



Tenon Medical, Inc.

**First Quarter 2026 Financial Results and Corporate Update
Conference Call**

May 12, 2026

C O R P O R A T E P A R T I C I P A N T S

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C O N F E R E N C E C A L L P A R T I C I P A N T S

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P R E S E N T A T I O N

Operator

Greetings, and welcome to the Tenon Medical First Quarter 2026 Financial Results and Corporate Update Conference Call.

As a reminder, this conference call is being recorded.

Your hosts today are Steve Foster, President and Chief Executive Officer; and Kevin Williamson, Chief Financial Officer. Mr. Foster and Mr. Williamson will present results of operations for the first quarter ended March 31, 2026, and provide a corporate update. A press release detailing these results was released today and is available on the Investor Relations section of our Company's website, www.tenonmed.com.

Before we begin the formal presentation, I would like to remind everyone that statements made on the call and webcast may include predictions, estimates and other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. For a more complete discussion of these factors and other risks, you should review our quarterly and annual reports on file with the Securities and Exchange Commission at www.sec.gov.

At this time, I'll turn the call over to Tenon Medical's Chief Executive Officer, Steve Foster. Please go ahead, sir.

Steven Foster

Thank you, Sachi, and good afternoon to everyone. I'm pleased to welcome you to today's First Quarter 2026 Financial Results and Corporate Update conference call for Tenon Medical. We are off to a solid start in 2026. We delivered strong first quarter revenue and gross profit, which were the highest for any first quarter in the Company's history. First quarter revenue came in at \$1.4 million, nearly double the prior year period, and gross margin reached 68.5%, up from 44.5% a year ago. Two dynamics drove the quarter, more procedures across both of our platforms and a meaningful, more efficient cost base behind those revenues.

On the top line, growth came from two places: a higher number of Catamaran cases and the first full quarter of meaningful Slimmetry+ contribution since we acquired the SiVantage assets late last August. Physician engagement is a leading indicator for us as well. And on that front, we trained 21 physicians across both systems this past quarter.

The most notable development this quarter is the expansion in gross margin. At 68.5%, we are approximately 24 percentage points higher than a year ago. While increased revenue has contributed through improved absorption of fixed production overhead, we are also benefiting from a more streamlined commercial footprint and stronger field productivity. We expect these structural gains to persist going forward.

Beyond the financials, a few items from the quarter that are worth noting. First, our two-platform offering is increasingly working the way we had hoped. Physicians are evaluating Catamaran and Slimmetry+ as complementary tools in both primary and revision procedures. These systems provide optionality in both interior posterior and bilateral approaches to the same anatomy, and we are seeing this translate into adoption at several leading centers.

Specific to capital, in March, we closed a \$4.3 million senior convertible note placement with a group of institutional and high net worth investors. That financing extends our runway and gives us the flexibility to keep investing behind commercial expansion, product launches and our clinical programs without further distraction. Taken together, the

quarter gives us a healthier balance sheet, a broader product set actually in the market and clear evidence that our cost work is sticking.

Our intellectual property position continues to strengthen. The U.S. Patent and Trademark Office issued multiple notices of allowance during the quarter on applications expected to grant later in 2026 on top of the 10 patents that issued in 2025. Our portfolio today stands at 29 U.S. patents and nine international patents granted with another 31 applications pending. That depth matters for a small-cap medical device Company. It protects what we have built around Catamaran and SImmetry+. In addition, we have dramatically accelerated our R&D project work. This includes significant incremental additions to the SImmetry+ lateral and oblique platform that will be launched in the back half of 2026.

Additionally, in the spirit of providing comprehensive optionality to our physician customers, we are moving towards regulatory submission and subsequent Alpha activity of a third approach to the sacral pelvic anatomy. Lastly, our aggressive commercial activity is highlighted by the addition of an experienced senior sales professional to manage the eastern part of the Lower 48. We will join other members of our commercial team at a newly established training and education center in the Tampa, Florida area, designed intentionally to accelerate our physician and distributor education activities.

