

# HISTORICAL P&L TREND

GAAP P&L (AS REPORTED)

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020	Guidance/ Commentary
<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	43,123	141,079	Q121 U.S. revenue is expected to be between \$43.3M and \$43.7M. Total Q1 revenue is expected to be between \$43.7M and \$44.1M.
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	
<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>	<b>43,954</b>	<b>144,861</b>	Full year '21 U.S. revenue growth is now expected to exceed 30%.
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	
<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>31,391</b>	<b>102,501</b>	The legacy international supply agreement (driver of international revenue) continues to unwind and will expire August 2021.
<b>Operating expenses (GAAP):</b>																	
Research & Development	6,013	2,052	2,263	3,413	3,260	10,988	3,702	3,598	4,282	3,904	15,486	4,170	4,237	4,984	5,355	18,746	The legacy international supply agreement (driver of international revenue) continues to unwind and will expire August 2021.
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	27,582	26,468	35,380	39,725	129,155	
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	ATEC will update guidance to reflect the impact of EOS once that transaction has closed, which is expected in late Q2 '21.
Amortization of acquired intangible assets	688	177	187	187	187	738	182	172	172	172	698	172	172	172	172	688	
Transaction-related Expenses	-	1,542	(62)	66	4	1,550	-	-	-	-	-	4,272	(181)	2	130	4,223	
Gain on Settlement	(856)	(6,168)	-	-	-	(6,168)	-	-	-	-	-	-	-	-	-	-	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.
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>48,427</b>	<b>161,364</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>(17,036)</b>	<b>(58,863)</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)	(3,700)	(12,374)	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<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>(9,757)</b>	<b>(19,986)</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>	<b>(26,793)</b>	<b>(78,849)</b>	
Income tax provision	(34)	(458)	(1,265)	26	336	(1,361)	31	71	20	(361)	(239)	40	60	40	5	145	
<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>	<b>(26,798)</b>	<b>(78,994)</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>	<b>(26,798)</b>	<b>(78,994)</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>(26,798)</b>	<b>(78,994)</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>(0.35)</b>	<b>(1.18)</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>77,098</b>	<b>67,020</b>	

YOY GROWTH	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020
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%
Other 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%
Total Revenue	-15.4%	-23.8%	-9.6%	-0.4%	-3.6%	-15.2%	23.9%	26.9%	27.7%	23.7%	22.6%	8.5%	41.0%	35.9%	27.7%	27.7%
Research & Development	-35.0%	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%	21.1%
Sales, general & administrative	35.1%	-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%

# NON-GAAP CALCULATIONS

	2017	Q118	Q218	Q318	Q418	2018	Q119	Q219	Q319	Q419	2019	Q120	Q220	Q320	Q420	2020	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)	(17,036)	(58,863)	
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	
Amortization of intangible assets	936	294	132	186	187	799	182	172	172	277	803	440	441	441	441	1,763	
<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>	<b>(13,576)</b>	<b>(47,599)</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	5,041	17,728	
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	
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	122	4,215	
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	
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>	<b>(4,004)</b>	<b>(10,311)</b>	
<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	31,483	<b>102,449</b>	
+ 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	
<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>	<b>33,098</b>	<b>109,493</b>	Non-cash E&O legacy product charges are expected to begin to ramp down in 2021
<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>	<b>73.0%</b>	<b>72.6%</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%	3.7%	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>76.8%</b>	<b>77.6%</b>	
<b>Research &amp; Development, GAAP</b>	<b>6,013</b>	<b>2,052</b>	<b>2,263</b>	<b>3,413</b>	<b>3,260</b>	<b>10,988</b>	<b>3,702</b>	<b>3,598</b>	<b>4,282</b>	<b>3,904</b>	<b>15,486</b>	<b>4,170</b>	<b>4,237</b>	<b>4,984</b>	<b>5,355</b>	<b>18,746</b>	
- 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	
<b>Non-GAAP R&amp;D</b>	<b>5,807</b>	<b>2,172</b>	<b>2,054</b>	<b>2,727</b>	<b>2,838</b>	<b>9,791</b>	<b>3,232</b>	<b>3,362</b>	<b>3,963</b>	<b>3,596</b>	<b>14,152</b>	<b>3,780</b>	<b>3,689</b>	<b>4,480</b>	<b>4,994</b>	<b>16,672</b>	Continued R&D investment is supporting near-term alpha evaluations, product releases and portfolio expansion
<b>Sales General &amp; Administrative, GAAP</b>	<b>68,866</b>	<b>16,991</b>	<b>17,284</b>	<b>18,577</b>	<b>18,653</b>	<b>71,505</b>	<b>20,767</b>	<b>24,330</b>	<b>26,472</b>	<b>28,508</b>	<b>100,077</b>	<b>27,582</b>	<b>26,468</b>	<b>35,380</b>	<b>39,725</b>	<b>129,155</b>	
- 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	
<b>Non-GAAP SG&amp;A</b>	<b>65,231</b>	<b>16,274</b>	<b>16,256</b>	<b>17,060</b>	<b>17,035</b>	<b>66,625</b>	<b>19,365</b>	<b>22,243</b>	<b>23,245</b>	<b>25,460</b>	<b>90,312</b>	<b>24,511</b>	<b>22,569</b>	<b>31,479</b>	<b>35,407</b>	<b>113,966</b>	Continued SG&A investment is supporting sales channel revitalization and improving geographic penetration.
<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>	<b>3,347</b>	<b>13,463</b>	
- 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	
- 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	122	4,215	
- 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>	<b>430</b>	<b>946</b>	

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