UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2018

ALPHATEC HOLDINGS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	000-52024	20-2463898
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

5818 El Camino Real
Carlsbad, California 92008
(Address of Principal Executive Offices)

(760) 431-9286
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14.a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

Credit Agreement with Squadron Medical Finance Solutions LLC

On November 6, 2018, Alphatec Holdings, Inc. (the "Company"), along with its wholly-owned subsidiaries Alphatec Spine, Inc. ("Alphatec Spine") and SafeOp Surgical, Inc. (collectively, the "Borrowers"), entered into a Credit, Security and Guaranty Agreement (the "Credit Agreement") with Squadron Medical Finance Solutions LLC ("Squadron") for a $35.0 million secured term loan (the "Term Loan"). The Term Loan has a maturity date of November 6, 2023 (the "Maturity Date") and bears interest at the one month London Interbank Offered Rate ("LIBOR") + 8% per annum (currently 10.3%). Interest-only payments are due monthly through April 2021, followed by $10 million in principal payments in 29 equal monthly installments beginning June 2021 and a $25 million lump-sum payment payable at the Maturity Date.

As collateral for the Term Loan, the Borrowers granted Squadron a first lien security interest in substantially all of their assets, other than accounts receivable and related assets, which will secure the Term Loan on a second lien basis. Pursuant to the terms of its existing revolving credit facility with MidCap Funding IV (the "MidCap Facility), the Company can borrow up to $22.5 million, based upon eligible accounts receivable. As collateral for the MidCap Facility, the Company granted MidCap a first lien on accounts receivable and related assets. The relative priorities with respect to collateral securing the Credit Agreement and the MidCap Facility are set forth in an Intercreditor Agreement, dated as of November 6, 2018, between Squadron and MidCap.

The Credit Agreement includes limitations on the Borrowers' ability (without prior consent from Squadron), to, among other things, grant certain liens, make certain investments, incur certain debt, engage in certain mergers and acquisitions, dispose of assets, make certain restricted payments such as dividend payments, enter into certain agreements that encumber or restrict the Borrowers' ability to satisfy their obligations under the Credit Agreement, and enter into certain amendments to the MidCap Facility, and contains other usual and customary covenants for an arrangement of its type. The Credit Agreement also contains a minimum liquidity covenant through March 2020 and a fixed charge covenant ratio starting April 2020.

The events of default under the Credit Agreement include, among other things, payment defaults, breaches of covenants, material misrepresentations, bankruptcy events, adverse judgments, certain violations of the Employee Retirement Income Security Act of 1974, the invalidity of any document entered into in connection with the Term Loan, the occurrence of an event of default under the MidCap Facility, and the occurrence of a change of control. In the case of a continuing event of default, Squadron may, among other remedies, declare due all unpaid principal and interest outstanding and exercise all other rights and remedies available to it under the Credit Agreement.

As required by the terms of the Credit Agreement, the Borrowers granted Squadron the right, during such period of time that the Borrowers have unpaid or unsatisfied obligations under the Credit Agreement, to designate one individual to attend, in a nonvoting, observer capacity, all meetings of the Board of Directors, subject to certain limitations.

Pursuant to the Credit Agreement, the Company issued to Squadron a warrant (the "Warrant") to purchase up to 845,000 shares of its common stock at a price of $3.15 per share. The warrant is immediately exercisable and has a term of seven years. The warrant is subject to price-based weighted average anti-dilution adjustments in the event of certain issuances by the Company of equity or equity-linked securities at effective prices per share of less than $3.15; provided that the Company will not be required to issue any shares of common stock due to any such adjustment if the issuance (taken together with any prior issuance upon the exercise of the Warrant) would exceed the aggregate number of shares of common stock the Company may issue without breaching the applicable Nasdaq rules. In connection with issuing the Warrant, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with Squadron whereby the Company agreed to register the resale of the shares of common stock issuable pursuant to the warrant (the "Warrant Shares") under the Securities Act of 1933, as amended under certain circumstances upon demand of holders thereof or at their request to the extent the Company seeks to register other equity securities for sale.