Looking out over the rest of the year, our focus is very narrow. Keep growing procedure volumes on both platforms, aggressively educate our physician and distribution partners and protect the gross margin gains we've made this quarter as we scale. We have multiple ways to win in this market, lateral and inferior posterior now and additional innovations to come.

With that, I'll turn the call over to Kevin to discuss our financials in some detail.

Kevin Williamson

Thank you, Steve. I will now provide a summarized review of our financial results. A full breakdown is available in our press release that crossed the wire this afternoon. Starting with the top line. First quarter revenue was \$1.4 million, an increase of approximately 90% from \$0.7 million a year ago. Two factors are at work here. First, Catamaran surgical procedure volumes saw strong year-over-year growth, driven primarily by new physician adoption. Second, Q1 was the first quarter to fully reflect SImmetry+ revenue since we closed that acquisition in August of last year and Alpha launched the system in Q4 2025. Further product enhancements and a full commercial launch of SImmetry+ are planned for in the back half of 2026, which we expect to support continued growth this year and into 2027 and beyond.

Gross profit was \$0.9 million or 68.5% of revenue versus \$0.3 million or 44.5% of revenue in the first quarter of last year. That is an approximately 193% increase in dollar terms and the highest for any first quarter in the Company's history. On a margin basis, we picked up about 24 percentage points year-over-year. The driver is straightforward. Higher revenue is spreading our fixed production costs over a larger base, and we expect to see continued margin expansion as revenue scales.

Operating expenses came in at \$4.2 million, modestly above the \$4.0 million we ran in the first quarter of 2025. The step-up is primarily driven by higher sales and marketing expenses, reflecting increased commercial activity related to higher revenue as well as supporting the SImmetry+ rollout, while partially offset by lower stock-based comp versus a year ago.

When normalizing stock-based comp expense year-over-year within R&D, development-related expenses increased in the first quarter versus Q1 2025, driven by project-related activities tied to future product launches, primarily related to assets that were acquired in the acquisition we closed in August of last year.

Net loss for the quarter narrowed to \$3.5 million or \$0.31 per share from \$3.6 million or \$1.01 per share a year ago. The per share figure benefits from a larger share count, but on a dollar basis, the improvement is real. Stronger revenue and gross profit more than offset higher OpEx and the interest expense from the March convertible note issuance.

We ended the quarter with \$4.6 million in cash and cash equivalents compared to \$3.8 million as of December 31, 2025. In March 2026, the Company closed a private placement of senior convertible notes for gross proceeds of

\$4.3 million, which provides additional runway to fund our commercial and clinical priorities deep into the year. Overall, we believe the financial and strategic actions achieved this quarter have positioned Tenon with initiatives to drive faster growth while sustaining a streamlined and disciplined cost base.

I'll now hand the call back to Steve for closing comments.

Steven Foster

Thank you, Kevin. In summary, the first quarter of 2026 reflects early returns on the strategy we have been executing against, including approximately 90% year-over-year revenue growth, a 24 percentage point expansion in gross margin to 68.5%, a strengthened balance sheet and a meaningfully expanded intellectual property portfolio. These results provide a strong platform for continued execution.

Building on that foundation, our priorities are clear: drive continued procedure growth across both Catamaran and Slimmetry+, expand our base of trained physicians and maintain a disciplined cost structure now showing through in our gross margin and field productivity. With a differentiated multi-approach portfolio, a strengthened balance sheet and a deepening intellectual property portfolio, we believe Tenon is well positioned to build on this quarter's momentum and deliver increasing value to patients, providers and shareholders. I thank you all for attending.

Now I'd like to hand the call over to our Operator to begin our question-and-answer session with covering analysts. Sachi?

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions. The first question is from Scott Henry from AGB. Please go ahead.

Scott Henry

Thank you. Good afternoon. One of the first questions—or the first question I'm going to ask is with regards to seasonality. Typically, I think of surgical procedures being down in the first quarter. You've got co-pay resets and all of that. Based on a typical tough first quarter, it seems like we should be very encouraged by the strong numbers relative to Q4. Steve, do you think—is that a fair assessment?

