



# HISTORICAL P&L TREND

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120A	Q220A	Q320A	Guidance/ Commentary
<b>GAAP P&amp;L (AS REPORTED)</b>															
<b>Revenues:</b>															
U.S.	86,925	19,201	20,409	20,996	23,050	83,656	22,955	26,093	28,051	31,143	108,242	29,070	28,834	40,052	Total revenue for the full year 2020 is expected to range between \$143.5M and \$146.0M, with U.S. revenue in the range of \$140.0M to \$142.0M.
Revenue from Int'l supply agreement	14,814	2,106	1,633	2,006	2,293	8,038	1,600	1,226	1,150	1,209	5,185	1,045	795	1,111	
<b>TOTAL REVENUE</b>	<b>\$101,739</b>	<b>21,307</b>	<b>22,042</b>	<b>23,002</b>	<b>25,343</b>	<b>91,694</b>	<b>24,555</b>	<b>27,319</b>	<b>29,201</b>	<b>32,352</b>	<b>113,427</b>	<b>30,115</b>	<b>29,629</b>	<b>41,163</b>	
Cost of Revenue	33,517	6,402	6,488	6,796	8,771	28,457	7,987	8,433	9,268	10,145	35,833	9,084	8,787	11,926	
<b>Total Gross Profit</b>	<b>68,222</b>	<b>14,905</b>	<b>15,554</b>	<b>16,206</b>	<b>16,572</b>	<b>63,237</b>	<b>16,568</b>	<b>18,886</b>	<b>19,933</b>	<b>22,207</b>	<b>77,594</b>	<b>21,031</b>	<b>20,842</b>	<b>29,237</b>	
<b>Operating expenses (GAAP):</b>															
Research & Development	4,920	1,782	1,989	3,118	2,964	9,853	3,372	3,241	3,800	3,436	13,849	3,749	3,672	4,379	U.S. revenue growth for the full year 2021 is expected to approximate 25%. The legacy international supply agreement expires in August 2021.
Sales, general & administrative	69,959	17,261	17,558	18,872	18,949	72,640	21,097	24,687	26,954	28,976	101,714	28,003	27,033	35,985	
Litigation-related	308	580	2,234	1,329	1,540	5,683	2,623	1,200	604	4,122	8,549	2,643	1,304	1,560	
Amortization of acquired intangible assets	688	177	187	187	187	738	182	172	172	172	698	172	172	172	
Transaction-related Expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	
Gain on Settlement	(856)	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	
Restructuring Expenses	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	
<b>Total operating expenses (GAAP)</b>	<b>77,225</b>	<b>15,572</b>	<b>22,099</b>	<b>23,739</b>	<b>24,267</b>	<b>85,677</b>	<b>27,334</b>	<b>29,300</b>	<b>31,530</b>	<b>36,706</b>	<b>124,870</b>	<b>38,839</b>	<b>32,000</b>	<b>42,098</b>	
<b>TOTAL OPERATING LOSS</b>	<b>(9,003)</b>	<b>(667)</b>	<b>(6,545)</b>	<b>(7,533)</b>	<b>(7,695)</b>	<b>(22,440)</b>	<b>(10,766)</b>	<b>(10,414)</b>	<b>(11,597)</b>	<b>(14,499)</b>	<b>(47,276)</b>	<b>(17,808)</b>	<b>(11,158)</b>	<b>(12,861)</b>	
<b>Other income (expense):</b>															
Interest and other income (expense), net	(7,615)	(1,645)	(1,784)	(1,754)	(1,956)	(7,139)	(2,119)	(1,921)	(2,926)	(2,899)	(9,865)	(2,874)	(3,032)	(2,768)	
Loss on debt extinguishment	-	-	-	-	(590)	(590)	-	-	-	-	-	-	(1,555)	-	
Gain on change in fair value of warrants	12,044	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total other income (expense), net</b>	<b>4,429</b>	<b>(1,645)</b>	<b>(1,784)</b>	<b>(1,754)</b>	<b>(2,546)</b>	<b>(7,729)</b>	<b>(2,119)</b>	<b>(1,921)</b>	<b>(2,926)</b>	<b>(2,899)</b>	<b>(9,865)</b>	<b>(2,874)</b>	<b>(4,587)</b>	<b>(2,768)</b>	
<b>Income (loss) from continuing operations (GAAP)</b>	<b>(4,574)</b>	<b>(2,312)</b>	<b>(8,329)</b>	<b>(9,287)</b>	<b>(10,241)</b>	<b>(30,169)</b>	<b>(12,885)</b>	<b>(12,335)</b>	<b>(14,523)</b>	<b>(17,398)</b>	<b>(57,141)</b>	<b>(20,682)</b>	<b>(15,745)</b>	<b>(15,629)</b>	
Income tax provision	(34)	(458)	(1,265)	26	336	(1,361)	31	71	20	(361)	(239)	40	60	40	
<b>Net Loss from Continuing Operations</b>	<b>(4,540)</b>	<b>(1,854)</b>	<b>(7,064)</b>	<b>(9,313)</b>	<b>(10,577)</b>	<b>(28,808)</b>	<b>(12,916)</b>	<b>(12,406)</b>	<b>(14,543)</b>	<b>(17,037)</b>	<b>(56,902)</b>	<b>(20,722)</b>	<b>(15,805)</b>	<b>(15,669)</b>	
Income (Loss) from Discontinued Operations	2,246	(62)	(12)	(42)	(51)	(167)	(52)	(30)	(24)	6	(100)	-	-	-	
<b>Net Loss</b>	<b>(2,294)</b>	<b>(1,916)</b>	<b>(7,076)</b>	<b>(9,355)</b>	<b>(10,628)</b>	<b>(28,975)</b>	<b>(12,968)</b>	<b>(12,436)</b>	<b>(14,567)</b>	<b>(17,031)</b>	<b>(57,002)</b>	<b>(20,722)</b>	<b>(15,805)</b>	<b>(15,669)</b>	
Recognition of beneficial conversion feature - Series B preferred stock	-	-	-	-	(13,488)	(13,488)	-	-	-	-	-	-	-	-	
<b>Net Loss Attributable to Common Shareholders</b>	<b>(2,294)</b>	<b>(1,916)</b>	<b>(7,076)</b>	<b>(9,355)</b>	<b>(24,116)</b>	<b>(42,463)</b>	<b>(12,968)</b>	<b>(12,436)</b>	<b>(14,567)</b>	<b>(17,031)</b>	<b>(57,002)</b>	<b>(20,722)</b>	<b>(15,805)</b>	<b>(15,669)</b>	
<b>Net Loss Per Share</b>	<b>(0.36)</b>	<b>(0.09)</b>	<b>(0.21)</b>	<b>(0.22)</b>	<b>(0.24)</b>	<b>(0.82)</b>	<b>(0.29)</b>	<b>(0.26)</b>	<b>(0.26)</b>	<b>(0.28)</b>	<b>(1.09)</b>	<b>(0.33)</b>	<b>(0.25)</b>	<b>(0.24)</b>	
<b>Basic Shares Outstanding</b>	<b>12,788</b>	<b>21,212</b>	<b>34,030</b>	<b>42,497</b>	<b>43,201</b>	<b>35,315</b>	<b>45,020</b>	<b>46,880</b>	<b>55,736</b>	<b>61,139</b>	<b>52,234</b>	<b>62,568</b>	<b>63,713</b>	<b>64,761</b>	

