Tenon Medical, Inc.

Second Quarter 2026 Financial Results and Corporate Update
Conference Call

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CORPORATE PARTICIPANTS

Steven Foster, *President & Chief Executive Officer*

Kevin Williamson, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Nicholas Sherwood, *Maxim Group*

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

Operator

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

As a reminder, this 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 second quarter ended June 30, 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 would like to turn the call over to Tenon Medical's Chief Executive Officer, Steve Foster. Please go ahead, sir.

Steven Foster

Thank you, Joe, and good afternoon, everyone. I'm pleased to welcome you to today's second quarter 2026 financial results and corporate update conference call for Tenon Medical.

Second quarter revenue was $1.3 million, an increase of 127% over the second quarter last year, and gross profit was $0.8 million, an increase of 232% over the prior year period. Each was the highest we have reported in a second quarter. Gross margin was 64% compared to 43% a year ago. Case volume grew across both the Catamaran and SImmetry+ platforms, and each incremental procedure is now carrying meaningfully more profit.

Looking at the first half as a whole, revenue was $2.7 million, an increase of 106% from $1.3 million in the first six months of 2025.

Gross profit was $1.8 million, an increase of 210% from $0.6 million at a gross margin of 66% compared with 44%.

Our loss from operations for the six months was $6.6 million compared with $6.5 million a year ago, essentially unchanged, while revenue doubled and gross profit dollars roughly tripled.

Growth on the top line came from a higher number of Catamaran cases and continued meaningful SImmetry+ contribution since we acquired the SiVantage assets in August of last year. Physician and distributor training is the leading indicator for us, and on that front our training events increased 98% in the first half of 2026 compared with the second half of 2025.

Gross margin expanded substantially year over year. At 64%, we are approximately 21 percentage points higher than the second quarter of last year, and at 66% for the first half, we're roughly 22 points higher than the same period in 2025.

Increased revenue has contributed through improved absorption of fixed production overhead, and we are also benefiting from a more streamlined commercial footprint and stronger field productivity.

Beyond financials, a few items from the quarter are worth noting.

First, on the commercial side, our platform offering continues to progress the way we had planned with physicians evaluating Catamaran and SImmetry+ as complementary tools, inferior-posterior and lateral approaches to the same anatomy.

As part of our continued investment in commercial activity, we've hired a seasoned professional sales lead to our East Coast sales team and expect to add further sales heads and distributor partners in the back half of the year.

Additionally, we saw a meaningful uptick in our physician and distributor training activity in Q2, driven by our newly opened Tampa sales and training office, which has contributed to a record case volume month in July and a strong start to Q3.

Second, as it relates to regulatory matters, subsequent to the quarter end on July 2nd, we announced that we received FDA 510(k) clearance for the Catamaran SI joint fusion system. The updated clearance incorporates various instrument upgrades, as well as the reclassification of certain instruments from disposable to reusable status, which is expected to improve system performance while reducing ongoing per-procedure costs previously associated with disposable instrumentation and improving margin, which we expect to play out meaningfully beginning in Q3.

Third, we have had a busy quarter with our R&D initiatives and are nearing multiple launches that we believe will be meaningful in this space. First, we have an enhanced SImmetry+ system that includes streamlined decortication, which will become clinically active in Q3 and is a significant improvement to this system. Second, we are nearing the final stages of development and approaching filing for 510(k) approval of an enhanced feature to the SImmetry+ implant, which will make the implant even further differentiated. And third, we are excited about the progress we have made on a third approach to the space and an additional product offering to Catamaran and SImmetry+ that we believe meets a large unmet need in a very novel way.

Fourth, as it relates to capital, on July 1, we closed a public offering of common stock or pre-funded warrants and common stock purchase warrants for aggregate gross proceeds of $4.2 million. Net proceeds are expected to be used for partial repayment of our outstanding convertible notes, commercial expansion, clinical research and general corporate purposes.

Looking out over the rest of the year, our focus has narrowed. Keep growing procedure volumes on both platforms, continue aggressive physician training and education, accelerate key R&D projects, and protect the gross margin gains we've built over the past year as we scale. We have multiple ways to win in this market and we intend to use them.

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

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, second quarter revenue was $1.3 million, a record for any second quarter in the Company's history and up 127% from $0.6 million a year ago. Revenue for the six months ended June 30, 2026 was $2.7 million, an increase of 106% compared to $1.3 million in the six months ended June 30, 2025. The increase in the quarter was driven by a large increase in the number of surgical procedures performed, as well as the addition of revenue related to the SImmetry+ system.

Over the past 12 months, we have meaningfully increased our physician user base and surgical case volume and we expect to continue to build on that momentum through salesforce expansion, increased physician and distributor engagement and future product launches.

Gross profit was $0.8 million or 64% of revenue in the second quarter compared to $0.2 million or 43% of revenue a year ago. That's a 232% increase in dollar terms and the highest for any second quarter in the Company's history. On a margin basis, we picked up about 21 percentage points year over year.

For the six months, gross profit was $1.8 million or 66.2% of revenue compared to $0.6 million or 44.0% of revenue, a 210% increase in dollars and roughly 22 percentage points. The improvement was primarily driven by higher revenue and lower fixed costs in the period, driving further absorption of production overhead costs within cost of goods sold. We continue to expect to see our gross margin expand as revenue increases and we further absorb fixed costs within our cost of sales.

