# WELCOME!

## TODAY'S AGENDA

| | |
|---|---|
| **THE ROAD AHEAD** | Pat Miles<br>CHAIRMAN & CEO |
| **PROFITABLE SALES GROWTH** | Todd Koning<br>CFO |
| **AUDIENCE Q&A** | |



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# FORWARD LOOKING STATEMENTS

This presentation 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 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 long-range plan, revenue, leverage, balance sheet, growth, expansion, and financial outlook and commitments; planned product launches, introductions, acceptance, regulatory submissions or clearances; efforts to transform and expand the sales channel and develop the market; the Company's ability to compel surgeon adoption and achieve hospital access; and the Company's ability to finance its operations and sufficiency of its cash runway. 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 and long-range plans; 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; product liability exposure; unsuccessful outcomes in any litigation; patent infringement claims; claims related to the Company's intellectual property; and the Company's ability to meet its financial obligations. 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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# THE ROAD TO $1 BILLION

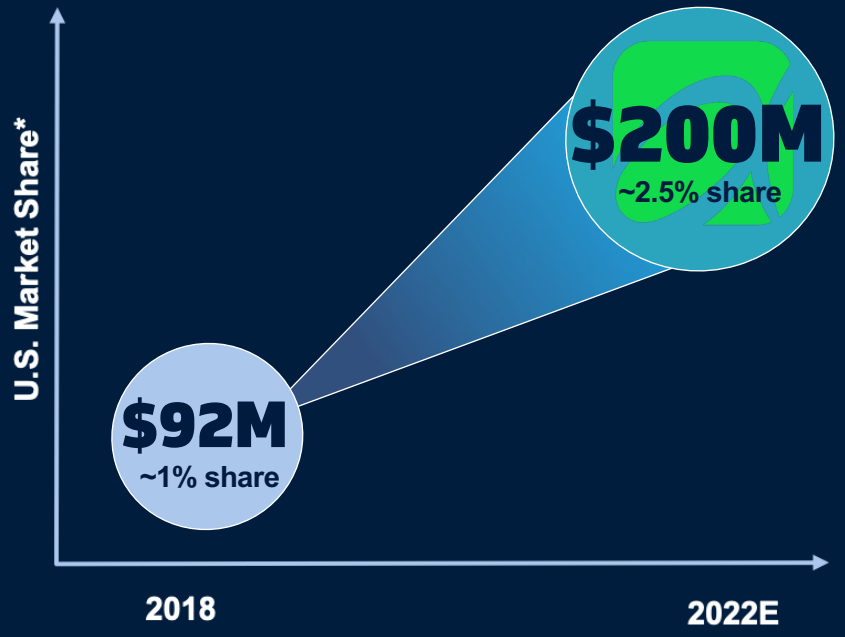
PAT MILES, CHAIRMAN & CEO

MARCH 19, 2024

# OUR COMMITMENTS IN 2018

As spine's most experienced students,

## WE KNOW WHAT IT TAKES TO SUCCEED IN SPINE…




### CREATE CLINICAL DISTINCTION

- Expand new product % of revenue >80%
- Launch 8-10 new products / year
- Shift sales team toward ~50 strategic distributors generating $4M+ / year
- Increase revenue / surgery and product categories / case

atec™ Spine Approach Technologies



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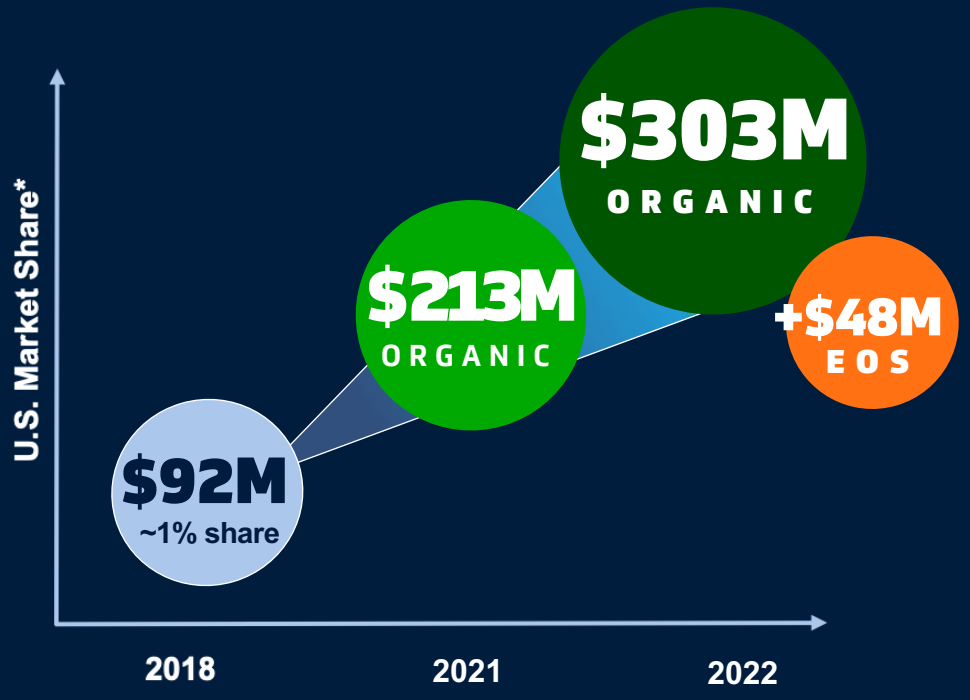
# WE DELIVERED.

**36%** **2018 TO 2021 ORGANIC REVENUE GROWTH CAGR**

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# OUR COMMITMENTS IN 2022

## Disciplined capital deployment driving sector-leading, profitable growth

| | 2021 | | 2025 |
|---|---|---|---|
| Revenue | $243M | | **$555M** |
| Adjusted EBITDA* | ($28M) | Breakeven 2023 | **$80M** |
| Profit Margin Expansion | | **+2,500** bps | |
| Free Cash Flow | ($142M) | | **$10M** |

**23%** REVENUE CAGR

 *Prior definition of adjusted EBITDA excluded E&O expense. See Adjusted EBITDA reconciliation in appendix.

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# ON TRACK.

## Thoughtful capital deployment driving sector-leading, profitable growth

| | 2021 | 2023 | 2025 |
|---|---|---|---|
| Revenue Growth | ✓ **41%** CAGR, almost 2x commitment | | |
| Adjusted EBITDA* | ✓ **BREAK-EVEN** | | |
| Profit Margin Expansion | ✓ **1,400** bps, over halfway | | |
| Free Cash Flow | Tracking to break-even in 2025 | | |

 *Prior definition of adjusted EBITDA excluded E&O expense. See Adjusted EBITDA reconciliation in appendix.

# OUR EXTENDED COMMITMENTS

## A UNIQUE VALUE CREATION OPPORTUNITY: RAPID TOP LINE GROWTH + LEVERAGE

| | 2023 | 2027 |
|---|---|---|
| Revenue | $482M | $1B |
| Adjusted EBITDA* | ($9M) | $180M |
| Adjusted EBITDA Margin* | (2%) | 18% |
| Free Cash Flow | ($159M) | $65M |

**20%**
REVENUE CAGR

**2,000**
BPS MARGIN EXPANSION

**CASH FLOW BREAK-EVEN 2025**

 * See Adjusted EBITDA reconciliation in appendix.

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# HUMBLE ORIGINS WITH MISSION TO FULFILL SPINE'S UNMET NEEDS

The foundation of our line of sight to $1 billion and beyond

## MISSION

Revolutionize the Approach to Spine Surgery

## VISION

The Standard Bearer in Spine

## CORE VALUES

High performance
GRIT
Gracious, familial & inspirational
Constant curiosity
Commitment to clinical distinction
Love what you do – #ATECProud



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# UNMATCHED, COMMITTED SPINE KNOWHOW

## Applying learnings of collective expertise to create value



**PAT MILES**
President, Chairman & CEO

NUVASIVE Medtronic smith&nephew



**CRAIG HUNSAKER**
EVP, People & Culture

NUVASIVE GENERAL ATOMICS MINTZ Columbia Law School



**TODD KONING**
Chief Financial Officer

MASIMO NUVASIVE ELLIPSE



**SCOTT LISH**
Chief Operating Officer

NUVASIVE ZIMMER BIOMET Your progress. Our promise.



**LUIZ PIMENTA**
Chief Medical Officer

NUVASIVE ipc



**DAVID SPONSEL**
EVP, Sales

stryker Medacta



**ALI SHOROOGHI**
SVP, Marketing

NUVASIVE casetabs



**JOSEPH WALLAND**
SVP, Global Imaging

MEDICREA stryker



**TYSON MARSHALL**
GC & Corporate Secretary

MADCATZ MORRISON FOERSTER



**ERIC DASSO**
EVP, Adjunctive Technologies

NUVASIVE

**NEW TO ATEC SINCE LATE 2017**

**100%** Executive management

**96%** of employees

**92%** of BOD



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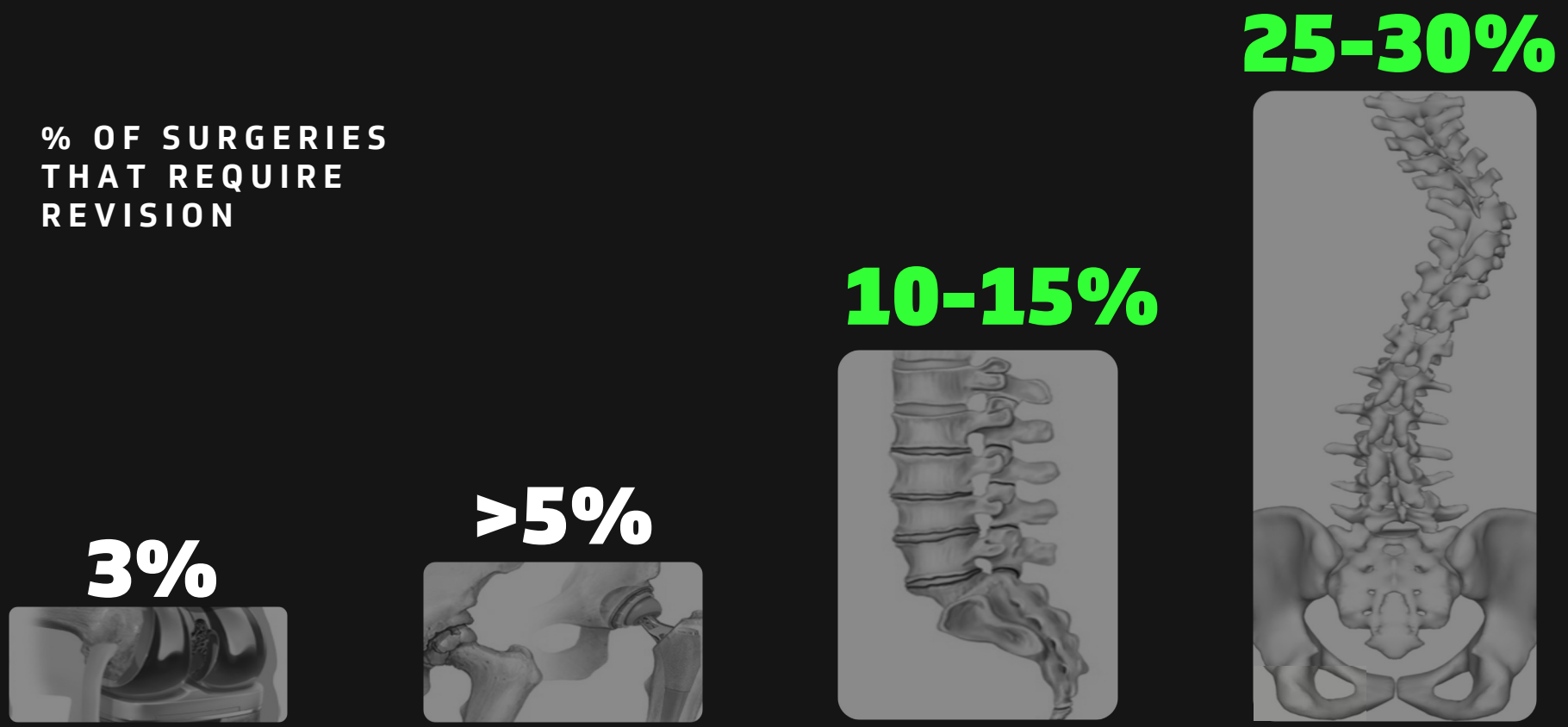
# SPINE SCIENCE ISN'T SETTLED

Spine surgery is ripe for improvement as it lacks predictability and durability

% OF SURGERIES THAT REQUIRE REVISION





1 .Bhandari M, et al. Clinical and economic burden of revision knee arthroplasty. Clin Med Insights Arthritis Musculoskelet Disord. 2012;5:89-94

2. Kandala N, et al. Setting benchmark revision rates for total hip replacement: analysis of registry evidence BMJ 2015; 350 :h756

3. Ulrich NH, et al; Lumbar Stenosis Outcome Study Group. Incidence of Revision Surgery After Decompression With vs. JAMA Netw Open. 2022 Jul 1;5(7):e2223803.