<b>YOY GROWTH</b>	<b>2017</b>	<b>Q118</b>	<b>Q218</b>	<b>Q318</b>	<b>Q418</b>	<b>2018</b>	<b>Q119</b>	<b>Q219</b>	<b>Q319</b>	<b>Q419</b>	<b>2019</b>	<b>Q120A</b>	<b>Q220A</b>	<b>Q320A</b>
U.S. Revenue	-18.9%	-18.1%	-6.7%	1.6%	10.0%	-3.8%	19.6%	27.9%	33.6%	35.1%	29.4%	26.6%	10.5%	42.8%
Other Revenue	13.4%	-53.6%	-34.7%	-17.7%	-57.0%	-45.7%	-24.0%	-24.9%	-42.7%	-47.3%	-35.5%	-34.7%	-35.2%	-3.4%
Total Revenue	-15.4%	-23.8%	-9.6%	-0.4%	-3.6%	-9.9%	15.2%	23.9%	26.9%	27.7%	23.7%	22.6%	8.5%	41.0%
Research & Development	-46.8%	23.0%	100.9%	198.7%	106.3%	100.3%	89.2%	62.9%	21.9%	15.9%	40.6%	11.2%	13.3%	15.2%
Sales & Marketing	-15.1%	-0.4%	12.2%	30.9%	3.9%	3.8%	22.2%	40.6%	42.8%	52.9%	40.0%	32.7%	9.5%	33.5%



