



TELA Bio Reports First Quarter 2023 Financial Results

May 11, 2023

MALVERN, Pa., May 11, 2023 (GLOBE NEWSWIRE) -- TELA Bio, Inc. ("TELA Bio"), a commercial-stage medical technology company focused on providing innovative soft-tissue reconstruction solutions that optimize clinical outcomes by prioritizing the preservation and restoration of the patient's own anatomy, today reported financial results for the first quarter ended March 31, 2023.

Recent Highlights

- Reported revenue of \$11.9 million for the first quarter, representing growth of 45% over the first quarter period of 2022;
- Increased demand for OviTex® and OviTex PRS Reinforced Tissue Matrix in the first quarter of 2023, resulting in a year-over-year revenue increase for each product of approximately 42% and 52%, respectively;
- Announced 510(k) Clearance for OviTex PRS Long-Term Resorbable for plastic and reconstructive surgery;
- Closed on an underwritten public offering yielding net proceeds of approximately \$46.4 million; and
- Reaffirms its full year 2023 revenue guidance with a range of \$60 million to \$65 million.

"We are pleased with TELA's solid performance in the first quarter of 2023, having increased revenue by 45% year-over-year," said Antony Koblish, co-founder, President and Chief Executive Officer of TELA Bio. "We anticipate the recent closing of our follow-on offering will help us accelerate the expansion of our commercial organization and further leverage our growing product portfolio and deepening GPO access to drive market penetration. Despite looming macroeconomic challenges, we continue to expect revenue growth and surgeon adoption to accelerate throughout the remainder of 2023."

First Quarter 2023 Financial Results

Revenue was \$11.9 million in the first quarter of 2023, an increase of 45% compared to the same period in 2022. The increase was due to the expansion of our commercial organization, the addition of new customers, increased penetration within existing customer accounts, and stronger international sales.

Gross profit was \$7.9 million in the first quarter of 2023, or 66% of revenue, compared to \$5.0 million, or 61% of revenue, in the same period in 2022. The increase in gross margin was primarily due to better inventory management practices resulting in a decrease in the reserve for excess and obsolete inventory as a percentage of revenue as compared to the prior year period.

Operating expenses were \$19.2 million in the first quarter of 2023, compared to \$14.8 million in the same period in 2022. The increase was due to higher compensation and employee-related expenses from additional headcount as we continue to expand our organization, along with increased travel expenses and increased consulting fees.

Loss from operations was \$11.3 million in the first quarter of 2023, compared to a loss from operations of \$9.8 million in the same period in 2022.

Net loss was \$12.0 million in the first quarter of 2023, compared to a net loss of \$10.9 million in the same period in 2022.

Cash and cash equivalents on March 31, 2023 totaled \$30.1 million.

2023 Financial Guidance

We continue to expect full year 2023 revenue to range from \$60 million to \$65 million, reflecting growth of 45% to 57% over full year 2022.

Conference Call

TELA Bio will host a conference call at 4:30 p.m. Eastern Time on Thursday, May 11, 2023 to discuss its first quarter 2023 financial results. Investors interested in listening to the conference call should [register online](#). Participants are required to register a day in advance or at minimum 15 minutes before the start of the call. A replay of the webcast can be accessed via the [Events & Presentations](#) page of the investor section of TELA Bio's website.

About TELA Bio, Inc.

TELA Bio, Inc. (NASDAQ: TELA) is a commercial-stage medical technology company focused on providing innovative technologies that optimize clinical outcomes by prioritizing the preservation and restoration of the patient's own anatomy. The Company is committed to providing surgeons with advanced, economically effective soft-tissue reconstruction solutions that leverage the patient's natural healing response while minimizing long-term exposure to permanent synthetic materials. For more information, visit www.telabio.com.

Caution Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations are forward-looking statements and reflect the current beliefs of TELA Bio's management. Such forward-looking statements include statements relating to our expected revenue and revenue growth for the full year 2023. These

statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors that could cause actual results and events to differ materially and adversely from those indicated by such forward-looking statements including, among others: the impact to our business from macroeconomic conditions, including the COVID-19 pandemic, recessionary concerns, banking instability, and inflationary pressures, potentially impacting our ability to market our products, demand for our products due to the deferral of elective procedures, the labor and staffing environment in the healthcare industry, disruption in our supply chain, or pricing pressures concerning our products or the procedures using our products; our ability to achieve or sustain profitability; our ability to gain market acceptance for our products and to accurately forecast and meet customer demand; our ability to compete successfully; that data from earlier studies related to our products and interim data from ongoing studies may not be replicated in later studies or indicative of future data; that data obtained from clinical studies using our product may not be indicative of outcomes in other surgical settings; our ability to enhance our product offerings; development and manufacturing problems; capacity constraints or delays in production of our products; maintenance of coverage and adequate reimbursement for procedures using our products; product defects or failures. These risks and uncertainties are described more fully in the "Risk Factors" section and elsewhere in our filings with the Securities and Exchange Commission and available at www.sec.gov, including in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Any forward-looking statements that we make in this announcement speak only as of the date of this press release, and TELA Bio assumes no obligation to update forward-looking statements whether as a result of new information, future events or otherwise after the date of this press release, except as required under applicable law.

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TELA Bio, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,124	\$ 42,019
Accounts receivable, net	6,654	6,621
Inventory	15,105	11,792
Prepaid expenses and other assets	1,619	2,015
Total current assets	53,502	62,447
Property and equipment, net	1,695	1,682
Intangible assets, net	2,404	2,499
Right-of-use assets	1,187	1,227
Total assets	<u>\$ 58,788</u>	<u>\$ 67,855</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,216	\$ 1,534
Accrued expenses and other current liabilities	9,190	10,869
Total current liabilities	14,406	12,403
Long-term debt	40,063	39,916
Other long-term liabilities	1,178	1,231
Total liabilities	55,647	53,550
Stockholders' equity:		
Preferred stock; \$0.001 par value: 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value: 200,000,000 shares authorized; 19,227,777 and 19,165,027 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	19	19
Additional paid-in capital	289,254	288,361
Accumulated other comprehensive income	120	150
Accumulated deficit	(286,252)	(274,225)
Total stockholders' equity	3,141	14,305
Total liabilities and stockholders' equity	<u>\$ 58,788</u>	<u>\$ 67,855</u>

TELA Bio, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three months ended March 31,	
	2023	2022
Revenue	\$ 11,909	\$ 8,231
Cost of revenue (excluding amortization of intangible assets)	3,916	3,156
Amortization of intangible assets	95	76
Gross profit	<u>7,898</u>	<u>4,999</u>
Operating expenses:		
Sales and marketing	13,466	9,378
General and administrative	3,634	3,458
Research and development	2,052	2,007
Total operating expenses	<u>19,152</u>	<u>14,843</u>
Loss from operations	<u>(11,254)</u>	<u>(9,844)</u>
Other expense:		
Interest expense	(1,246)	(911)
Other income (expense)	473	(107)
Total other expense	<u>(773)</u>	<u>(1,018)</u>
Net loss	<u>\$ (12,027)</u>	<u>\$ (10,862)</u>
Net loss per common share, basic and diluted	<u>\$ (0.63)</u>	<u>\$ (0.75)</u>
Weighted average common shares outstanding, basic and diluted	<u>19,185,621</u>	<u>14,538,864</u>
Comprehensive loss:		
Net loss	\$ (12,027)	\$ (10,862)
Foreign currency translation adjustment	(30)	47
Comprehensive loss	<u>\$ (12,057)</u>	<u>\$ (10,815)</u>