Operating expenses totaled $4.2 million in the second quarter compared to $3.1 million in the second quarter of 2025. For the six months, operating expenses totaled $8.4 million compared to $7.1 million in the prior year period. The increase in the quarter was primarily due to higher sales and marketing expenses associated with higher revenue in addition to higher research and development expenses as we continue to work towards future product additions.

Net loss was $4.1 million or $12.35 per share in the second quarter compared to a net loss of $2.8 million or $12.76 per share in the second quarter of 2025. For the six months, net loss was $7.5 million or $23.16 per share compared to a net loss of $6.4 million or $39.91 per share in the same period a year ago. The increase in net loss was primarily driven below the operating line by $0.9 million of non-cash interest expense related to the amortization of the original issue discount related to our convertible notes, which was not present in the prior year period.

We ended the quarter with $1.7 million in cash and cash equivalents compared to $3.8 million as of December 31st, 2025.

Subsequent to quarter end, on July 1st, we closed the public offering with gross proceeds of $4.2 million which provides additional runway to fund our commercial, clinical and development priorities.

Overall, we believe the financial and strategic actions taken through the first half of 2026 have positioned Tenon to drive continued growth in the second half and into 2027 while sustaining a streamlined and disciplined cost base and executing on our commercial and upcoming product launch initiatives.

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

Steven Foster

Thank you, Kevin.

In conclusion, we believe Tenon is delivering top line growth, margin growth, and a cost structure that is expected to provide efficiencies as we expand our offerings. Significant progress has been made on vital R&D projects, promising a diversified and innovative portfolio of sacropelvic technologies over the next six to nine months. Our focus on commercial expansion and execution positions Tenon to build on this momentum and deliver increasing value to patients, providers and our shareholders.

I thank you all for attending, and I would like to hand the call over to our operator to begin our Q&A session with covering analysts. Joe?

Operator

Thank you, sir. Ladies and gentlemen, if you would like to ask a question, please press star, one on your telephone keypad and 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.

Our first question comes from the line of Nicholas Sherwood with Maxim. Please proceed.

Nicholas Sherwood

Good evening. Thank you for taking my questions. Can you kind of just talk about any sort of advancements that have come in the SiVantage product pipeline? How you're feeling about the regulatory or the research and development on those?

Steven Foster

Yes. Thanks, Nicholas. I appreciate the question.

When we did the SiVantage transaction, they already had commercial activity in the SImmetry+ component of their offering. There are three major components to that technology. One was already released when we did the transaction. The second is an enhanced decortication tool, which we mentioned will be out here in October for clinical use. And the third is an addition to the implant construct that we really think is going to be very novel and unique and answer some of the needs that have been communicated to us by our physician customers. So you're going to see a greatly enhanced SImmetry+ platform over the coming two to six months as we roll all of this stuff out. And we really believe that that platform is going to become very attractive to physicians that prefer lateral and oblique procedures.

Secondarily, SiVantage had a novel posterior technology, posterior approach technology that we are now just finishing testing on and preparing for an FDA submission in that arena. Very excited where that's going, anxious to share more. Probably in the next quarterly review we'll get into some details about what that technology looks like, how it's positioned, how it's targeted and things of that nature. So the SiVantage portfolio is delivering as expected, some really nice pipeline enhancements and what have you. We're really excited about what's to come.

Nicholas Sherwood

Yes, that's an exciting thing. My next question is, this summer it might be a slower period when it comes to training new physicians. Can you kind of talk about, are there any special events or pushes that you're going to have through the end of this year, kind of that sort of back-to-school season, so to speak, when it comes to bringing in new physicians and training them on your technology?

Steven Foster

Yes, we appreciate that. I suppose with all of our activities is a little bit of seasonality, and certainly it's true with physician training activities.

We mentioned the opening of a training center in Tampa and we're finding the demand to visit the facility, to see the array of technologies that are there, both in imaging as well as our own implant technology, navigation technologies, things of that nature is really attractive. And frankly, it's exceeded all of our expectations, the demand to visit and what have you.

We mentioned some pretty significant growth in our training activity in the first half of ‘26 compared to ‘25. We attribute most of that to the new facility that we've invested in, and frankly, the really cool environment and experience that's being delivered when physicians visit that site. So we're actually seeing an uptick and I anticipate continued uptick, not only because the facility's there, but as we start rolling out the enhancements to SImmetry+, the new technologies we talked about, etc., there'll be even more compelling reasons for physicians to visit and take a look at what's happening.

Nicholas Sherwood

Awesome. Yes, that sounds like there's some good progress there. Thank you for answering my questions and I'll return to the queue.

Steven Foster

Thanks, Nicholas.

Operator

Thank you. This will conclude the question-and-answer session. I would now like to turn the call back to Mr. Foster for his closing remarks.

Steven Foster

Thank you, Joe.

I'd like to thank each of you for joining our earnings conference call today and 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 everybody a good evening.

Operator

This concludes today's conference. You may disconnect your lines at this time and enjoy the rest of your day.