# NON-GAAP CALCULATIONS

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120A	Q220A	Q320A	Guidance/ Commentary
<b>ADJUSTED EBITDA</b>															
Operating loss, as reported	(9,003)	(667)	(6,545)	(7,533)	(7,695)	(22,440)	(10,766)	(10,414)	(11,597)	(14,499)	(47,276)	(17,808)	(11,158)	(12,861)	
Depreciation	6,545	1,592	1,457	1,405	1,597	6,051	1,603	1,473	1,752	1,947	6,775	2,014	2,161	2,307	
Amortization of intangible assets	936	294	132	186	187	799	182	172	172	277	803	440	441	441	
<b>Total EBITDA</b>	<b>(1,522)</b>	<b>1,219</b>	<b>(4,956)</b>	<b>(5,942)</b>	<b>(5,911)</b>	<b>(15,590)</b>	<b>(8,981)</b>	<b>(8,769)</b>	<b>(9,673)</b>	<b>(12,275)</b>	<b>(39,698)</b>	<b>(15,354)</b>	<b>(8,556)</b>	<b>(10,113)</b>	
Stock-based compensation	3,982	619	1,148	1,675	1,862	5,304	1,612	2,351	3,603	3,390	10,956	3,568	4,575	4,544	
Contingent consideration fair value adjustment	-	-	100	546	200	846	289	-	-	-	289	-	-	-	
Litigation-related expenses	308	580	2,234	1,329	1,540	5,683	2,623	1,200	604	4,122	8,549	2,643	1,304	1,560	
Restructuring	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	
Transaction related expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	
Excess & obsolete charges	2,435	918	354	744	1,717	3,733	1,975	2,200	2,276	2,173	8,624	1,722	1,712	1,995	
Gain on sale of assets	(856)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain on settlement	-	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	
<b>Total adjusted EBITDA</b>	<b>6,553</b>	<b>(892)</b>	<b>(989)</b>	<b>(1,415)</b>	<b>35</b>	<b>(3,261)</b>	<b>(2,422)</b>	<b>(3,018)</b>	<b>(3,190)</b>	<b>(2,590)</b>	<b>(11,220)</b>	<b>(3,149)</b>	<b>(1,146)</b>	<b>(2,012)</b>	