Steven Foster

Thanks for the question, Scott. Absolutely fair. Look, the dynamics of primarily deductible resets are very real. Our physicians have wild and crazy Decembers in particular, which I feel bad for them sometimes the way it piles up, but there's no doubt that's a real factor in all of this and things tend to settle in Q1. I think that's true for Tenon, just like any other medical device company, especially elective type procedures such as ours. I think that's a fair statement. I think it's very real, and we're encouraged as well by a solid strong Q1 that gets us off and running here in 2026.

Scott Henry

Okay. Thank you. Then building off that, how should we think about, at least directionally, 2Q relative to first quarter? Are there any launch metrics that you can give us that we can follow to try to gauge the progress of the launch?

Steven Foster

Sure. We'll have a busy 2026. Slimmetry+, which is our lateral platform that came over with the SiVantage acquisition has been in Alpha since late fall and is now coming out of Alpha into full launch. That's the screw portion of that technology. We have two additional incremental pieces to that platform that will launch throughout 2026. One is involved in the preparation of the joint to create a proper defect to prepare the joint to be grafted, fixated and eventually fused. Then the second component will come out a bit later in the year, which is actually in addition to the construct which we believe will make the construct more effective. You'll see both of those things happen throughout the course of the year. The decordicator technology will be first. The additional and incremental implant will be second.

On top of that, I mentioned a new technology that we're working on that will be an additional approach to this anatomy that's preferred by many physicians in the space. That will be towards the end of the year, but we hope to be in Alpha with that technology in Q4. All of those will be catalysts for us, along with all the work that's going on just to get Catamaran and Slimmetry+ in front of physicians. There's data that backs these technologies. We're very encouraged by the reception of what's been done clinically with those technologies. We're growing across all of those activities. We certainly aren't waiting around for launches to target and grow. But certainly, those new technologies coming down the pipe will be catalysts as we get to those Alpha starts and then eventually into a full launch.

Scott Henry

Okay. Great. Final question, I'll give Kevin a chance to chime in. OpEx in first quarter, is that a good baseline going forward? Perhaps it grows a little bit as sales increase. Is that how we should think about that OpEx in first quarter? Or is there any noise in that, that we should factor in? Thank you.

Kevin Williamson

Yes, good afternoon, Scott. Thanks for the questions. Absolutely. I think it is a good baseline here for the year. We expect to continue to leverage the P&L and improve profitability throughout the year, growing revenue, expanding margins faster than we're growing OpEx, specifically around the fixed cost. As far as looking at the fixed cost, absolutely a good baseline there. There'll be some investments we make throughout the year. You will see some increase in OpEx, but it will be at a lower clip than revenue. I think we've been pretty efficient to this point to mix in some strong investments here in Q1 to lay the foundation here for the rest of the year without expanding our fixed costs. You'll continue to see that throughout the year.

Scott Henry

Okay, great. Thank you for taking the questions.

Steven Foster

Thanks, Scott.

Operator

The next question is from Anthony Vendetti from Maxim Group. Please go ahead.

Anthony Vendetti

Yes, thanks. On the new system, the new indication that you expect to have the Alpha release in the fourth quarter of '26. Can you talk a little bit about, from a scientific standpoint, how that is going to be complementary or differs from the two products that you have now? Then if you Alpha release in fourth quarter '26, are you looking to commercialize it first quarter '27, second quarter '27? Do you have that sort of timeline framed out?

Steven Foster

Yes. Thanks, Anthony. Two things. One is we are committed to certain principles when we address various components of the sacral pelvic anatomy. The core principle is we are a fusion-focused arthrodesis-focused organization. While we'll explore and introduce new approaches, new instrumentation, new technology to the space, we will stick with our core principles of proper joint preparation, grafting and fixation. We believe in that deeply. We believe it's frankly something missing in the space, and we'll be consistent with that with all of our launches. I'll go that far with the new technology. It will go into Alpha, which are just early physician adviser usage to make sure we have every detail taken care of and as much refinement as can possibly be completed with the instrumentation and all aspects of the system. Then yes, as you described, right, in Q1 will be, of '27, we'll be moving into full launch for that technology.