4. Kao FC, Hsu YC, Wang CB, Tu YK, Liu PH. Short-term and long-term revision rates after lumbar spine discectomy versus laminectomy: a population-based cohort study. BMJ Open. 2018 Jul 17;8(7):e021028

5. Burke JF, et al. Failure in Adult Spinal Deformity Surgery: A Comprehensive Review of Current Rates, Mechanisms, and Prevention Strategies. Spine (Phila Pa 1976). 2022 Oct 1;47(19):1337-1350

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# OUR APPROACH TO SETTLING THAT SCIENCE IS DIFFERENT

**100%**
Spine focus

**KNOWHOW**
Unmatched mechanical, imaging, navigation & neuromonitoring expertise

**CLINICAL DISTINCTION**
Compelling surgeons & talent with innovation that advances surgery

**PROCEDURALIZATION**
Aligned with surgeons to bring full procedural requirements to spine care, not widgets

**INFORMATION**
Integrating unprecedented objective data to improve outcomes



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# WHY DOES 100% SPINE FOCUS MATTER?

## ATEC INNOVATION COMES FROM THE OPERATING ROOM

## NOT THE BOARD ROOM

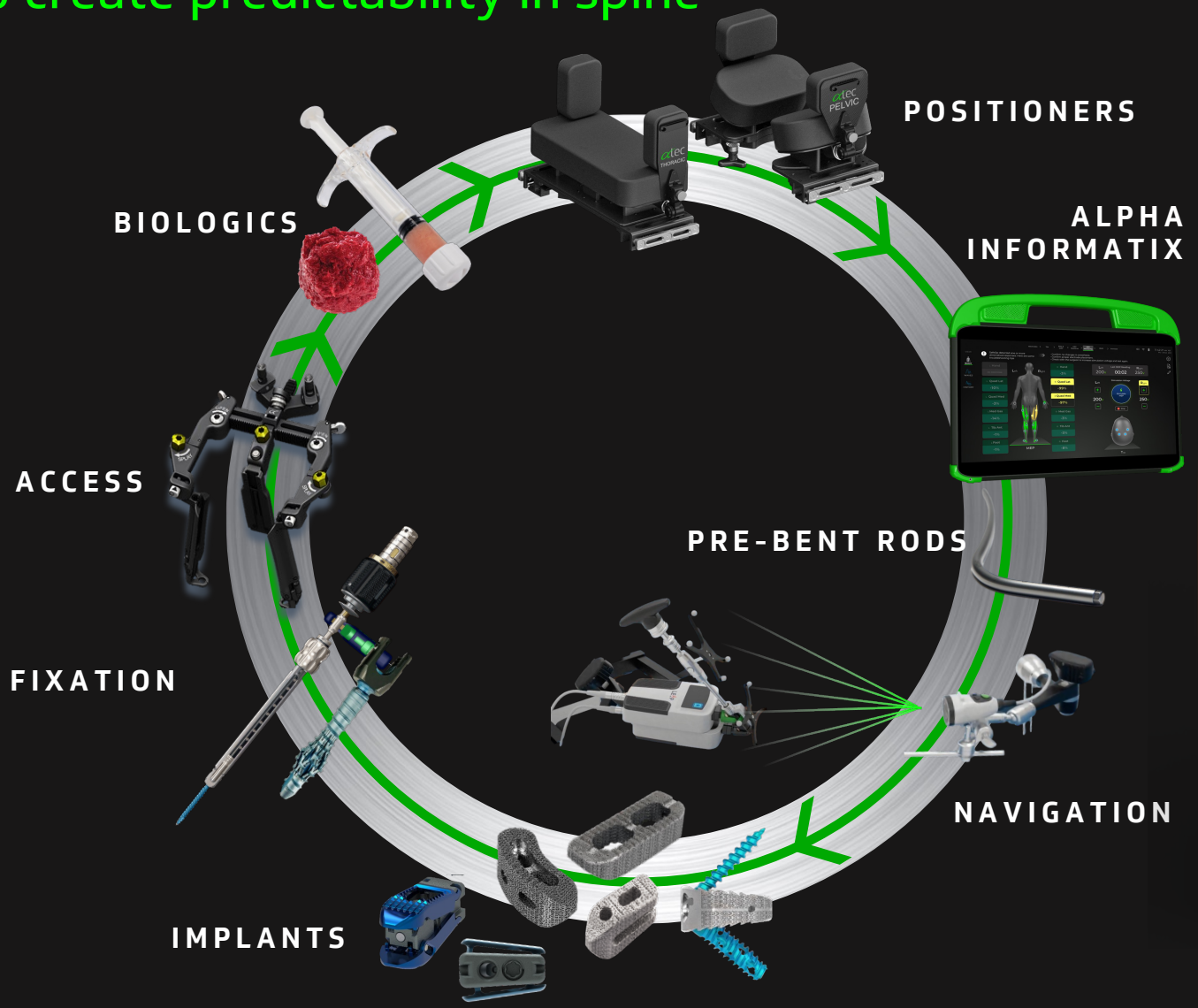
# PROCEDURALIZATION

## **INTEGRATING** technology to create predictability in spine

We design, develop and integrate technology to **address the goals of spine surgery**:

- Decompression
- Stabilization
- Alignment

**specific to each approach.**






# EARNING SHARE SINCE 2018 BY COMPELLING WITH CLINICAL DISTINCTION

## Our Commitments

### 1 CLINICAL DISTINCTION

Spine focused, industry-leading expertise applied to advance procedures and integrate unprecedented informatics



### 2 SURGEON ADOPTION

More surgeon users + consistently expanding utilization of ATEC solutions

### 3 ELEVATE DISTRIBUTION

Leveraging clinical distinction & industry disruption to enhance geographic footprint and clinical aptitude



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2017

2018

2019

2020

2021

2022

2023

# EARLY DAYS:

# Alphatec Spine

## GUY AND A DOG DISTRIBUTION



2 surgeon friends

95% of each surgeon's business

Carries multiple spine lines & sold whatever paid highest commission

## "WIDGETS" = INNOVATION = CLINICAL IRRELEVANCE



## FIELD NICKNAME

"Alpha Wreck"

## LIMITED SPINE KNOWHOW

Under New Leadership
SPINE
EXPERIENCE COUNTS



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# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

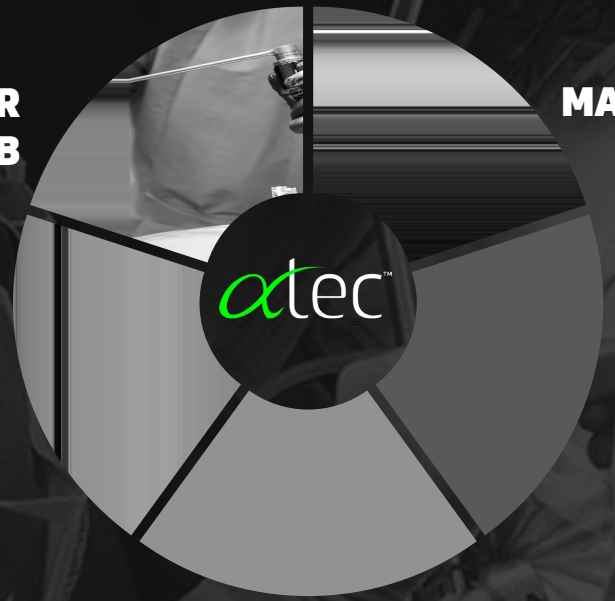
2021

2022

2023

## ORGANIC INNOVATION MACHINE

Assembled the in-house knowhow to create clinical distinction at accelerated speed






SAFEOP™ NEURAL INFORMATIX SYSTEM

Acquired & **ADVANCED** foundational technology for PTP & LTP

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# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

2021

2022

2023

## APPLIED KNOWHOW TO OVERHAUL POSTERIOR FIXATION

Launched comprehensive thoracolumbar fixation systems



INVICTUS™
SPINAL FIXATION SYSTEM

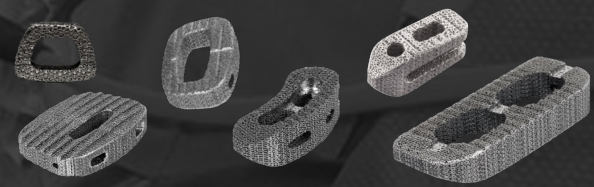
## BEGAN DISTRIBUTION TRANSFORMATION

Initiated exit of non-strategic relationships in favor of professional, geography-based sales agencies, each leading multiple reps

## APPLIED KNOWHOW TO OVERHAUL IMPLANT PORTFOLIO

Introduced full suite of approach-based titanium implants

IdentiTi™



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# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

2021

2022

2023

PTP™

## APPLIED LATERAL KNOWHOW TO ADVANCE LATERAL SURGERY

Launched integrated technologies designed from the ground-up to address the challenges that prevented broader adoption








# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

2021

2022

2023

## NEW HEADQUARTERS

Customized a facility to house growth beyond $1B in revenue and substantially increase sales and surgeon training capacity

## NEW DISTRIBUTION FACILITY

Opened Memphis facility to ensure predictable, expedient & flexible surgical support as we grow

## ACQUIRED EOS

Brought full-body, alignment-assessing technology under the ATEC umbrella, the foundation of a platform that will address many of spine's greatest challenges




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# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

2021

2022

2023

LTP™

## FURTHERED LATERAL SOPHISTICATION

Applied learnings from PTP + decades of lateral expertise to evolve the Lateral TransPsoas (LTP) and orthogonal Midline ALIF approaches

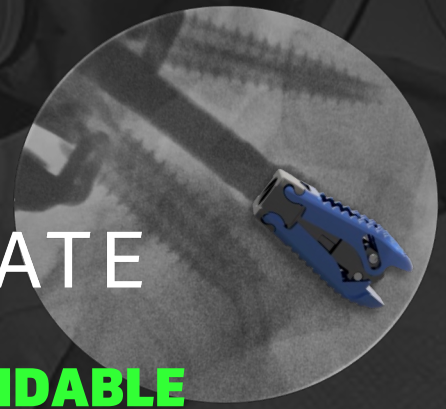
LATERAL

PTP™ LTP™

## HALO EFFECT

Lateral confidence creation expanded utilization portfolio-wide – broadening adoption of our more conventional approaches

CALIBRATE
EXPANDABLE INTERBODY SYSTEM



## FIRST EXPANDABLE TECHNOLOGY

Elevated implant portfolio with our first expandable technology

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# THE MARCH TOWARD CLINICAL DISTINCTION

2017

2018

2019

2020

2021

2022

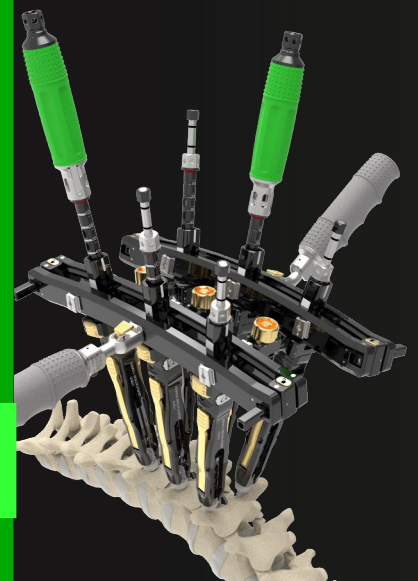
2023

EOS

Furthered development of EOS Insight™, a feature set that will bring unprecedented capabilities to spine

VALENCE™
ROBOTIC NAVIGATION SYSTEM

Acquired and began to apply knowhow to integrate navigation-enabled robot into procedural work-flow



INVICTUS DVR
DIRECT VERTEBRAL ROTATION

Entered deformity market with first of several pathology-specific technologies that will integrate into a procedural solution



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# CLINICAL DISTINCTION REFLECTED

