

HISTORICAL P&L TREND

GAAP P&L	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020	Q121	Guidance/ Commentary	
Revenues:																			
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	43,123	141,079	43,716	Full year '21 U.S. revenue is expected to grow 33% to \$188M.	
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	831	3,782	405		
TOTAL REVENUE	\$101,739	21,307	22,042	23,002	25,343	91,694	24,555	27,319	29,201	32,352	113,427	30,115	29,629	41,163	43,954	144,861	44,121		
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	12,563	42,360	12,263	Full year '21 international revenue is expected to approximate \$2M. The legacy supply agreement (driver of int'l revenue) continues to unwind and will expire August 31, 2021.	
Total Gross Profit	68,222	14,905	15,554	16,206	16,572	63,237	16,568	18,886	19,933	22,207	77,594	21,031	20,842	29,237	31,391	102,501	31,858		
Operating expenses (GAAP):																			
Research & Development	6,013	2,052	2,263	3,413	3,260	10,988	3,702	3,598	4,282	3,904	15,486	4,169	4,237	4,984	5,355	18,745	5,801	Full year '21 total revenue is expected to approximate \$190M.	
Sales, general & administrative	68,866	16,991	17,284	18,577	18,653	71,505	20,767	24,330	26,472	28,508	100,077	27,583	26,468	35,380	39,725	129,156	40,426		
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	3,045	8,552	3,335		
Amortization of acquired intangible assets	688	177	187	187	187	738	182	172	172	172	698	172	172	172	172	688	172		
Transaction-related Expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	130	4,223	1,012		
Gain on Settlement	(856)	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	-	-	-		
Restructuring Expenses	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	-	-	158		
Total operating expenses (GAAP)	77,225	15,572	22,099	23,739	24,267	85,677	27,334	29,300	31,530	36,706	124,870	38,839	32,000	42,098	48,427	161,364	50,904		
TOTAL OPERATING LOSS	(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)	(17,036)	(58,863)	(19,046)		ATEC will update guidance to reflect the impact of EOS in conjunction with the Q2 '21 earnings report, once the transaction is expected to
Other income (expense):																			
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)	(3,700)	(12,374)	(3,827)	In Q4 2020, ATEC reclassified certain product development-related expenses from SG&A into R&D. The SG&A and R&D numbers in this model reflect that change.	
Loss on debt extinguishment	-	-	-	-	(590)	(590)	-	-	-	-	-	-	(1,555)	-	(6,057)	(7,612)	-		
Gain on change in fair value of warrants	12,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total other income (expense), net	4,429	(1,645)	(1,784)	(1,754)	(2,546)	(7,729)	(2,119)	(1,921)	(2,926)	(2,899)	(9,865)	(2,874)	(4,587)	(2,768)	(9,757)	(19,986)	(3,827)		
Income (loss) from continuing operations (GAAP)	(4,574)	(2,312)	(8,329)	(9,287)	(10,241)	(30,169)	(12,885)	(12,335)	(14,523)	(17,398)	(57,141)	(20,682)	(15,745)	(15,629)	(26,793)	(78,849)	(22,873)		
Income tax provision	(34)	(458)	(1,265)	26	336	(1,361)	31	71	20	(361)	(239)	40	60	40	5	145	30		
Net Loss from Continuing Operations	(4,540)	(1,854)	(7,064)	(9,313)	(10,577)	(28,808)	(12,916)	(12,406)	(14,543)	(17,037)	(56,902)	(20,722)	(15,805)	(15,669)	(26,798)	(78,994)	(22,903)		
Income (Loss) from Discontinued Operations	2,246	(62)	(12)	(42)	(51)	(167)	(52)	(30)	(24)	6	(100)	-	-	-	-	-	-		
Net Loss	(2,294)	(1,916)	(7,076)	(9,355)	(10,628)	(28,975)	(12,968)	(12,436)	(14,567)	(17,031)	(57,002)	(20,722)	(15,805)	(15,669)	(26,798)	(78,994)	(22,903)		
Recognition of beneficial conversion feature - Series B preferred stock	-	-	-	-	(13,488)	(13,488)	-	-	-	-	-	-	-	-	-	-	-		
Net Loss Attributable to Common Shareholders	(2,294)	(1,916)	(7,076)	(9,355)	(24,116)	(42,463)	(12,968)	(12,436)	(14,567)	(17,031)	(57,002)	(20,722)	(15,805)	(15,669)	(26,798)	(78,994)	(22,903)		
Net Loss Per Share	(0.36)	(0.09)	(0.21)	(0.22)	(0.24)	(0.82)	(0.29)	(0.26)	(0.26)	(0.28)	(1.09)	(0.33)	(0.25)	(0.24)	(0.35)	(1.18)	(0.26)		
Basic Shares Outstanding	12,788	21,212	34,030	42,497	43,201	35,315	45,020	46,880	55,736	61,139	52,234	62,568	63,713	64,761	77,098	67,020	87,223		
YOY GROWTH																			
U.S. Revenue	-18.7%	-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%	38.5%	30.3%	50.4%		
International Revenue	11.1%	-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%	-31.3%	-27.1%	-61.2%		
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%	35.9%	27.7%	46.5%		
Research & Development	-100.0%	41.6%	128.6%	226.9%	126.9%	82.7%	80.4%	59.0%	25.5%	19.7%	40.9%	12.6%	17.8%	16.4%	37.2%	21.0%	39.1%		
Sales, general & administrative	-109.0%	-1.9%	10.4%	28.8%	2.3%	3.8%	22.2%	40.8%	42.5%	52.8%	40.0%	32.8%	8.8%	33.7%	39.3%	29.1%	46.6%		
2-year U.S. revenue growth CAGR							-1.0%	9.2%	16.5%	21.9%	11.6%	23.0%	18.9%	38.1%	36.8%	29.9%	38.0%		