Amendment to the MidCap Facility

On November 6, 2018, the Borrowers entered into an Eighth Amendment to the MidCap Facility (the "MidCap Amendment") to extend the date that the financial covenants of the MidCap Facility are effective from April 2019 to April 2020, and extend the minimum liquidity covenant through March 2020.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement, the Warrant, the Intercreditor Agreement, the Registration Rights Agreement, and the MidCap Amendment, copies of which will be filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Item 1.02. Termination of a Material Definitive Agreement

On November 7, 2018, the Company and Alphatec Spine repaid in full all amounts outstanding and due under the Credit, Security and Guaranty Agreement with Globus Medical, Inc. (the "Globus Credit Agreement"). The Company made a final payment of $29.2 million to Globus Medical, Inc., consisting of outstanding principal and accrued interest. A description of the Globus Credit Agreement is included in Item 1.01 of the Current Report on Form 8-K filed by the Company on September 8, 2016 and is incorporated into this Item 1.02 by reference.

Item 2.02 Results of Operations and Financial Condition

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition," and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

On November 8, 2018, Company issued a press release announcing its financial results for its quarter ended September 30, 2018. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in this Current Report, including the exhibit, shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information in Item 1.01 above is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 above is incorporated by reference into this Item 3.02. The Company relied on the exemption from registration contained in Section 4(2) of the Securities Act, and Rule 506 of Regulation D thereunder, for the issuance of the Warrant and the Warrant Shares. Squadron has represented that it is an "accredited investor" as defined in Regulation D of the Securities Act and that the Warrant and the Warrant Shares were being acquired solely for investment for its own account and not with a view to, or for resale in connection with, any distribution thereof in violation of the Securities Act.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release, dated November 8, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 8, 2018	**ALPHATEC HOLDINGS, INC.**
	By: /s/ Jeffrey G. Black
	Name: Jeffrey G. Black
	Its: Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE

Alphatec Reports Third Quarter 2018 Financial Results and Corporate Highlights

CARLSBAD, Calif., November 8, 2018 – Alphatec Holdings, Inc. ("ATEC," or the "Company") (Nasdaq: ATEC), a provider of innovative spine surgery solutions with a mission to improve patient lives through the relentless pursuit of superior outcomes, today reported financial results for the third quarter ended September 30, 2018 and corporate highlights.

Third Quarter 2018 Financial Highlights

- Total net revenue of $23.0 million; U.S. commercial revenue of $21.0 million, up 3% compared to the second quarter of 2018
- U.S. commercial gross margin of 70.1%
- Cash and cash equivalents of $35.1 million at September 30, 2018
- Operating cash burn (excluding debt service and transaction-related costs) of $6.4 million

Organizational, Commercial and Product Highlights

- Completed a $35 million debt financing and retired the Company's $29.2 million term loan with Globus Medical, which will reduce debt service costs by approximately $27 million over the next three years
- Obtained 510(k) clearance for the OsseoScrew® System, the first-of-its-kind, expandable pedicle screw system, intended to restore the integrity of the spinal column in patients with advanced stage tumors involving the thoracic and lumbar spine
- Continued transition of the sales organization and increased contribution from dedicated agents to 63% of U.S. commercial revenue
- Made three key additions to the ATEC leadership team: Mark Ojeda, Executive Vice President of Cervical & Biologics, and Darrell Wilson and Mason Zabel, Territory Development Managers for the Central United States, who collectively bring decades of spine industry success to ATEC

"I am exceptionally proud of our accomplishments in the third quarter," said Pat Miles, Chairman and Chief Executive Officer of ATEC. "We achieved another quarter of sequential growth in U.S. commercial revenue, in what is traditionally a seasonally challenging quarter for spine. We also experienced year-over-year revenue growth in our U.S. commercial business for the first time since we began the process of reducing non-strategic distributor relationships in early 2017. We are building a motivated and focused sales force while bringing clinical distinction to our portfolio in order to accelerate new surgeon adoption. The surgeons and sales representatives who now are partnering with us recognize that change is coming and believe wholeheartedly in the ability of this team to bring profound innovation to a market that needs it."

