up inquiries in a timely manner; performance of our third-party suppliers and manufacturers; our dependence on third parties to transport donor organs and medical personnel for our NOP; price increases of the components of our products; the timing or results of post-approval studies and any clinical trials for the OCS; our manufacturing, sales, marketing and clinical support capabilities and strategy; attacks against our information technology infrastructure; the economic, political and other risks associated with our foreign operations; our ability to protect, defend, maintain and enforce our intellectual property rights relating to the OCS and avoid allegations that our products infringe, misappropriate or otherwise violate the intellectual property rights of third parties; the pricing of the OCS, as well as the reimbursement coverage for the OCS in the United States and internationally; regulatory developments in the United States, European Union and other jurisdictions; the extent and success of competing products that are or may become available; the impact of any product recalls or improper use of our products; risks related to the pending acquisition of Summit, including the risk that the consummation of the acquisition is delayed or not consummated at all, risks related to retaining key Summit employees and risks related to providing aviation services and owning aircraft; risks related to the acquisition of the EVOSS and LifeCradle technologies, including the ability to integrate the technologies into the next generation OCS and the risk that we may not be able to realize the expected benefits of the acquisition; our estimates regarding revenues, expenses and needs for additional financing; and other factors that may be described in our filings with the Securities and Exchange Commission (the "SEC"). Additional information will be made available in our annual and quarterly reports and other filings that we make with the SEC. The forward-looking statements in this press release speak only as of the date of this press release. Factors or events that could cause our actual results to differ may emerge from time to time, and we are not able to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.

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TransMedics Group, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-------------|---------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | |
| Net product revenue | \$ 42,462 | \$ 17,922 | \$ 76,455 | \$ 32,861 |
| Service revenue | 10,003 | 2,599 | 17,564 | 3,540 |
| Total revenue | 52,465 | 20,521 | 94,019 | 36,401 |
| Cost of revenue: | | | | |
| Cost of net product revenue | 8,558 | 4,080 | 15,864 | 7,458 |
| Cost of service revenue | 7,166 | 2,091 | 12,648 | 2,489 |
| Total cost of revenue | 15,724 | 6,171 | 28,512 | 9,947 |
| Gross profit | 36,741 | 14,350 | 65,507 | 26,454 |
| Gross Margin | 70 % | 70 % | 70 % | 73 % |
| Operating expenses: | | | | |
| Research, development and clinical trials | 8,291 | 6,714 | 14,162 | 14,248 |
| Selling, general and administrative | 29,356 | 17,381 | 54,340 | 31,320 |
| Total operating expenses | 37,647 | 24,095 | 68,502 | 45,568 |
| Loss from operations | (906) | (9,745) | (2,995) | (19,114) |
| Other income (expense): | | | | |
| Interest expense | (2,505) | (972) | (3,596) | (1,932) |
| Other income (expense), net | 2,431 | (784) | 2,986 | (1,011) |
| Total other expense, net | (74) | (1,756) | (610) | (2,943) |
| Loss before income taxes | (980) | (11,501) | (3,605) | (22,057) |
| Provision for income taxes | (21) | (22) | (32) | (28) |
| Net loss | \$ (1,001) | \$ (11,523) | \$ (3,637) | \$ (22,085) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.03) | \$ (0.41) | \$ (0.11) | \$ (0.79) |
| Weighted average common shares outstanding, basic and diluted | 32,545,352 | 27,983,629 | 32,403,597 | 27,967,072 |

TransMedics Group, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

| | <u>June 30, 2023</u> | <u>December 31, 2022</u> |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 582,210 | \$ 201,182 |
| Accounts receivable | 47,524 | 27,611 |
| Inventory | 30,545 | 20,605 |
| Prepaid expenses and other current assets | 2,376 | 2,896 |
| Total current assets | 662,655 | 252,294 |
| Property and equipment, net | 19,965 | 19,223 |
| Restricted cash | 750 | 500 |
| Operating lease right-of-use assets | 6,929 | 5,130 |
| Other non-current assets | 59 | — |
| Total assets | <u>\$ 690,358</u> | <u>\$ 277,147</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,031 | \$ 3,341 |
| Accrued expenses and other current liabilities | 22,862 | 18,635 |
| Deferred revenue | 244 | 241 |
| Operating lease liabilities | 1,880 | 1,444 |
| Total current liabilities | 32,017 | 23,661 |
| Convertible senior notes, net | 445,761 | — |
| Long-term debt, net | 58,908 | 58,696 |
| Operating lease liabilities, net of current portion | 8,459 | 7,415 |
| Total liabilities | 545,145 | 89,772 |
| Total stockholders' equity | 145,213 | 187,375 |
| Total liabilities and stockholders' equity | <u>\$ 690,358</u> | <u>\$ 277,147</u> |

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