TransMedics Reports Second Quarter 2024 Financial Results

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ANDOVER, Mass., July 31, 2024 /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, 2024.

Recent Highlights

- Total revenue of $114.3 million in the second quarter of 2024, a 118% increase compared to the second quarter of 2023
- Generated net income of $12.2 million or $0.35 per diluted share in the second quarter of 2024
- Owned 15 total aircraft as of June 30, 2024
- Purchased two additional aircraft in July 2024
- Published 2023 Environmental, Social, and Governance ("ESG") update report on TransMedics corporate website

"We set a new high-water mark for the business in the second quarter of 2024, with product and service revenue growth driven by the sustained momentum of OCS NOP and our transplant logistics network," said Waleed Hassanein, MD, President and Chief Executive Officer. "We remain well positioned to successfully execute our 2024 strategy and to launch our new OCS lung and heart clinical programs in 2025."

Second Quarter 2024 Financial Results
Total revenue for the second quarter of 2024 was $114.3 million, a 118% increase compared to $52.5 million in the second quarter of 2023. The increase was driven primarily by the increase in utilization of the Organ Care System ("OCS™") across all three organs through the National OCS Program ("NOP™") as well as additional revenue generated by the launch of TransMedics logistics services.

Gross margin for the second quarter of 2024 was 61%, compared to 70% in the second quarter of 2023. The change from prior year is a result of a higher proportion of service revenue in 2024.

Operating expenses for the second quarter of 2024 were $56.8 million, compared to $37.6 million in the second quarter of 2023. The increase in operating expense was driven primarily by increased research and development investment as well as investment throughout the organization to support the growth of the company. Second quarter operating expenses in 2024 included $7.3 million of stock compensation expense compared to $4.9 million of stock compensation expense in the second quarter of 2023.

Net income for the second quarter of 2024 was $12.2 million, or 10.7% of revenue, compared to a net loss of $1.0 million in the second quarter of 2023.

Cash was $362.8 million as of June 30, 2024 compared to $350.2 million as of March 31, 2024.

2024 Financial Outlook
TransMedics is raising its full year 2024 revenue guidance to be in the range of $425 million to $445 million, which represents 76% to 84% growth compared to the company's prior year revenue. TransMedics' prior 2024 revenue guidance was $390 million to $400 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 July 31, 2024. 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, the OCS, NOP, transplant logistics services, and associated new clinical programs, and statements about our operations, financial position, and business plans. For this purpose, all statements other than statements of historical facts are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "could," "target," "predict," "seek" and similar expressions are intended to identify forward-looking statements. 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 or 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: our ability to maintain profitability on a sustained basis; our ability to attract, train 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 Organ Care System or OCS; our ability to expand access to the OCS through our National OCS Program or 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 and public payors on the 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 revenue; our ability to maintain regulatory approvals or clearances for our OCS products in the United States, the European Union, and other select jurisdictions worldwide; our ability to adequately respond to the Food and Drug Administration or FDA, or other competent authorities, follow-up inquiries in a timely manner; the performance of our third-party suppliers and manufacturers; our use of third parties to transport donor organs and medical personnel for our NOP and our ability to maintain and grow our logistics capabilities to support our NOP and reduce dependence on third party transportation, including by means of the acquisition, maintenance or replacement of fixed-wing aircraft for our aviation transportation services or other acquisitions, joint ventures or strategic investments; our ability to maintain Federal Aviation Administration or FAA or other regulatory licenses or approvals for our aircraft transportation services; price increases of the components of our products and maintenance, parts and fuel for our aircraft; 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 or procedures that are or may become available; our ability to service our 1.50% convertible senior notes, due 2028; the impact of any product recalls or improper use of our products; 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,	
	2024	**2023**	**2024**	**2023**
Revenue:				
Net product revenue	$ 71,732	$ 42,462	$ 133,057	$ 76,455
Service revenue	42,573	10,003	78,098	17,564
Total revenue	114,305	52,465	211,155	94,019
Cost of revenue:				
Cost of net product revenue	14,470	8,558	28,554	15,864
Cost of service revenue	30,574	7,166	53,378	12,648
Total cost of revenue	45,044	15,724	81,932	28,512
Gross profit	69,261	36,741	129,223	65,507
Gross margin	61 %	70 %	61 %	70 %
Operating expenses:				
Research, development and clinical trials	13,858	8,291	25,238	14,162
Selling, general and administrative	42,895	29,356	79,056	54,340
Total operating expenses	56,753	37,647	104,294	68,502
Income (loss) from operations	12,508	(906)	24,929	(2,995)
Other income (expense):				
Interest expense	(3,623)	(2,505)	(7,221)	(3,596)
Interest income and other income (expense)	3,268	2,431	6,838	2,986
Total other expense, net	(355)	(74)	(383)	(610)
Income (loss) before income taxes	12,153	(980)	24,546	(3,605)
(Provision) benefit for income taxes	41	(21)	(155)	(32)
Net income (loss)	$ 12,194	$ (1,001)	$ 24,391	$ (3,637)
Net income (loss) per share:				
Basic	$ 0.37	$ (0.03)	$ 0.74	$ (0.11)
Diluted	$ 0.35	$ (0.03)	$ 0.70	$ (0.11)
Weighted average common shares outstanding:				
Basic	33,119,514	32,545,352	32,939,852	32,403,597
Diluted	35,288,308	32,545,352	34,983,603	32,403,597

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

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	$ 362,751	$ 394,812
Accounts receivable	81,158	63,576
Inventory	48,671	44,235
Prepaid expenses and other current assets	16,685	8,031
Total current assets	509,265	510,654
Property, plant and equipment, net	229,030	173,941
Operating lease right-of-use assets	5,896	6,546
Restricted cash	500	500
Goodwill	11,549	11,990
Acquired intangible assets, net	2,253	2,354
Other non-current assets	84	62
Total assets	$ 758,577	$ 706,047
Liabilities and Stockholders' Equity		
Current liabilities:		

Accounts payable	$ 13,027	$ 12,717
Accrued expenses and other current liabilities	37,716	38,221
Deferred revenue	1,447	1,961
Operating lease liabilities	2,139	2,035
Total current liabilities	54,329	54,934
Convertible senior notes, net	448,534	447,140
Long-term debt, net	59,217	59,064
Operating lease liabilities, net of current portion	6,603	7,707
Total liabilities	568,683	568,845
Total stockholders' equity	189,894	137,202
Total liabilities and stockholders' equity	$ 758,577	$ 706,047

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