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120A	Q220A	Q320A	
<b>NON-GAAP MARGIN &amp; OPERATING EXPENSES</b>															
<b>U. S. Gross Margin, GAAP</b>	<b>66,484</b>	14,767	15,462	16,001	16,510	<b>62,740</b>	16,393	18,841	19,853	22,148	<b>77,235</b>	20,954	20,834	29,178	
+ Excess & obsolescence charges	2,435	918	354	744	1,717	3,733	1,976	2,200	2,276	2,173	8,624	1,722	1,712	1,995	
<b>Non-GAAP U.S. Gross Margin</b>	<b>68,919</b>	<b>15,685</b>	<b>15,816</b>	<b>16,745</b>	<b>18,227</b>	<b>66,473</b>	<b>18,369</b>	<b>21,041</b>	<b>22,129</b>	<b>24,321</b>	<b>85,859</b>	<b>22,676</b>	<b>22,546</b>	<b>31,173</b>	Non-cash E&O legacy product charges are expected to continue through 2020 and
<b>U.S. Gross Margin, GAAP</b>	<b>76.5%</b>	<b>76.9%</b>	<b>75.8%</b>	<b>76.2%</b>	<b>71.6%</b>	<b>75.0%</b>	<b>71.4%</b>	<b>72.2%</b>	<b>70.8%</b>	<b>71.1%</b>	<b>71.4%</b>	<b>72.1%</b>	<b>72.3%</b>	<b>72.9%</b>	
+ Excess & obsolescence charges	2.8%	4.8%	1.7%	3.5%	7.4%	4.5%	8.6%	8.4%	8.1%	7.0%	8.0%	5.9%	5.9%	5.0%	
<b>Non-GAAP U.S. Gross Margin</b>	<b>79.3%</b>	<b>81.7%</b>	<b>77.5%</b>	<b>79.8%</b>	<b>79.1%</b>	<b>79.5%</b>	<b>80.0%</b>	<b>80.6%</b>	<b>78.9%</b>	<b>78.1%</b>	<b>79.3%</b>	<b>78.0%</b>	<b>78.2%</b>	<b>77.8%</b>	
<b>Research &amp; Development, GAAP</b>	<b>4,920</b>	<b>1,782</b>	<b>1,989</b>	<b>3,118</b>	<b>2,964</b>	<b>9,853</b>	<b>3,372</b>	<b>3,241</b>	<b>3,800</b>	<b>3,436</b>	<b>13,849</b>	<b>3,749</b>	<b>3,672</b>	<b>4,379</b>	Continued R&D investment is supporting near-term alpha evaluations.
- Contingent consideration fair value adjustment	-	-	100	546	200	846	289	-	-	-	289	-	-	-	
- Stock-based compensation in R&D	206	(120)	109	140	222	351	143	174	227	209	752	291	396	379	
<b>Non-GAAP R&amp;D</b>	<b>4,714</b>	<b>1,902</b>	<b>1,780</b>	<b>2,432</b>	<b>2,542</b>	<b>8,656</b>	<b>2,940</b>	<b>3,067</b>	<b>3,573</b>	<b>3,227</b>	<b>12,808</b>	<b>3,458</b>	<b>3,276</b>	<b>4,000</b>	
<b>Sales General &amp; Administrative, GAAP</b>	<b>69,959</b>	<b>17,261</b>	<b>17,558</b>	<b>18,872</b>	<b>18,949</b>	<b>72,640</b>	<b>21,097</b>	<b>24,687</b>	<b>26,954</b>	<b>28,976</b>	<b>101,714</b>	<b>28,003</b>	<b>27,033</b>	<b>35,985</b>	
- Stock-based compensation in SG&A	3,635	717	1,028	1,517	1,618	4,880	1,441	2,149	3,319	3,148	10,058	3,170	4,051	4,026	
<b>Non-GAAP SG&amp;A</b>	<b>66,324</b>	<b>16,544</b>	<b>16,530</b>	<b>17,355</b>	<b>17,331</b>	<b>67,760</b>	<b>19,656</b>	<b>22,538</b>	<b>23,635</b>	<b>25,828</b>	<b>91,656</b>	<b>24,833</b>	<b>22,982</b>	<b>31,959</b>	
<b>Other (Income) / Expense GAAP</b>	<b>2,346</b>	<b>(3,471)</b>	<b>2,552</b>	<b>1,749</b>	<b>2,354</b>	<b>3,184</b>	<b>2,865</b>	<b>1,372</b>	<b>776</b>	<b>4,294</b>	<b>9,307</b>	<b>7,087</b>	<b>1,295</b>	<b>1,734</b>	Continued SG&A investment is supporting sales channel revitalization
- Litigation-related expenses	308	580	2,234	1,329	1,540	5,683	2,623	1,200	604	4,122	8,549	2,643	1,304	1,560	
- Restructuring	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	
- Transaction-related expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	
- Gain on sale of assets	(856)	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Gain on settlement	-	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	
<b>Non-GAAP Other Expense</b>	<b>688</b>	<b>177</b>	<b>187</b>	<b>187</b>	<b>187</b>	<b>738</b>	<b>182</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>698</b>	<b>172</b>	<b>172</b>	<b>172</b>	

Data as of Q3 2020 earnings report on November 5, 2020. ATEC cautions you that statements included in this document that are not a description of historical facts are 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 assumptions, 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 will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. Forward-looking statements include, but are not limited to: references to the Company's revenue and future outlook; planned product launches, introductions, regulatory submissions or clearances; efforts to transform sales and distribution channels; and the Company's future ability to finance its operations and sufficiency of its cash runway. 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 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 or unexpected or prolonged delays in the process; continuation of favorable third party reimbursement; unanticipated expenses or liabilities or other adverse events affecting cash flow or the Company's ability to control its costs or achieve profitability; uncertainty of additional funding; the Company's ability to compete with other products or with emerging technologies; product liability exposure; an unsuccessful outcome in any litigation; patent infringement claims; claims related to the Company's intellectual property; the Company's ability to meet its financial obligations; future strategic and/or financing collaborations between the Company and any third-party and potential benefits or synergies resulting therefrom; and the impact of the COVID-19 pandemic on the Company's business and financial results. 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. This document contains information regarding the Company's financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to GAAP measures. Be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. □