Comparison of Financial Results for the Third Quarter 2018 to Second Quarter 2018

The following table compares key third quarter 2018 results to second quarter 2018 results.

	Three Months Ended		Change	
	September 30, 2018 (unaudited)	June 30, 2018 (unaudited)	$	%
U.S. commercial revenue	$ 20,996	$ 20,409	$ 587	3%
U.S. gross profit	14,709	14,178	531	4%
U.S. gross margin	70.1%	69.5%		
Operating Expenses				
Research and development	$ 3,157	$ 2,009	$ 1,148	57%
Sales and marketing	10,956	10,673	283	3%
General and administrative	7,914	7,815	99	1%
Amortization of intangible assets	187	187	-	0%
Transaction-related expenses	66	(62)	128	(206%)
Restructuring	167	193	(26)	(13%)
Total operating expenses	$ 22,447	$ 20,815	$ 1,632	8%
Operating loss	$ (7,533)	$ (6,545)	$ (988)	15%
Interest and other expense	$ (1,754)	$ (1,784)	$ 30	(2%)
Loss from continuing operations	$ (9,313)	$ (7,064)	$ (2,249)	32%
Non-GAAP Adjusted EBITDA	$ (3,401)	$ (3,577)	$ 176	(5%)

U.S. commercial revenue for the third quarter of 2018 was $21.0 million, compared to $20.4 million in the second quarter of 2018. Revenue growth generated by the expansion of the dedicated sales channel, coupled with new surgeon adoption, offset the revenue losses associated with the intentional reduction of non-strategic distributor relationships.

U.S. gross profit and gross margin for the third quarter of 2018 were $14.7 million and 70.1%, respectively, compared to $14.2 million and 69.5% for the second quarter of 2018. U.S. gross margin stabilized as the Company continued to reduce product costs and optimize its supply chain.

Total operating expenses for the third quarter of 2018 were $22.4 million, compared to $20.8 million in the second quarter of 2018. On a non-GAAP basis (excluding stock-based compensation, the SafeOp contingent consideration fair-value adjustment, restructuring charges, and transaction-related expenses), total operating expenses in the third quarter increased to $20.0 million, compared to $19.4 million in the second quarter of 2018. The increase in total operating expenses is primarily the result of growth-related investments into research and development and sales.

GAAP loss from continuing operations for the third quarter of 2018 was $9.3 million, compared to a loss of $7.1 million for the second quarter of 2018. The increased loss is primarily the result of higher operating expenses attributable to growth-related investments into research and development, the SafeOp contingent consideration fair-value adjustment, and an increase in stock-based compensation expense.

Non-GAAP Adjusted EBITDA for the third quarter of 2018 was $(3.4) million, compared to $(3.6) million in the second quarter of 2018. For more detailed information, please refer to the table, "Alphatec Holdings, Inc. Reconciliation of Non-GAAP Financial Measures," that follows.

Current and long-term debt includes $29.2 million in term debt and $9.5 million outstanding under the Company's revolving credit facility at September 30, 2018. This compares to $30.6 million in term debt and $8.2 million outstanding under the Company's revolving credit facility at June 30, 2018.

Cash and cash equivalents were $35.1 million at September 30, 2018, compared to $44.9 million at June 30, 2018.

Comparison of Financial Results for the Three and Nine Months Ended September 30, 2018 and 2017

On a year-over-year basis, revenue has been impacted by the ongoing transition of the Company's distribution channel to more dedicated, scalable partners and the discontinuation of non-strategic distributor relationships. The effectiveness of the dedicated sales channel, coupled with new surgeon adoption, is beginning to offset revenue losses associated with the transition. The year-over-year increase in operating expenses is attributable to litigation support costs, transaction-related expenses associated with the Company's acquisition of SafeOp Surgical, Inc., and increased investment in product development initiatives as the Company expands its product pipeline. For additional information, please reference the financial statement tables that follow and the Company's Quarterly Report on Form 10-Q to be filed with the Securities and Exchange Commission on or before November 9, 2018.