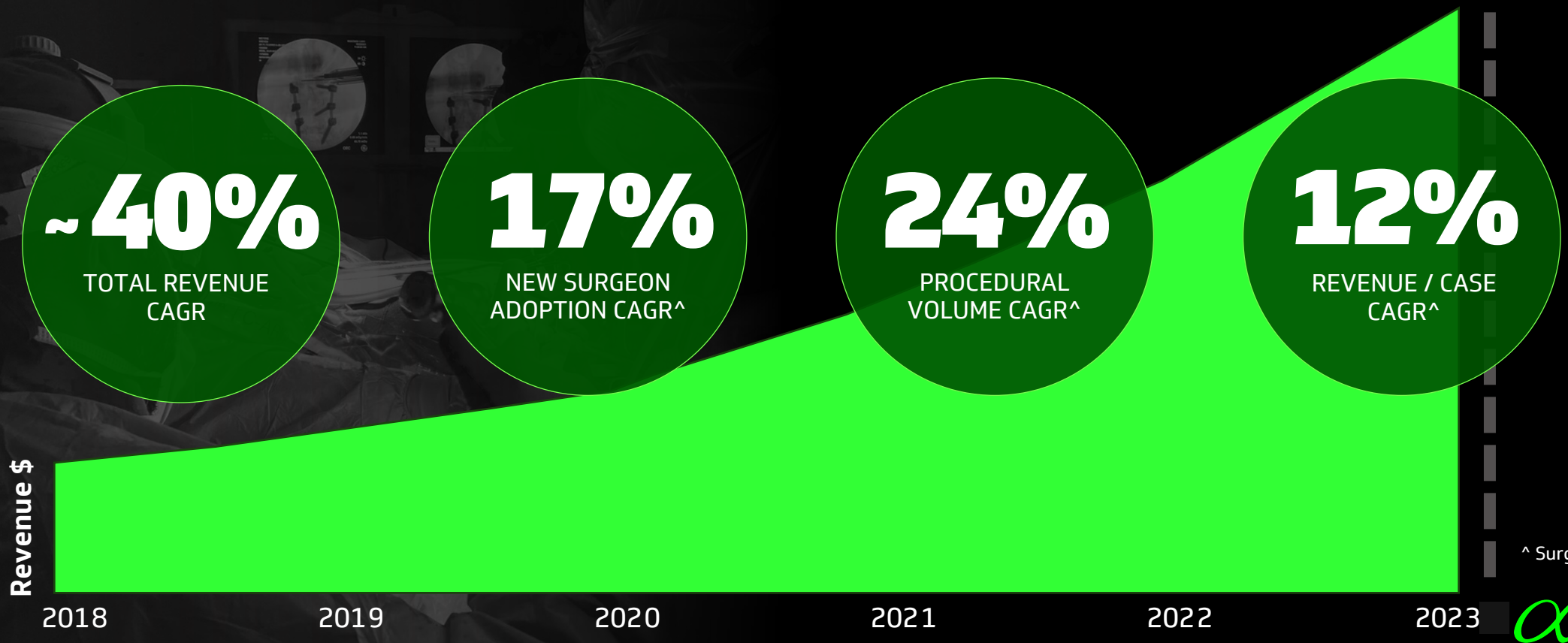
## CONSISTENT, SECTOR-LEADING GROWTH

**~40%**
TOTAL REVENUE CAGR

**17%**
NEW SURGEON ADOPTION CAGR^

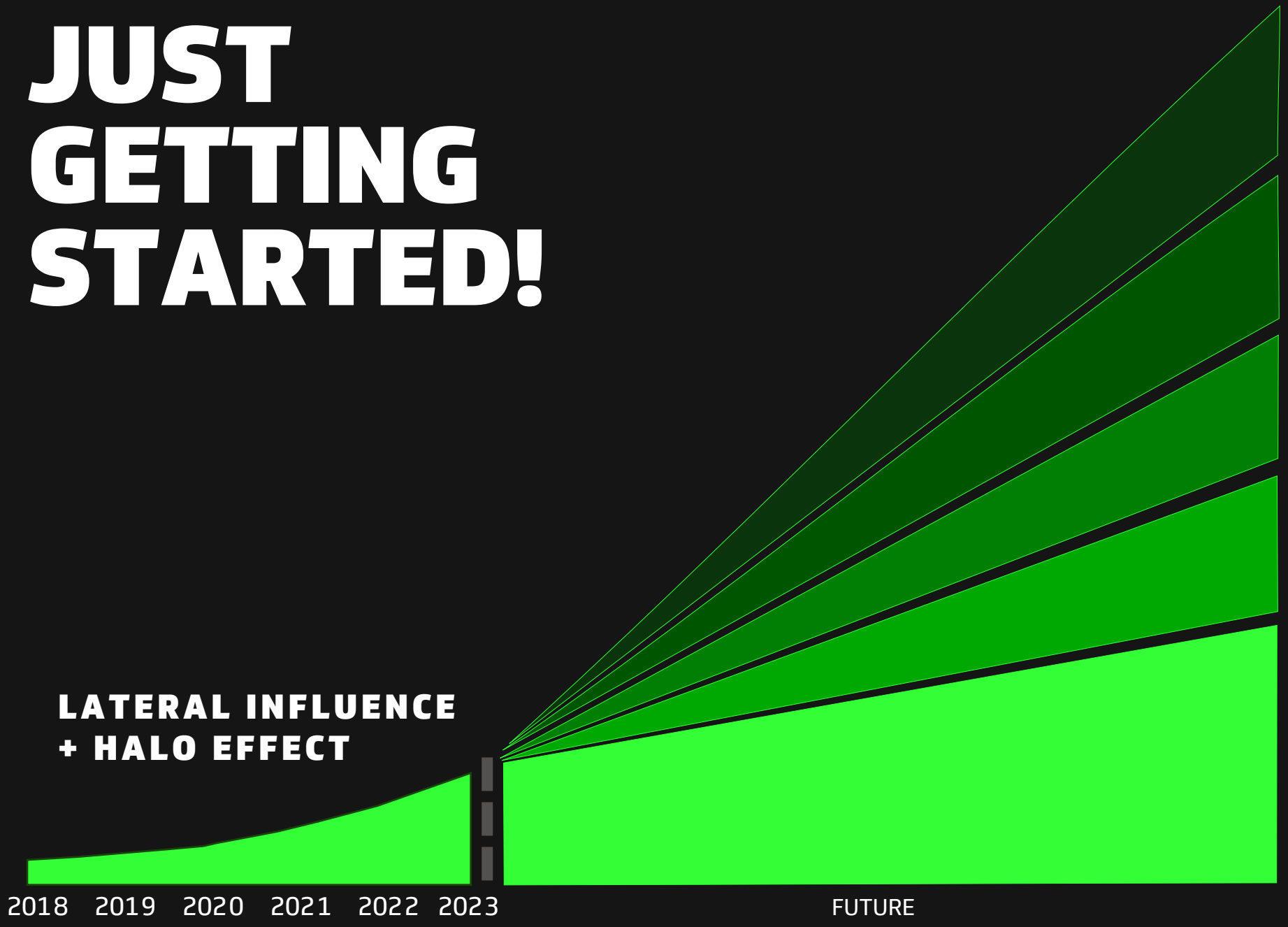
**24%**
PROCEDURAL VOLUME CAGR^

**12%**
REVENUE / CASE CAGR^




^ Surgical revenue

# JUST GETTING STARTED!




## MARKET PENETRATION

Compelling disrupted talent & earning increased hospital access

## INTERNATIONAL

Narrow & deep strategy begins to contribute in 2024

## VALENCE

Workflow-integrated robotic navigation on track for 2025

## EOS INFORMATICS

Influence launch in 2024

+ Expanding deformity presence

## LATERAL DOMINANCE

- New products: expandables, corpectomy, 3D-printed implants
- Broader & deeper sales footprint

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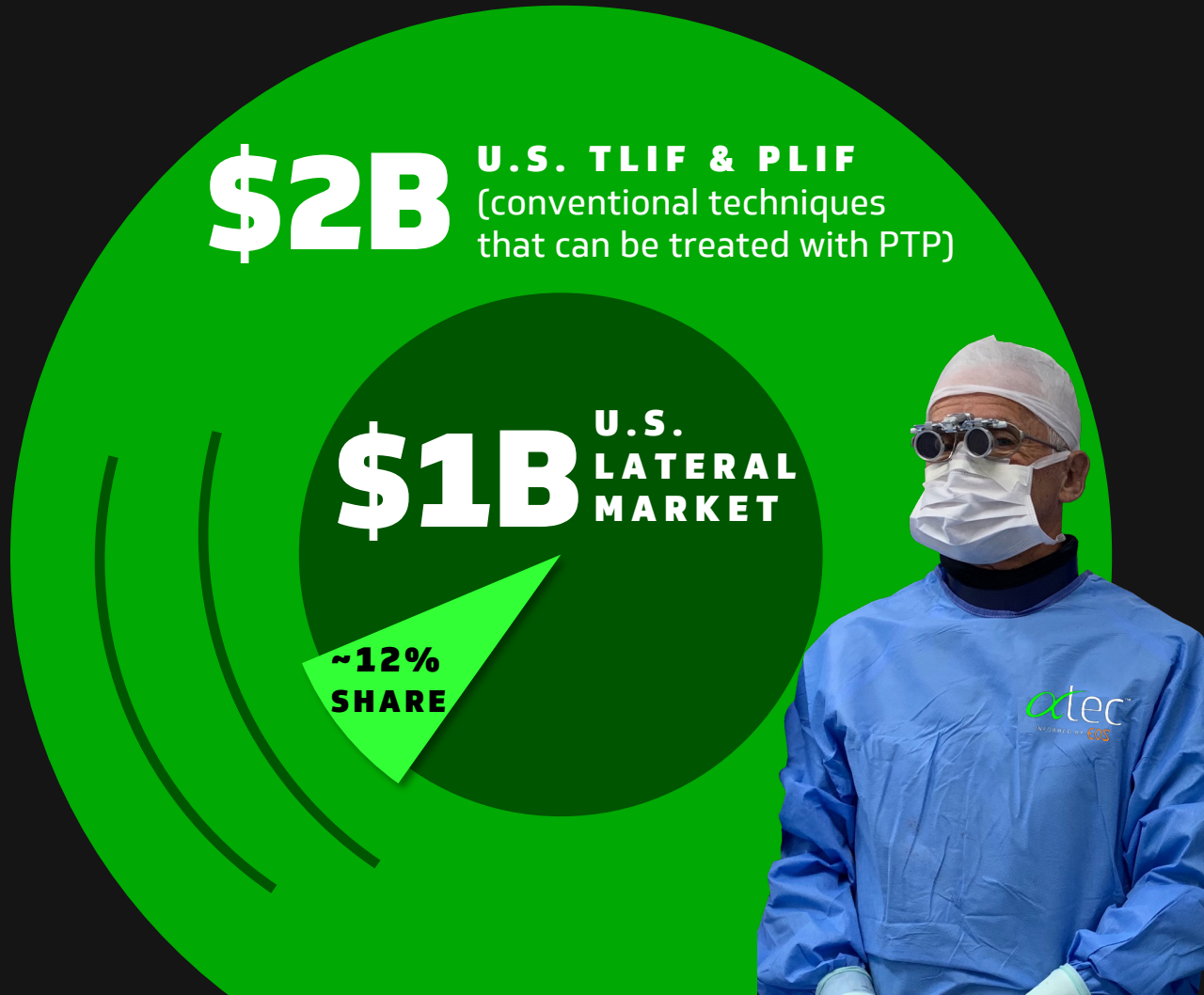
# ATEC DISTINCTION STARTS WITH LATERAL MARKET PENETRATION & EXPANSION

## ONLY ATEC:

- Committed to improve lateral by better meeting surgical requirements & addressing hurdles
- Integrated SafeOp to avoid the complication most associated with lateral surgery
- Continuously applies learnings to obsolete our last best effort
- Is compelling surgeons accustomed to conventional techniques (PLIF & TLIF)



# CONTINUING TO INNOVATE BEYOND OUR LAST BEST EFFORT IN LATERAL




## ENABLING TECHNOLOGY DEVELOPMENT

VALENCE™
ROBOTIC NAVIGATION SYSTEM



Lateral workflow-integrated precision, and fluoro reduction

SAFEOP
NEURAL INFORMATIX SYSTEM

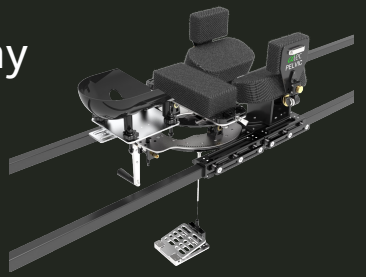


MEP integration will extend SafeOp into deformity & cervical procedures

EOS Insight will automate alignment measurement & surgical planning, reconcile intra-operatively and provide patient-specific rods