NON-GAAP RECONCILIATION

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020	Q121	Guidance/ Commentary	
ADJUSTED EBITDA																			
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)	(17,036)	(58,863)	(19,046)		
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	2,704	9,186	3,409		
Amortization of intangible assets	936	294	132	186	187	799	182	172	172	277	803	440	441	441	441	1,763	441		
Total EBITDA	(1,522)	1,219	(4,956)	(5,942)	(5,911)	(15,590)	(8,981)	(8,769)	(9,673)	(12,275)	(39,698)	(15,354)	(8,556)	(10,113)	(13,576)	(47,599)	(15,196)		
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	5,041	17,728	4,474		
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	2,795	8,302	3,335		
Restructuring	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	-	-	-	158	
Transaction related expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	122	4,215	1,012		
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	1,615	7,044	2,096		
Gain on sale of assets	(856)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain on settlement	-	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	-	-	-	-	
Total adjusted EBITDA	6,553	(892)	(989)	(1,415)	35	(3,261)	(2,422)	(3,018)	(3,190)	(2,590)	(11,220)	(3,149)	(1,146)	(2,012)	(4,004)	(10,311)	(4,121)		

NON-GAAP MARGIN & OPERATING EXPENSES	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020	Q121	
U. S. Gross Margin, GAAP	66.484	14.767	15.462	16.001	16.510	62.740	16.393	18.841	19.853	22.148	77.235	20.954	20.834	29.178	31.483	102.449	31.975	
+ 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	1,615	7,044	2,096	
Non-GAAP U.S. Gross Margin	68.919	15.685	15.816	16.745	18.227	66.473	18.369	21.041	22.129	24.321	85.859	22.676	22.546	31.173	33.098	109.493	34.071	Non-cash E&O legacy product charges are expected to begin to ramp down in 2021.
U.S. Gross Margin, GAAP	76.5%	76.9%	75.8%	76.2%	71.6%	75.0%	71.4%	72.2%	70.8%	71.1%	71.4%	72.1%	72.3%	72.9%	73.0%	72.6%	73.1%	
+ 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%	3.7%	5.0%	4.8%	
Non-GAAP U.S. Gross Margin	79.3%	81.7%	77.5%	79.8%	79.1%	79.5%	80.0%	80.6%	78.9%	78.1%	79.3%	78.0%	78.2%	77.8%	76.8%	77.6%	77.9%	
Research & Development, GAAP	6,013	2,052	2,263	3,413	3,260	10,988	3,702	3,598	4,282	3,904	15,486	4,169	4,237	4,984	5,355	18,745	5,801	Continued R&D investment is supporting near-term alpha evaluations, product releases and portfolio expansion.
- Contingent consideration fair value adjustment	-	-	100	546	200	846	289	-	-	-	289	-	-	-	-	-	-	-
- Stock-based compensation in R&D	206	(120)	109	140	222	351	181	236	319	308	1,045	390	548	504	361	2,074	498	
Non-GAAP R&D	5,807	2,172	2,054	2,727	2,838	9,791	3,232	3,362	3,963	3,596	14,152	3,779	3,689	4,480	4,994	16,671	5,303	
Sales General & Administrative, GAAP	68,866	16,991	17,284	18,577	18,653	71,505	20,767	24,330	26,472	28,508	100,077	27,583	26,468	35,380	39,725	129,156	40,426	
- Stock-based compensation in SG&A	3,635	717	1,028	1,517	1,618	4,880	1,402	2,087	3,227	3,048	9,765	3,071	3,899	3,901	4,318	15,189	3,881	
Non-GAAP SG&A	65,231	16,274	16,256	17,060	17,035	66,625	19,365	22,243	23,245	25,460	90,312	24,512	22,569	31,479	35,407	113,967	36,545	Continued SG&A investment is supporting sales channel revitalization and improving geographic penetration.
Other (Income) / Expense GAAP	2,346	(3,471)	2,552	1,749	2,354	3,184	2,865	1,372	776	4,294	9,307	7,087	1,295	1,734	3,347	13,463	4,677	
- 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	2,795	8,302	3,335	
- Restructuring	2,206	398	193	167	623	1,381	60	-	-	-	60	-	-	-	-	-	-	158
- Transaction-related expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	122	4,215	1,012	
- Gain on sale of assets	(856)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gain on settlement	-	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP Other Expense	688	177	187	187	187	738	182	172	172	172	698	172	172	172	430	946	172	

Data as of Q1 2021 earnings release on May 6, 2021. 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 growth outlook; planned product launches, introductions, regulatory submissions or clearances; efforts to transform sales and distribution channels; the Company's ability to compel surgeon adoption; the Company's future ability to finance its operations and sufficiency of its cash runway; and statements about the timing of the anticipated acquisition of EOS Imaging, S.A. (including when and whether the anticipated acquisition will close, potential benefits and synergies of the anticipated acquisition, expected impact on future financial and operating results and post-acquisition plans and intentions). 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 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; the impact of the COVID-19 pandemic on the Company and economy; and uncertainties and risks related to the proposed tender offer EOS Imaging, S.A. and integration thereafter. 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.