2018 Financial Outlook

With improved clarity into how the remainder of the year will progress, ATEC now expects total revenue for 2018 in the range of $92 to $95 million, compared to the Company's previous revenue guidance of approximately $95 million. This guidance reflects anticipated fourth quarter domestic revenue growth of more than 10%, on both a sequential and year-over-year basis.

Refinanced Debt Facility

On November 6, 2018, ATEC closed $35 million in senior secured debt financing from Squadron Medical Finance Solutions, a provider of debt financing to growing companies in the orthopedic industry. Net proceeds of approximately $33.8 million, after estimated expenses, were used to retire the Company's existing $29.2 million term debt. The remainder of the proceeds will be used for general corporate purposes.

The debt has a five-year maturity and bears interest at LIBOR plus 8% (currently 10.3%) per year. Interest-only payments are due monthly through May 2021, followed by $10 million in principal payable in 29 equal monthly installments beginning June 2021, and a $25 million lump-sum payment at maturity in November 2023.

This new term loan reduces the Company’s cost of debt capital by approximately 5% and extends amortization by an additional 30 months over the prior term loan. The new term loan decreases debt service cash requirements by nearly $27 million over the next three years, significantly enhancing the Company’s flexibility during a critical time for growth-related investments.

In connection with the financing, ATEC issued warrants to Squadron to purchase 845,000 shares of common stock at an exercise price of $3.15 per share. The warrants have a seven-year term and are exercisable immediately.

Investor Conference Call

ATEC will hold a conference call today at 1:30 p.m. PT / 4:30 p.m. ET to discuss its third quarter 2018 results. The dial-in numbers are (877) 556-5251 for domestic callers and (720) 545-0036 for international callers. The conference ID number is 8275528. A live webcast of the conference call will also be available online from the Investor Relations page of the Company's corporate website at www.atecspine.com.

A replay of the webcast will remain available on the Company’s website until November 8, 2019. In addition, a telephonic replay of the call will be available until November 15, 2018. The replay dial-in numbers are (855) 859-2056 for domestic callers and (404) 537-3406 for international callers. Please use the replay conference ID number 8275528.

About Alphatec Holdings, Inc.

Alphatec Holdings, Inc., through its wholly owned subsidiaries, Alphatec Spine, Inc. and SafeOp Surgical, Inc., is a medical device company that designs, develops, and markets technology for the treatment of spinal disorders associated with disease and degeneration, congenital deformities, and trauma. The Company's mission is to improve lives by providing innovative spine surgery solutions through the relentless pursuit of superior outcomes. The Company markets its products in the U.S. via independent sales agents and a direct sales force.

Additional information can be found at www.atecspine.com.

About Squadron Medical Finance Solutions, LLC, a division of Squadron Capital

Squadron Capital seeks to acquire and invest in operating companies located both in the US and abroad. The Company’s mission is long-term investment (multi-generational) and assistance to the portfolio companies’ leadership teams in the execution of their business plans. Squadron Medical Finance Solutions assists orthopedic OEMs in achieving their business objectives by offering financing of surgical instruments and implant sets, or by providing debt financing to support the broader capital requirements of growing companies.