## INCREASING PROCEDURAL VALUE

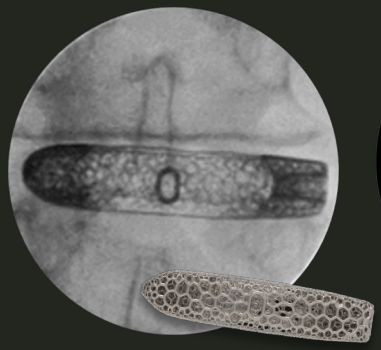
Corpectomy
Multi-level
Deformity
AIS





## NEXT-GEN SOPHISTICATION

3-D printed implants
Expandable implants







HALO EFFECT FROM LATERAL DISTINCTION

# LATERAL CONFIDENCE CREATION EARNS SURGEON TRUST…



LATERAL

PTP™ LTP™

…and expands utilization of our more conventional approaches

ANTERIOR APPROACHES

POSTERIOR APPROACHES

CERVICAL APPROACHES



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# PORTFOLIO-WIDE INNOVATION IN 2023

## Sophistication from lateral to more conventional approaches fuels “halo effect”

**15**
NEW PRODUCT LAUNCHES & LINE ADDITIONS IN 2023

### LATERAL

PTP™ LTP™

- Expandable & nanotech implants
- Positioner
- Thoracic solutions
- Corpectomy solutions

### ANTERIOR

**ALIF**

- Access system seamlessly integrates with LTP
- Positioner

### POSTERIOR

**PLIF** **FIXATION** **TLIF**

- Deformity & AIS solutions
- Osteoporotic solutions
- Expandable & nanotech implants
- Fixation innovation

### CERVICAL

**PCF** **ACDF**

- Access systems
- Plate innovation

### INFORMATICS / BIOLOGICS

SafeOp 2.0

- Next-gen DBF
- Graft delivery

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# INNOVATION OUTLOOK TOWARD 2027

## Continuing to better meet approach-specific clinical requirements

### LATERAL

PTP™ LTP™

- Revision solutions
- Deformity
- A.R.M.
- Next-gen implants

### ANTERIOR

**ALIF**

- Access system seamlessly integrates with LTP
- Positioner
- Next-gen implants

### POSTERIOR

**PLIF** **FIXATION** **TLIF**

- Deformity
- Alignment solutions
- Next-gen implants
- EOS -enabled intra-op rod bending

### CERVICAL

**PCF** **ACDF**

- Patient positioner
- Single-level corpectomy
- Next-gen implants

### INFORMATICS / BIOLOGICS

- EOS Insight
- EOS bone quality
- EOS predictive analytics
- SafeOp MEP, psoas mapping
- Valence navigation-enabled robotics
- MIS graft delivery

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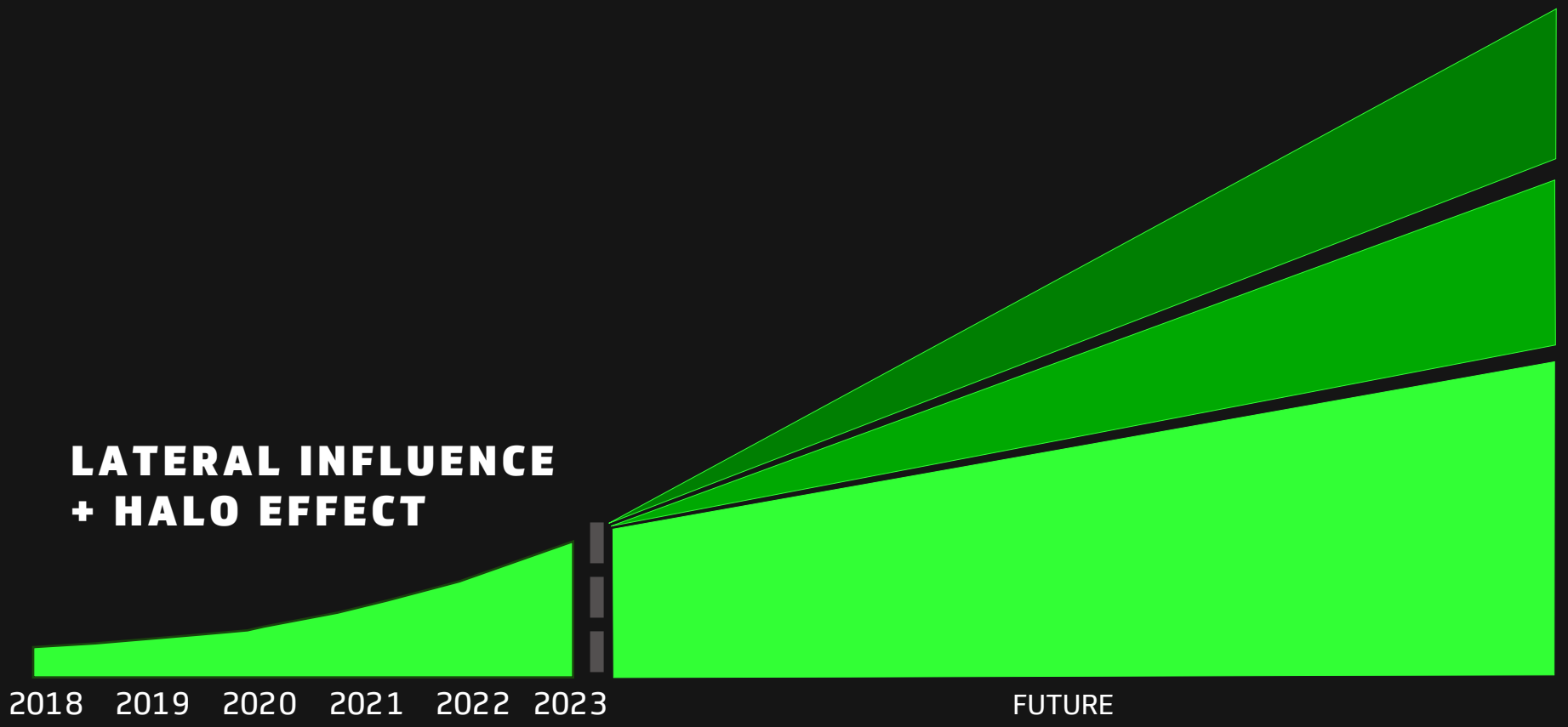
# JUST GETTING STARTED!




## VALENCE

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- New products: expandables, corpectomy, 3D-printed implants
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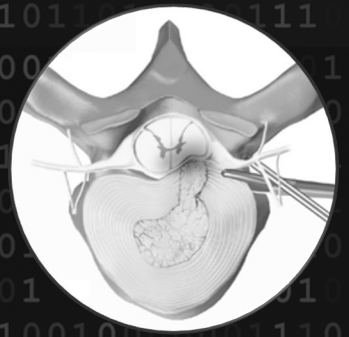
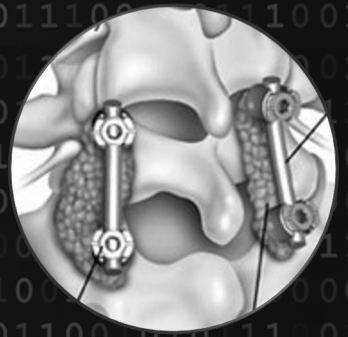
# OUR ECOSYSTEM OBJECTIVELY INFORMS THE GOALS OF SURGERY

## GOALS OF SPINE SURGERY

### 1 DECOMPRESSION



### 2 STABILIZATION



### 3 ALIGNMENT




**Most correlated** to successful clinical outcomes*



SAFEOP NEURAL INFORMATIX SYSTEM — Real-time monitor of location, health & motor function of nerves during lateral surgery



VALENCE ROBOTIC NAVIGATION SYSTEM — Navigation-enabled robotic system

EOS — Standing, full-body, global alignment assessment




*Yeh KT, Lee RP, Chen IH, Yu TC, Liu KL, Peng CH, Wang JH,; Wu WT. Correlation of functional outcomes and sagittal alignment after long instrumented fusion for degenerative thoracolumbar spinal disease. Spine 2018;43(19):1355-62.

# EOS: TRAJECTORY TOWARD SPINE INFLUENCE

**2021**

## ACQUIRED UNIQUE, COVETED TECHNOLOGY

- Full-body, standardized imaging
- Standing, functional global alignment assessment
- No stitching or magnification errors

**2022**

- Less radiation – 5x< DR
- Reduced exam time
- 3-D anatomical reconstructions




**2023**

## UNDER-APPRECIATED VALUE

- Prestigious footprint, mostly pediatric & orthopedic
- Edge upgrade ready, but needed commercial expertise

**2024**

- No connectivity, no work-flow integration
- Sales focus on radiology instead of end users

## VISION

- Inform spine surgery throughout continuum of care
- Harness objective standardized imaging to create spine's first AI / ML-driven predictive analytics

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# EOS: TRAJECTORY TOWARD SPINE INFLUENCE

**2021**

## INTEGRATION, COMMERCIAL UPGRADE

- Placed leadership in Paris and throughout commercial organization
- Expanded capital rep and C.A.M. teams, aligned with ATEC U.S. distribution footprint

**2022**

- Improved service operations
- Exited non-strategic geographics

**2023**

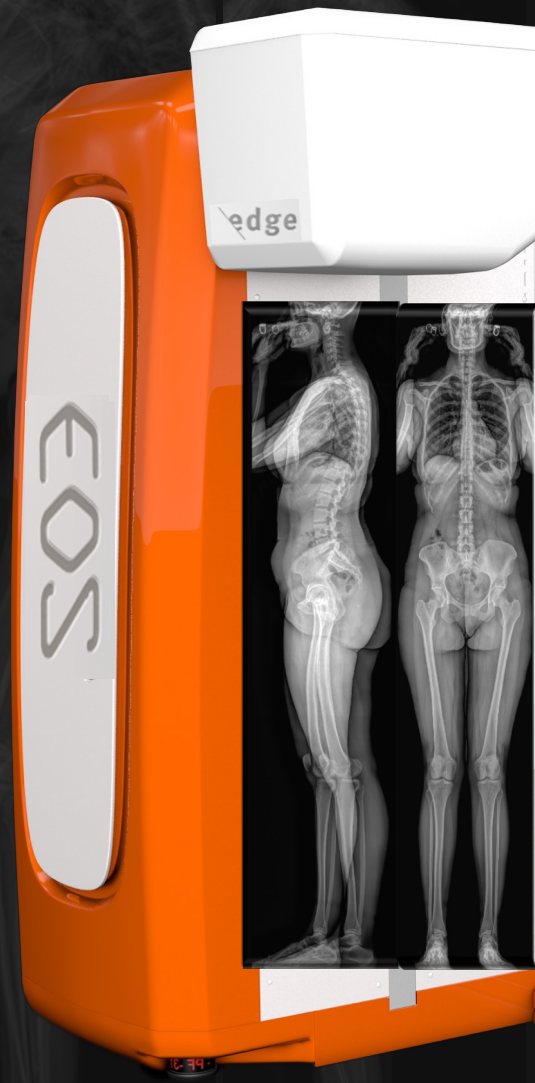
## INFLUENCE OF ORGANIC INNOVATION MACHINE

Created cloud infrastructure, commenced development, evaluation and clearance of spine-integrated feature set (Insight)

## SECURED INVALUABLE STRATEGIC ADVANTAGE

Rights to EOS- standardized images across increasing portion of EOS Edge base

**2024**

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# EOS: TRAJECTORY TOWARD SPINE INFLUENCE

2021

2022

2023

2024

## LAUNCHING INSIGHT

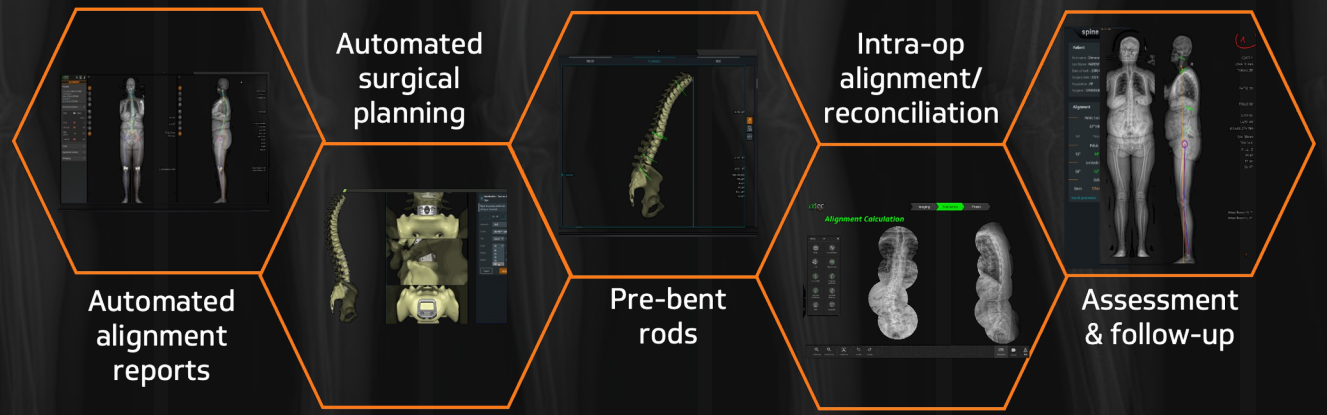
Reflecting influence on predictability and reproducibility of spine surgery