Anthony Vendetti

Okay. Great. Then in terms of training physicians, sort of how has that evolved for Tenon this year? Can you talk about the plans to accelerate that training or the training programs that you have in place to get more of these physicians up to speed and aware of your technology?

Steven Foster

Well, for us, it's evolved dramatically because we're not a single approach, single technology company any longer, right? We're using a variety of different training tools, training models, things of that nature, whether a physician wants to focus on an anterior/posterior approach to the anatomy, a lateral or oblique approach to the anatomy or other. That's perhaps number one on the evolve question.

I hope it's indicative of how enthusiastic we are that we're investing in this training facility in Tampa. It will be a fully equipped training facility that really allows us the opportunity to bring people in, whether they are interested physicians or distribution partners that need some cadence and some repetitive work on the instrumentation sequencing and the technology themselves, etc. We're very enthusiastic. Our demand has got to the point where it makes sense for us to make that investment, and we really look forward to having it online, which it is now and making things happen here going forward.

Anthony Vendetti

Okay, great. Then is there anything that you're doing specifically to try to increase conversion rates where you're like, okay, they've been trained or they know the product. How do you go about making sure that—or not that you can ensure it, but that you can convert physicians from trying the product or demoing it to making it part of their ongoing practice?

Steven Foster

Sure. Yes. Our mission is relatively simple. It's done in a complex environment, right? The first thing we have to do is be compelling with the physician. You can't sit down and convince them, hey, this is worth your time to take a look at, to spend some time with, etc. That's usually a combination of everything that you've done with the technology itself, the clinical research you've done, etc., things that compel them to take time out of a very busy schedule to take a look. (Inaudible), clearly. When they get interested, the second sort of level of complexity kicks in where you have to go through approval and access processes at these facilities, right? They have back committees and things of that nature.

This is the area, to your question, Anthony, where we are making some investments, right? We have to get better at, more efficient at getting through those processes and making sure we're leveraging everything that we have. The SiVantage acquisition gave us some access that we didn't have previously, things that they had achieved as an entity and previous to the transaction. Putting all of that together and making sure that we give ourselves as many opportunities to open the door to access to the physicians to use in those facilities. That's a big challenge for us organizationally, something we're spending a lot of time, energy and effort on.

Anthony Vendetti

Okay. Then lastly for Kevin. Gross margin was very strong at 68.5% High 60s, is that a good gross margin to look at for the rest of '26? I believe—and certainly, Kevin chime in and tell me if I'm wrong here, but I believe at a larger revenue base in '27 and beyond, the expectation is for that gross margin to be 70% plus, correct?

Kevin Williamson

Correct. Yes, thanks, Anthony. We spoke to that before. As we continue to scale revenue, we will continue to absorb some of those fixed costs. They're not very large fixed costs. As we get our revenue base up, we'll absorb them and margins will continue to expand really up towards up to the ceiling of what our true product margin is as you absorb those kind of logistics-based COGS costs in there. Yes, we expect high 60s is a good place to be. We expect to increase from here. I think we're going to be very happy with where our margin gets to here over the coming quarters and into '27.

Anthony Vendetti

Excellent. Okay, great. Thanks so much. Appreciate all the color. I'll hop back in the queue.

Operator

This concludes the question-and-answer session. I'd like to turn the floor back over to Steve Foster for closing comments.

Steven Foster

Thank you, Sachi. I'd like to thank each of you for joining our earnings conference call today. We look forward to continuing to update you on our ongoing progress and growth. If we were unable to answer any of your questions,

please reach out to our IR firm, MZ Group, who will be more than happy to assist. With that, I wish everyone a good day.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.