Non-GAAP Financial Information

To supplement the Company’s financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company reports certain non-GAAP financial measures such as Adjusted EBITDA. Adjusted EBITDA included in this press release is a non-GAAP financial measure that represents net income (loss), excluding the effects of interest, taxes, depreciation, amortization, stock-based compensation expenses, and other non-recurring income or expense items, such as sale of assets, settlement gains, impairments, restructuring expenses, severance expenses, fair market value adjustments, and transaction-related expenses. The Company believes that non-GAAP Adjusted EBITDA provides investors with an additional tool for evaluating the Company's core performance, which management uses in its own evaluation of continuing operating performance, and a baseline for assessing the future earnings potential of the Company. For completeness, management uses non-GAAP Adjusted EBITDA in conjunction with GAA P earnings and earnings per common share measures. The Company's Adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in the Company's industry, as other companies in the industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. Adjusted EBITDA should be considered in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Included below are reconciliations of the non-GAAP financial measures to the comparable GAAP financial measure.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainty. Such statements are based on management's current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The Company cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. Forward-looking statements include the references to the Company's strategy in significantly repositioning the ATEC brand and turning the Company into a growth organization. The important factors that could cause actual operating results to differ significantly from those expressed or implied by such forward-looking statements include, but are not limited to: the uncertainty of success in developing new products or products currently in the Company's pipeline; the uncertainties in the Company's ability to execute upon its strategic operating plan; the uncertainties regarding the ability to successfully license or acquire new products, and the commercial success of such products; failure to achieve acceptance of the Company's products by the surgeon community; failure to obtain FDA or other regulatory clearance or approval for new products, or unexpected or prolonged delays in the process; continuation of favorable third party reimbursement for procedures performed using the Company's products; unanticipated expenses or liabilities or other adverse events affecting cash flow or the Company's ability to successfully control its costs or achieve profitability; uncertainty of additional funding; uncertainties associated with the anticipated cash savings from the Squadron debt financing over the next three years; the Company's ability to compete with other competing products and with emerging new technologies; product liability exposure; an unsuccessful outcome in any litigation in which the Company is a defendant; patent infringement claims; claims related to the Company's intellectual property and the Company's ability to meet its financial obligations under its credit agreements and the OrthoTec LLC settlement agreement. The words "believe," "will," "should," "expect," "intend," "estimate" and "anticipate," variations of such words and similar expressions identify forward-looking statements, but their absence does not mean that a statement is not a forward-looking statement. A further list and description of these and other factors, risks and uncertainties can be found in the Company's most recent annual report, and any subsequent quarterly and current reports, filed with the Securities and Exchange Commission. ATEC disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, unless required by law.

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ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts - unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues	$ 23,002	$ 23,099	$ 66,351	$ 75,456
Cost of revenues	8,088	8,587	23,597	28,417
Gross profit	14,914	14,512	42,754	47,039
Operating expenses:				
Research and development	3,157	1,044	6,952	3,483
Sales and marketing	10,956	10,015	31,689	31,416
General and administrative	7,914	4,403	22,171	15,977
Amortization of intangible assets	187	172	551	516
Transaction-related expenses	66	-	1,546	-
Gain on settlement	-	-	(6,168)	-
Restructuring expenses	167	139	758	1,898
Gain on sale of assets	-	-	-	(856)
Total operating expenses	22,447	15,773	57,499	52,434
Operating loss	(7,533)	(1,261)	(14,745)	(5,395)
Other income (expense):				
Interest expense, net	(1,748)	(1,807)	(5,164)	(5,669)
Other income, net	(6)	(15)	(19)	(8)
Total other expense, net	(1,754)	(1,822)	(5,183)	(5,677)
Loss from continuing operations before taxes	(9,287)	(3,083)	(19,928)	(11,072)
Income tax (benefit) provision	26	(7)	(1,697)	57
Loss from continuing operations	(9,313)	(3,076)	(18,231)	(11,129)
Loss from discontinued operations	(42)	(61)	(116)	(220)
Net loss	$ (9,355)	$ (3,137)	$ (18,347)	$ (11,349)
Net loss per share, basic and diluted:				
Continuing operations	$ (0.22)	$ (0.22)	$ (0.56)	$ (0.98)
Discontinued operations	(0.00)	(0.01)	(0.00)	(0.02)
Net loss per share, basic and diluted	$ (0.22)	$ (0.23)	$ (0.56)	$ (1.00)
Shares used in calculating basic and diluted net loss per share				
Shares used in calculating basic and diluted net loss per share	42,497	13,938	32,658	11,349
Stock-based compensation included in:				
Cost of revenue	18 #	13	51	27
Research and development	179 #	(52)	192	239
Sales and marketing	223 #	134	527	358
General and administrative	1,255 #	355	2,672	1,045
	$ 1,675 #	$ 450	$ 3,442	$ 1,669

ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,111	$ 22,466
Accounts receivable, net	12,204	14,822
Inventories, net	28,988	27,292
Prepaid expenses and other current assets	1,530	1,767
Current assets of discontinued operations	246	131
Total current assets	78,079	66,478
Property and equipment, net	12,295	12,670
Goodwill	14,469	-
Intangibles, net	26,345	5,248
Other assets	223	208
Noncurrent assets of discontinued operations	54	56
Total assets	$ 131,465	$ 84,660
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 5,642	$ 3,878
Accrued expenses	20,897	22,246
Current portion of long-term debt	6,186	3,306
Current liabilities of discontinued operations	419	312
Total current liabilities	33,144	29,742
Total long term liabilities	50,505	57,973
Redeemable preferred stock	23,603	23,603
Stockholders' equity	24,213	(26,658)
Total liabilities and stockholders' deficit	$ 131,465	$ 84,660

ALPHATEC HOLDINGS, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands - unaudited)

	Three Months Ended June 30,	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2018	2017	2018	2017
Operating expenses	20,815	22,447	15,773	57,499	52,434
Adjustments:					
Stock-based compensation	(1,137)	(1,657)	(437)	(3,391)	(1,642)
Contingent consideration fair value adjustment	(100)	(546)	-	(646)	-
Restructuring	(193)	(167)	(139)	(758)	(1,898)
Transaction-related expenses	62	(66)	-	(1,546)	-
Gain on settlement	-	-	-	6,168	-
Gain on sale of assets	-	-	-	-	856
Non-GAAP operating expenses	$ 19,447	$ 20,011	$ 15,197	$ 57,326	$ 49,750

	Three Months Ended June 30,	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2018	2017	2018	2017
Operating loss, as reported	$ (6,545)	$ (7,533)	$ (1,261)	$ (14,745)	$ (5,395)
Add back:					
Depreciation	1,457	1,491	1,564	4,454	4,834
Amortization of intangible assets	132	187	234	612	702
Total EBITDA	(4,956)	(5,855)	537	(9,679)	141
Add back significant items:					
Stock-based compensation	1,148	1,675	450	3,442	1,669
Contingent consideration fair value adjustment	100	546	-	646	-
Restructuring	193	167	139	758	1,898
Transaction-related expenses	(62)	66	-	1,546	-
Gain on settlement	-	-	-	(6,168)	-
Gain on sale of assets	-	-	-	-	(856)
Adjusted EBITDA	$ (3,577)	$ (3,401)	$ 1,126	$ (9,455)	$ 2,852

ALPHATEC HOLDINGS, INC.
RECONCILIATION OF GEOGRAPHIC SEGMENT REVENUES AND GROSS PROFIT
(in thousands, except percentages - unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues by source				
U.S. commercial revenue	$ 20,996	$ 20,662	$ 60,606	$ 65,976
Other	2,006	2,437	5,745	9,480
Total revenues	$ 23,002	$ 23,099	$ 66,351	$ 75,456
Gross profit by source				
U.S.	$ 14,709	$ 14,280	$ 42,319	$ 46,069
Other	205	232	435	970
Total gross profit	$ 14,914	$ 14,512	$ 42,754	$ 47,039
Gross profit margin by source				
U.S.	70.1%	69.1%	69.8%	69.8%
Other	10.2%	9.5%	7.6%	10.2%
Total gross profit margin	64.8%	62.8%	64.4%	62.3%