DATA

PRE-OP

INTRA-OP

POST-OP




## DATA CAPTURE

>50K objective, standardized images forming foundation for predictive care in spine through alpha launch

## FURTHERING DEVELOPMENT

Level-specific bone quality and intra-operative rod-bending functionalities progressing

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# EOS CREATES OBJECTIVE MEASURE FOR MANY OF SPINE'S GREATEST CHALLENGES

### SURGERY RELIES ON SEGMENTAL IMAGING

- Limited view of the problem
- Lack of crucial global alignment measures undermines durability
- Can lead to misleading findings

### UNINFORMED PRE-OPERATIVE PLAN

- Crucial alignment measures are hand-calculated
- Time-consuming = scarcely utilized
- Existing software is not workflow friendly
- Bone quality is unknown

### NO INTRA-OP RECONCILIATION OR PATIENT-SPECIFIC IMPLANTS

- Execution to pre-op plan is unknown
- Rods bent intra-operatively

## OBJECTIVELY "SETTLING THE SCIENCE" IN SPINE BY INFORMING ALIGNMENT, THE GREATEST CORRELATIVE TO DURABLE OUTCOMES



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# PROCEDURALIZED DEFORMITY SOLUTION UNLOCKS CROSS-SELLING OPPORTUNITY

**90%** of the top 10* best ortho hospitals have an EOS

**80%** of the top 25*




- Deformity innovation accelerates cross-selling opportunity into the academic institutions that rely on EOS
- New pediatric & deformity technologies integrate with EOS Edge creating multi-year replacement cycle opportunity

* US News & World Report Best Orthopedic Hospitals list (2019-2020)



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# EOS WILL ESTABLISH OUR INFLUENCE IN DEFORMITY

**Like SafeOp in lateral, EOS will provide technological solutions for unmet needs**

## ALPHA INFORMATIX

- Insight will automate measures & quantify pre-op planning, enable intra-op assessment
- SafeOp MEP evaluation begins ‘24

## PROCEDURE-SPECIFIC POSITIONER

- Pre-incision correction capabilities
- Alpha evaluation underway




## INSTRUMENTATION

- InVictus DVR adaptable instrumentation streamlines & optimizes de-rotation
- Launched ‘23

## IMPLANTS

EOS Insight will apply pre-op plan to deliver patient-specific rods

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# MONETIZING EOS & EOS INSIGHT

Capital sales establish access; implant pull-through & data are the value creators

## CAPITAL SALE

Capital sale + recurring software & service revenue

- Flexible acquisition options
- C.A.M directs install process
- Software upgrades account dependent

## HOSPITAL ACCESS

- Implant pull-through drives surgical revenue growth
- Data collection

HSS HOSPITAL FOR SPECIAL SURGERY

#1 U.S. orthopedic hospital

Zero pre-EOS access

TEXAS BACK INSTITUTE EST. 1977

Zero pre-EOS access

Significant surgical volume ramp






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# VALENCE DEVELOPMENT IS ON TRACK




## OUR COMMITMENTS

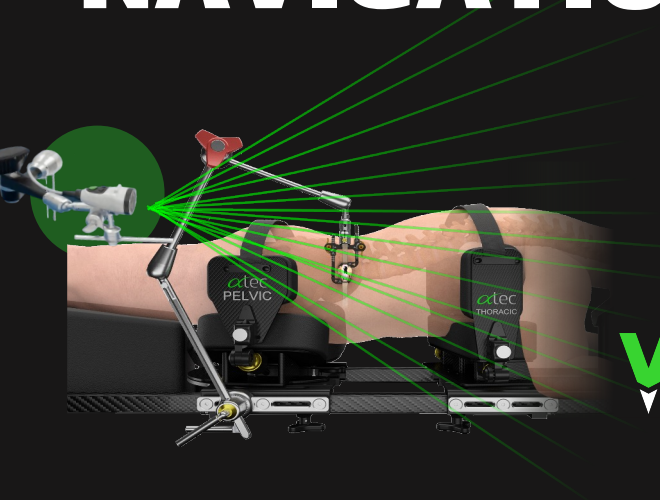
Onboard team with deep expertise to spearhead technological integration and development ✓

Secure clearance for InVictus screw placement ✓

Obtain free-hand navigation clearance **2024**

Integrate into lateral workflow for improved predictability and efficiency **2025**

# WORKFLOW-INTEGRATED ROBOTIC NAVIGATION DRIVES IMPLANT PULL-THROUGH






VALENCE™
ROBOTIC NAVIGATION SYSTEM

VS







## FUNCTIONALITY

| | | |
|---|---|---|
| Pedicle screw placement | ✓ | ✓ |
| Precise dilator & retractor placement | ✓ | ✗ |
| Intra-operative retractor migration monitor | ✓ | ✗ |
| Interbody placement | ✓ | ✗ |

## PRACTICALITY

| | | |
|---|---|---|
| Small footprint suitable for regional hospitals & ASCs | ✓ | ✗ |
| <$500K | ✓ | **>$1M** |
| Doesn't require 3D imaging | ✓ | ✗ |



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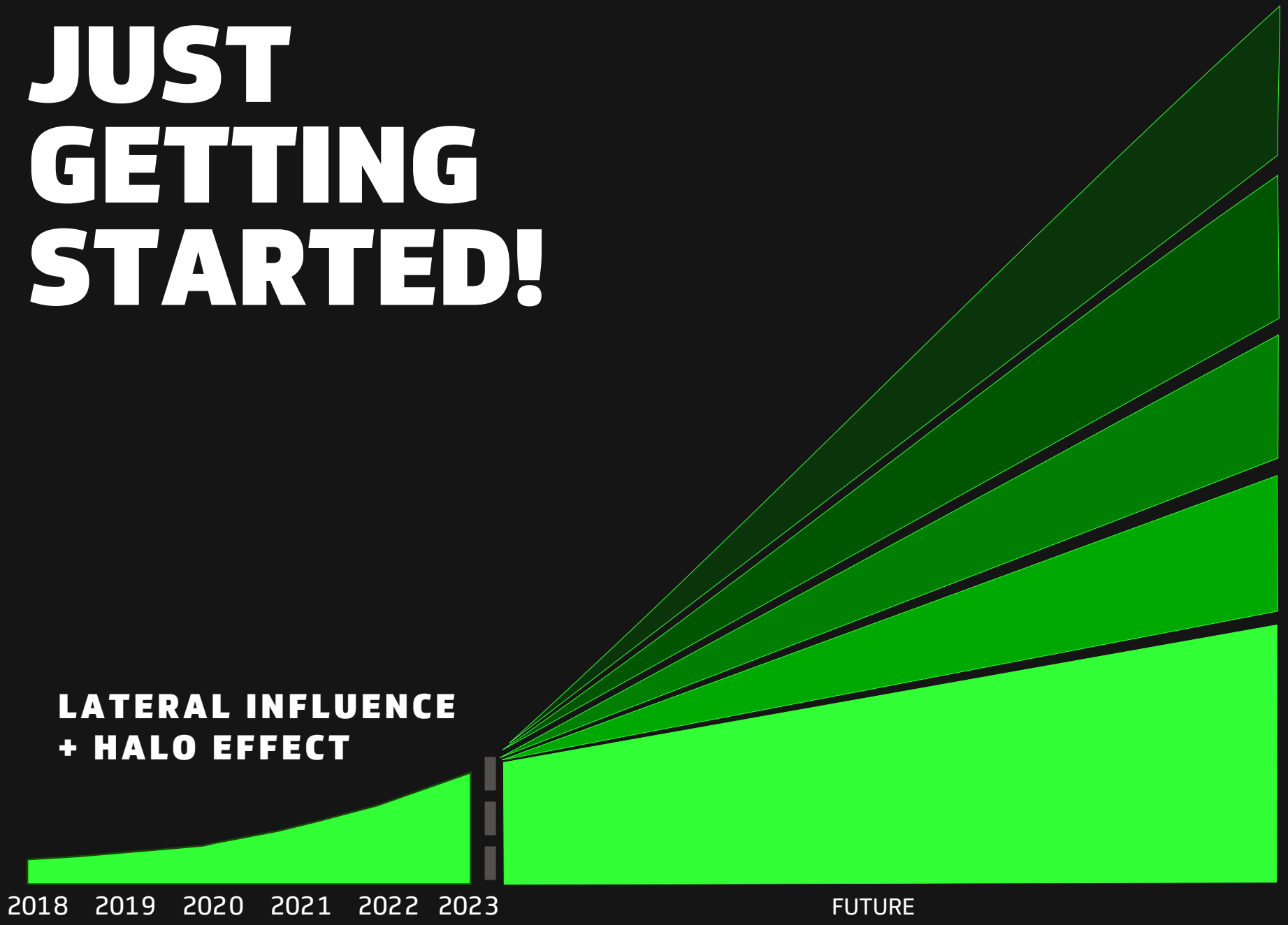
# JUST GETTING STARTED!




## MARKET PENETRATION

Compelling disrupted talent & earning increased hospital access

## INTERNATIONAL

Narrow & deep strategy begins to contribute in 2024

## VALENCE

Workflow-integrated robotic navigation on track for 2025

## EOS INFORMATICS

Influence launch in 2024

+ Expanding deformity presence

## LATERAL DOMINANCE

- New products: expandables, corpectomy, 3D-printed implants
- Broader & deeper sales footprint



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# INTERNATIONAL IS PROGRESSING

## Applying learnings to ensure integrity of ATEC proceduralization

| | AUSTRALIA/ NEW ZEALAND | JAPAN |
|---|---|---|
| Market Size* | **$250M** | **$450M** |
| 2023 Revenue | $5M | $0 |
| Regulatory Clearance | ✓ | ✓ |
| Surgeons Trained | Beginning | Beginning |
| Sales Presence | ✓ | ✓ |
| Office & warehouse | ✓ | ✓ |

- Focused on markets with strong surgeon influence and attractive economics
- Direct selling organizations in each country
- PTP fully cleared in ANZ
- Japan regulatory clearance progressing as planned with full launch of PTP expected in 2026

# FASTEST GROWING SPINE PURE-PLAY

## U.S. market seeking better outcomes is dominated by unfocused conglomerateurs

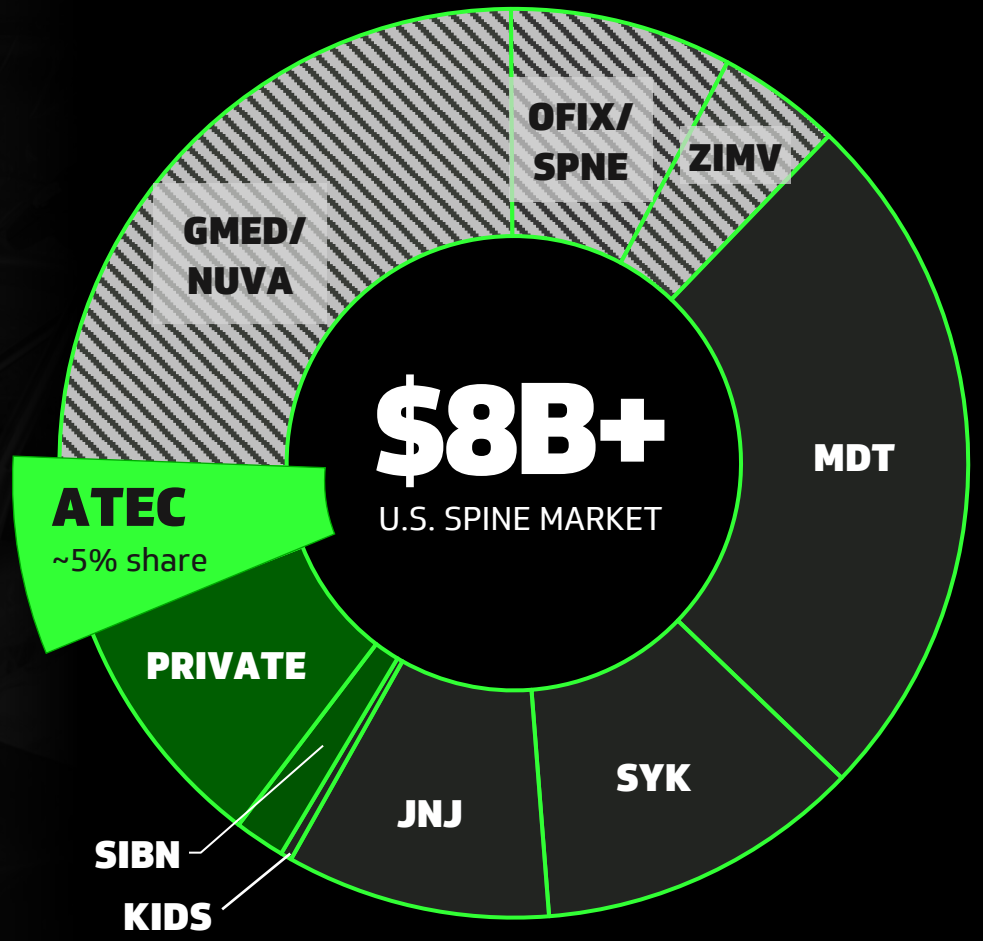
**>35%** **of market recently disrupted**

Conglomerateurs are recognizing that winning in spine requires 100% focus

**100% SPINE FOCUSED**

**NOT 100% SPINE FOCUSED**

**RECENTLY DISRUPTED**




 | * Source: Management estimate

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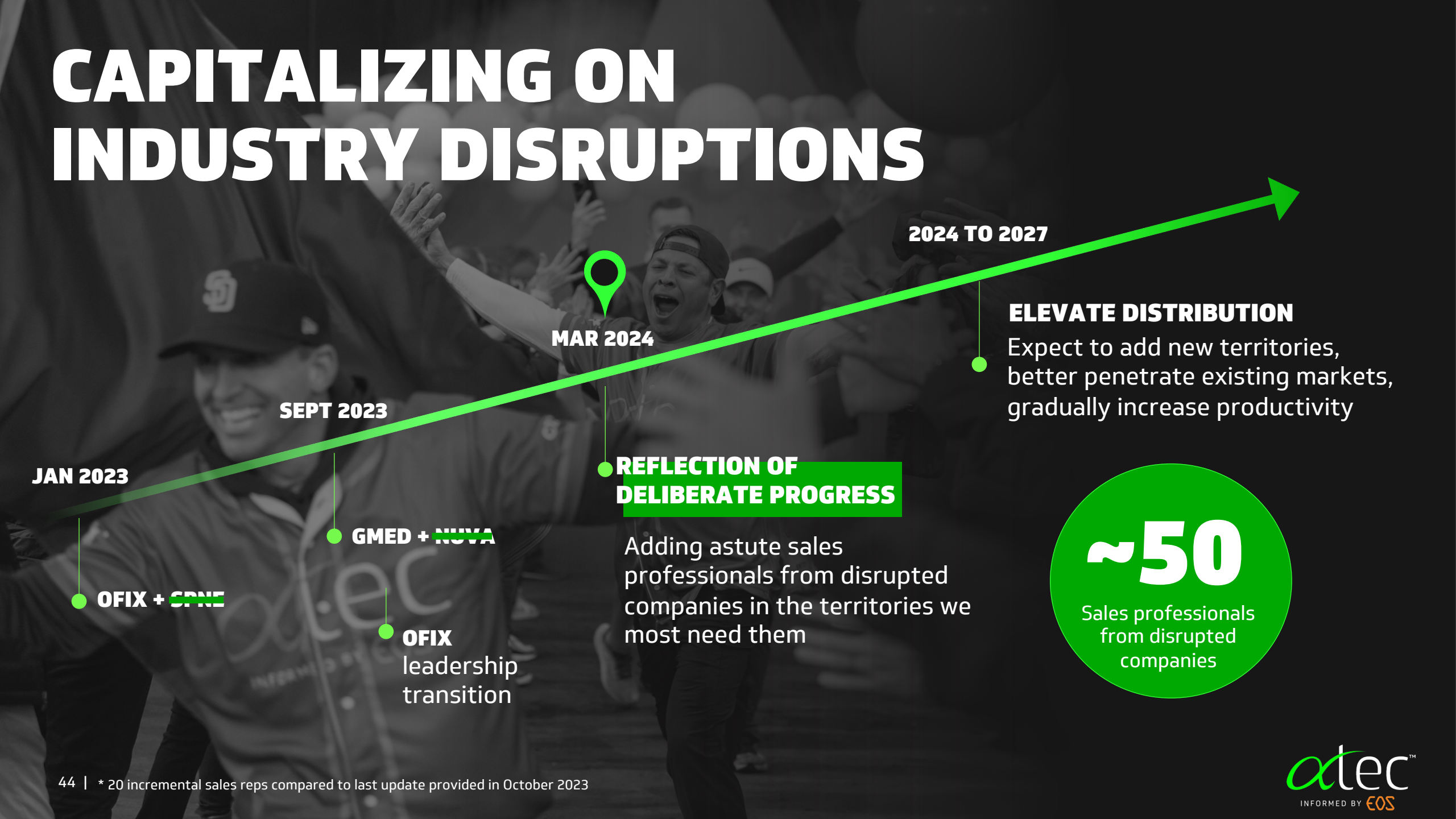
# CAPITALIZING ON INDUSTRY DISRUPTIONS



**JAN 2023**

**OFIX + ~~SPNE~~**

**SEPT 2023**

**GMED + ~~NUVA~~**

**OFIX** leadership transition

**MAR 2024**

**REFLECTION OF DELIBERATE PROGRESS**

Adding astute sales professionals from disrupted companies in the territories we most need them

**2024 TO 2027**

**ELEVATE DISTRIBUTION**

Expect to add new territories, better penetrate existing markets, gradually increase productivity

**~50**

Sales professionals from disrupted companies

 * 20 incremental sales reps compared to last update provided in October 2023

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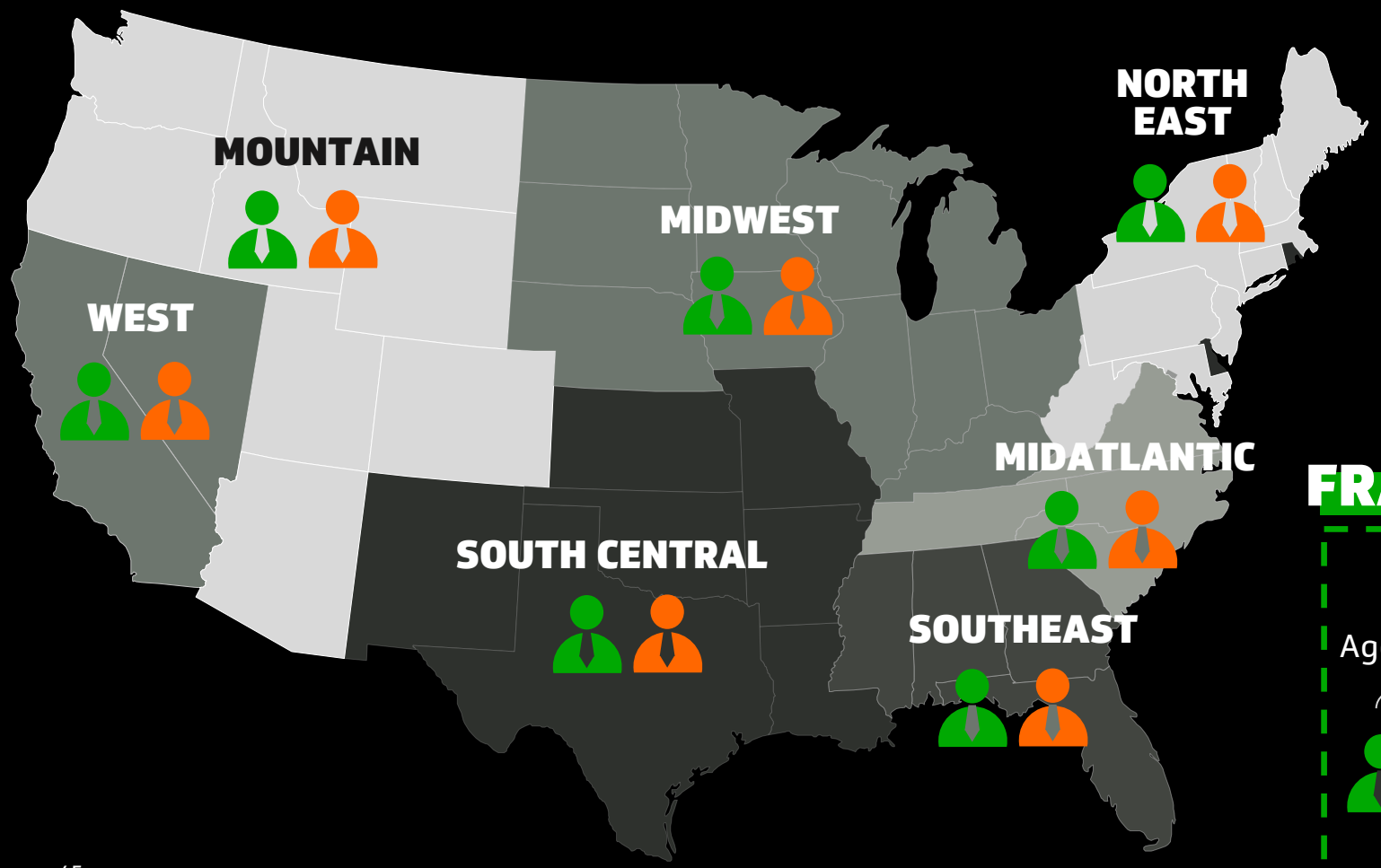
# SALES EXCELLENCE, FRANCHISE-STYLE

Incentivizing regional investment to achieve shared objectives




## TEAM STRUCTURE

Area V.P.

Sales Directors

EOS Regional Managers

## FRANCHISE

Agent Principals

Sales Reps

Agent Principals



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# PROGRESSING WITH DEVELOPMENT OF SIGNIFICANT U.S. MARKETS

Disruption is accelerating & improving the caliber of our footprint expansion

**>5%** Share of U.S. market overall*

**6%** Share of top 10 U.S. markets*

**~25%** Share in well-covered territories*

**TOP 10 U.S. SPINE GEOGRAPHIES**

| | | 2021 share* | 2023 share* |
|---|---|---|---|
| 1 | New York, NY | -- | 4% |
| 2 | Los Angeles, CA | 1% | 3% |
| 3 | Dallas, TX | 2% | 6% |
| 4 | Houston, TX | 3% | 8% |
| 5 | Phoenix, AZ | 3% | 12% |
| 6 | Chicago, IL | 5% | 14% |
| 7 | Washington, DC | -- | 2% |
| 8 | Philadelphia, PA | -- | 1% |
| 9 | Miami, FL | 1% | 4% |
| 10 | Detroit, MI | 1% | 4% |
| | | **2%** | **6%** |



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# INVESTED TO FUND $1B+ SPINE FRANCHISE

## Confident in profitable sales growth ahead

### INVESTMENTS TO REPOSITION
2018-2020

- Spine expertise
- Portfolio overhaul to create clinical distinction
- Informatic moat: SafeOp
- Strategic distribution transition

### INVESTMENTS TO GROW
2021-2023

- Elevated informatic moat via acquisition (EOS & Valence) & development
- Scalable HQ with increased sales & surgeon training capacity
- Expanding distribution footprint
- Scalable systems

### PROFITABLE SALES GROWTH
2024-2027

- Lever product portfolio & infrastructure investments
- Advance enabling technology
- Build international markets




 | * Adjusted EBITDA trajectory toward 2027 may not be linear. Illustration only. See Adjusted EBITDA reconciliation in appendix.

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# OUR VISION EXTENDS WELL BEYOND 2027

## SKATING TO WHERE THE PUCK IS GOING

The foundation from which we build: we architect and bring to market **comprehensive procedures that surgeons and patients require** – not “products”

Those procedures are **well-suited for shifts** in site of service and holistic hospital pricing

We integrate enabling technology that provides standardized, objective information that **obviates surgery by “gestalt”**

We are revolutionizing spine surgery with innovation aimed at **settling the science**



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# PROFITABLE SALES GROWTH LONG-RANGE PLAN UPDATE

TODD KONING, CFO

# OUR EXTENDED COMMITMENTS

## A unique value creation opportunity: rapid top line growth + strong leverage

| | 2023 | 2027 |
|---|---|---|
| Revenue | $482M | **$1B** |
| Adjusted EBITDA* | ($9M) | **$180M** |
| Adjusted EBITDA Margin* | (2%) | **18%** |
| Free Cash Flow | ($159M) | **$65M** |

**20%**
REVENUE CAGR

Sector-leading revenue growth with upside potential

**2,000**
BPS MARGIN EXPANSION

36% drop through on incremental sales

**CASH FLOW BREAK EVEN 2025**

Consistent with previous commitment

 See Adjusted EBITDA reconciliation in appendix.

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# WHAT DRIVES OUR CONFIDENCE?

## APPLIED LEARNINGS

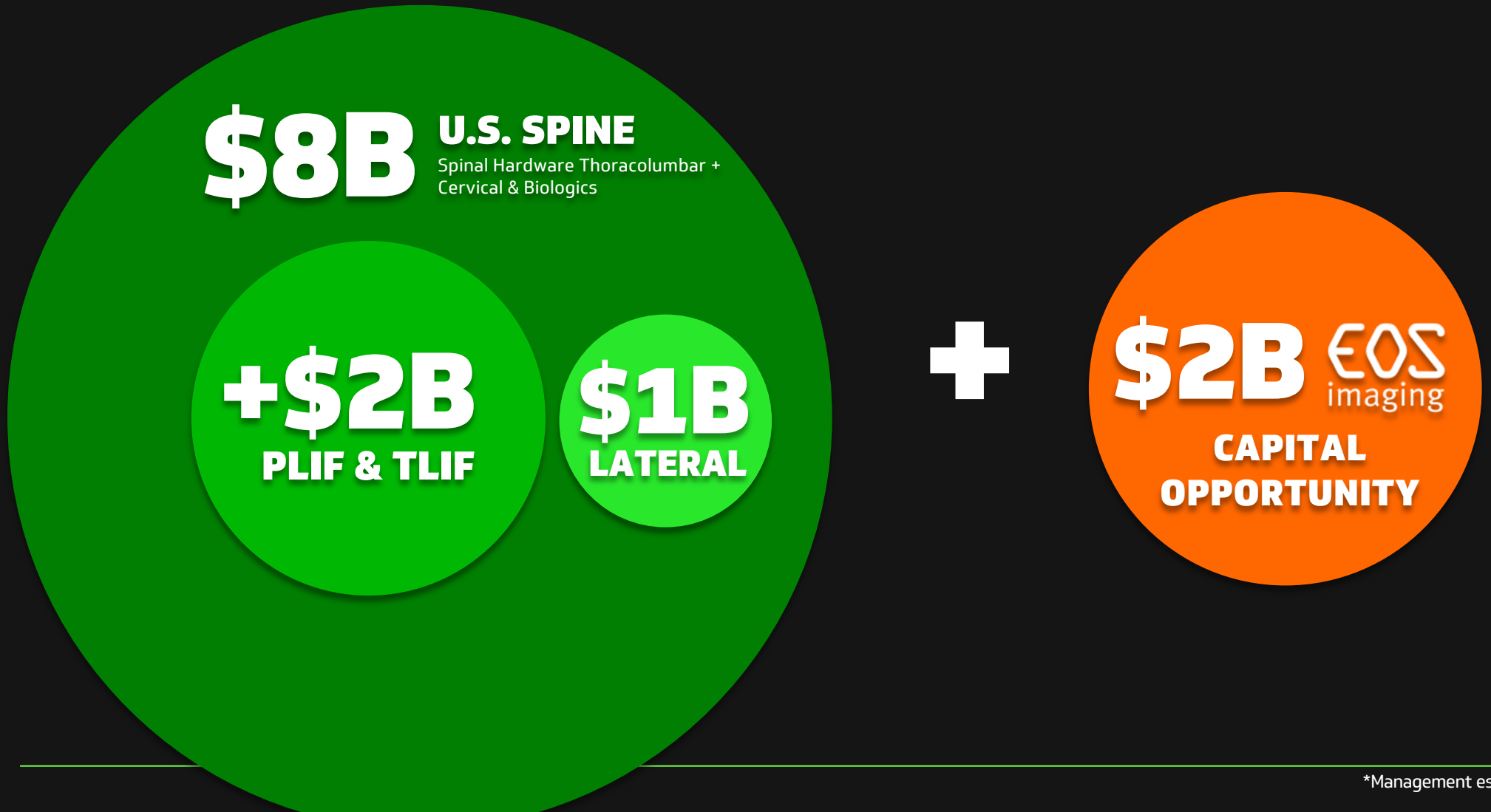
Revenue and profitability groundwork has been deliberately laid

Sustained demand profile

Delivering profitable sales growth

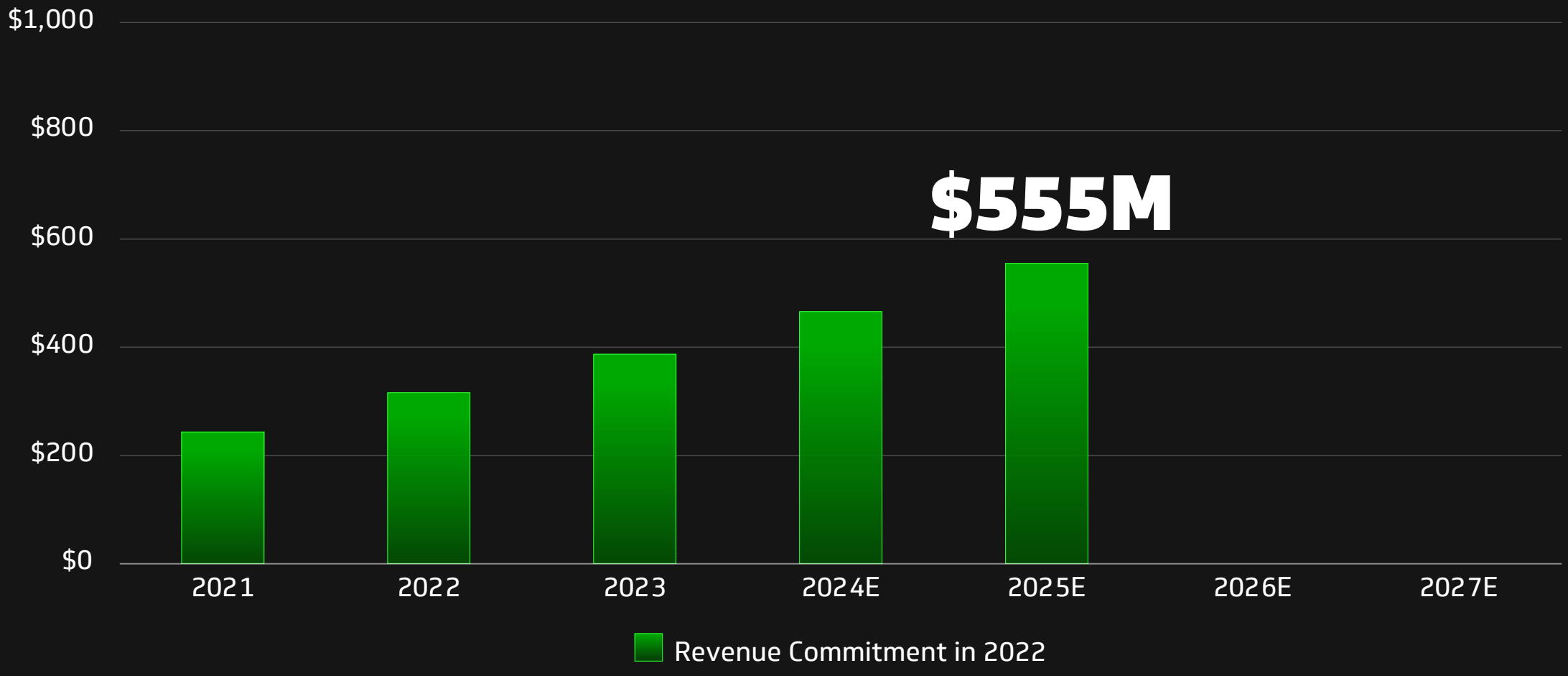
Share-earning opportunity is vast & ripe: growth drives profitability

# LARGE AND GROWING MARKETS




*Management estimates

# IN 2022, WE COMMITTED TO $555M OF REVENUE IN 2025, A 23% CAGR



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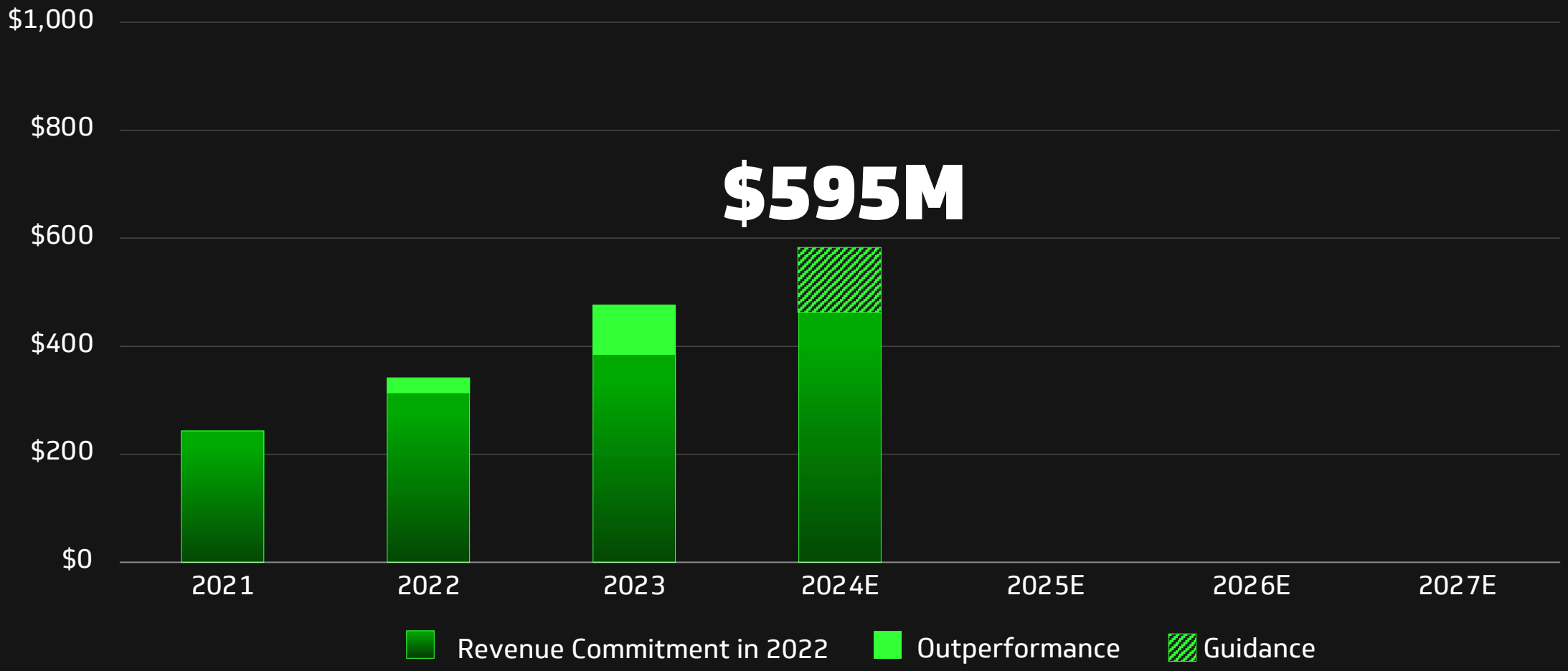
# REVENUE HAS SIGNIFICANTLY OUTPERFORMED



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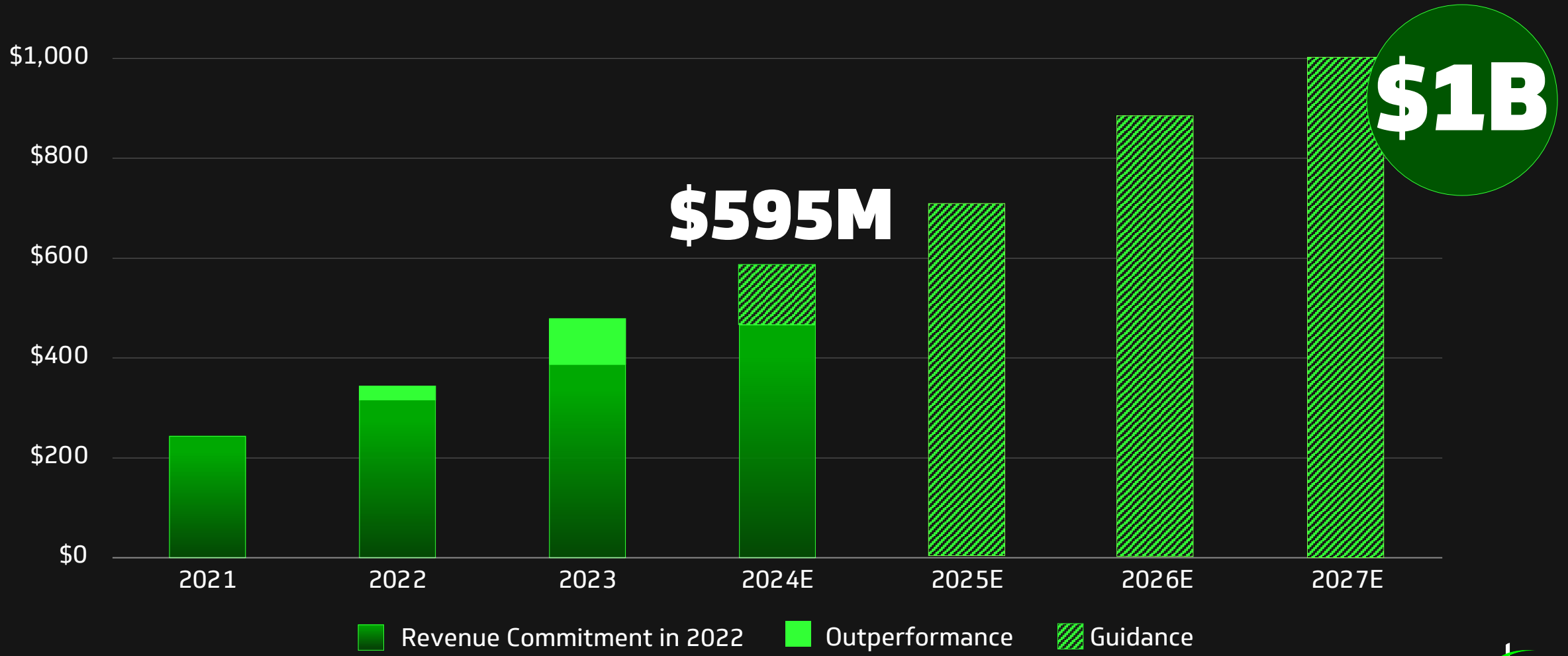
# OUR EXTENDED COMMITMENT: $1B IN REVENUE, A 20% CAGR



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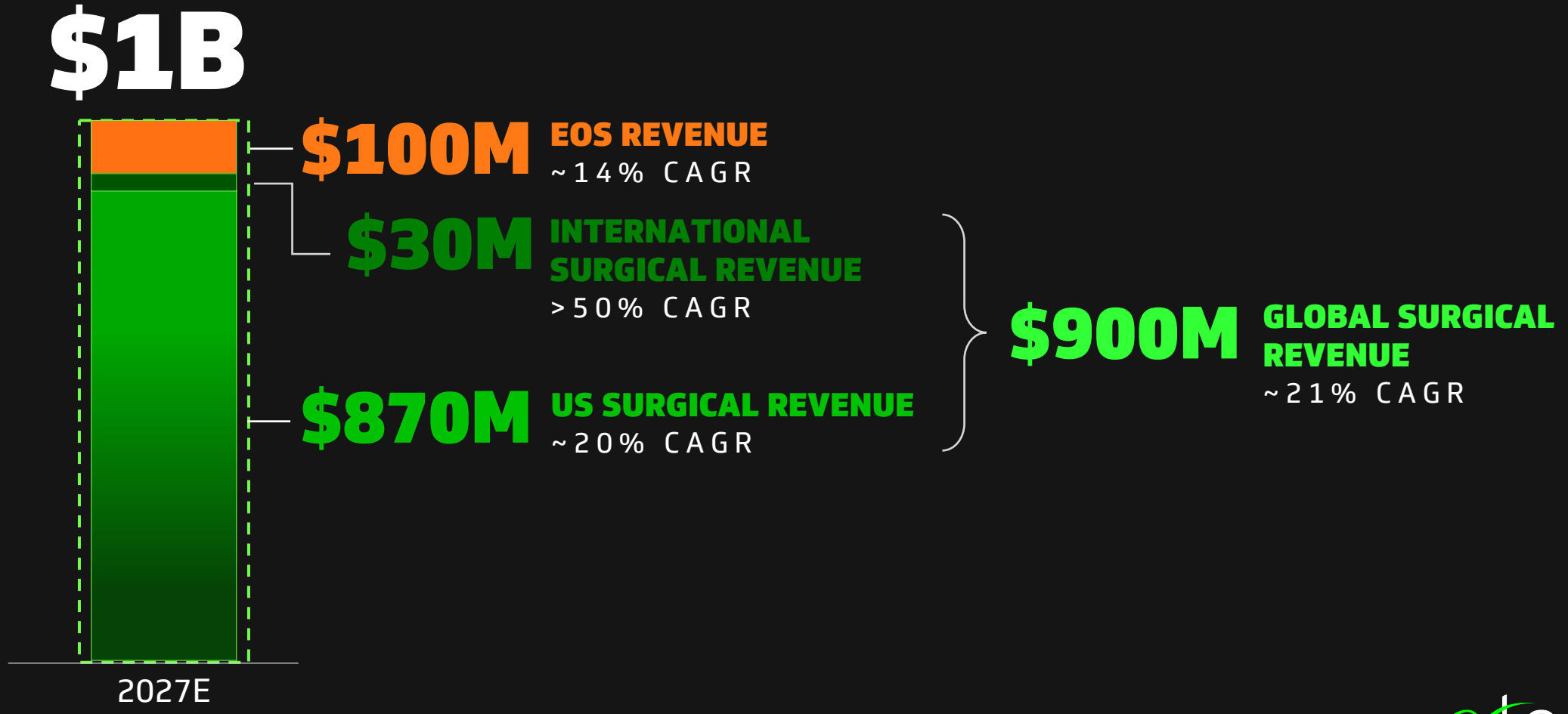
# US SURGICAL REVENUE WILL CONTINUE TO CONTRIBUTE MOST TO GROWTH



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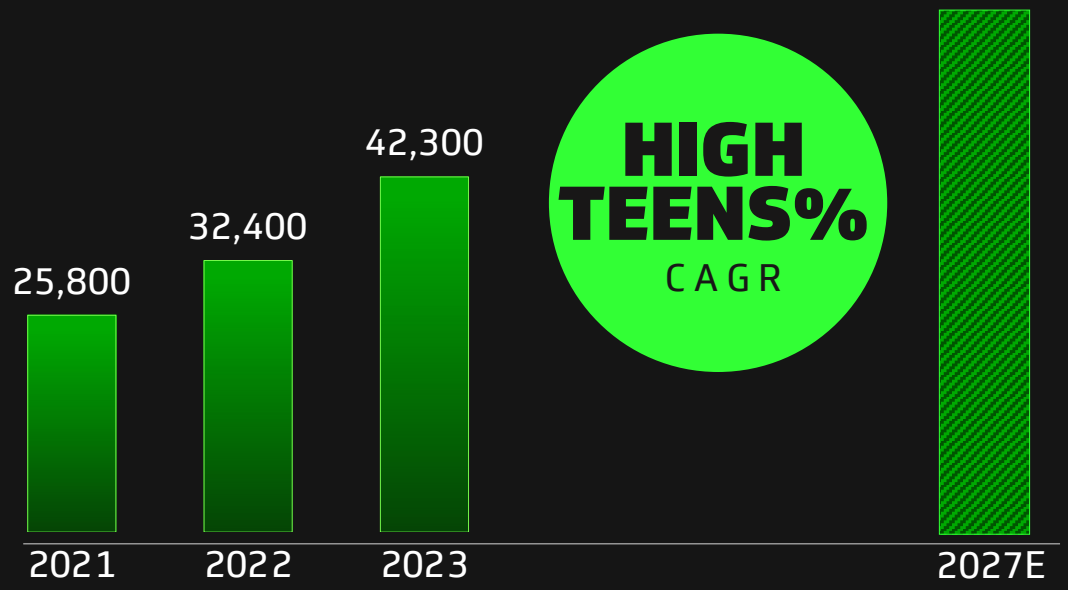
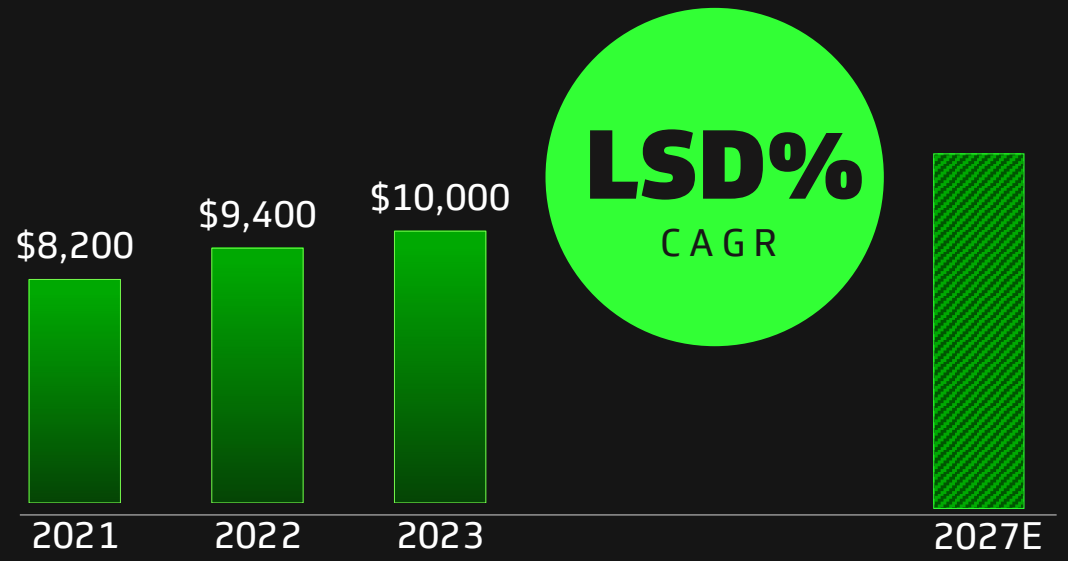
# GLOBAL SURGICAL REV. GROWTH = SURGICAL VOLUME GROWTH X REV. / SURGERY GROWTH

## SURGICAL VOLUME




## REVENUE / SURGERY



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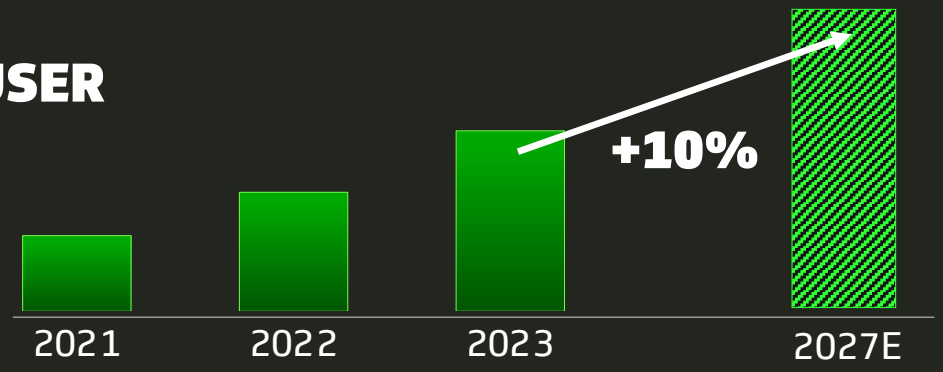
# SURGICAL VOLUME GROWTH

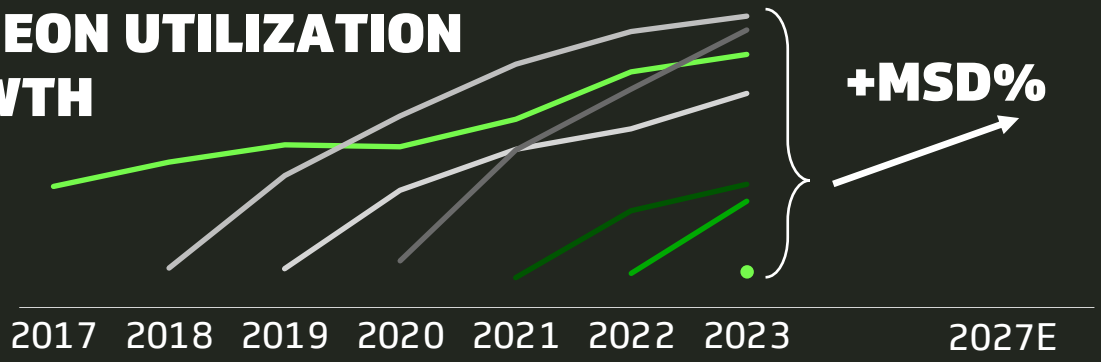
**HIGH TEENS%**
CAGR

## SURGEON USER GROWTH




- Clinical distinction
- Surgeon training
- Footprint expansion
- Enabling technology

## SURGEON UTILIZATION GROWTH




- Earned confidence
- Halo effect
- Continuous innovation



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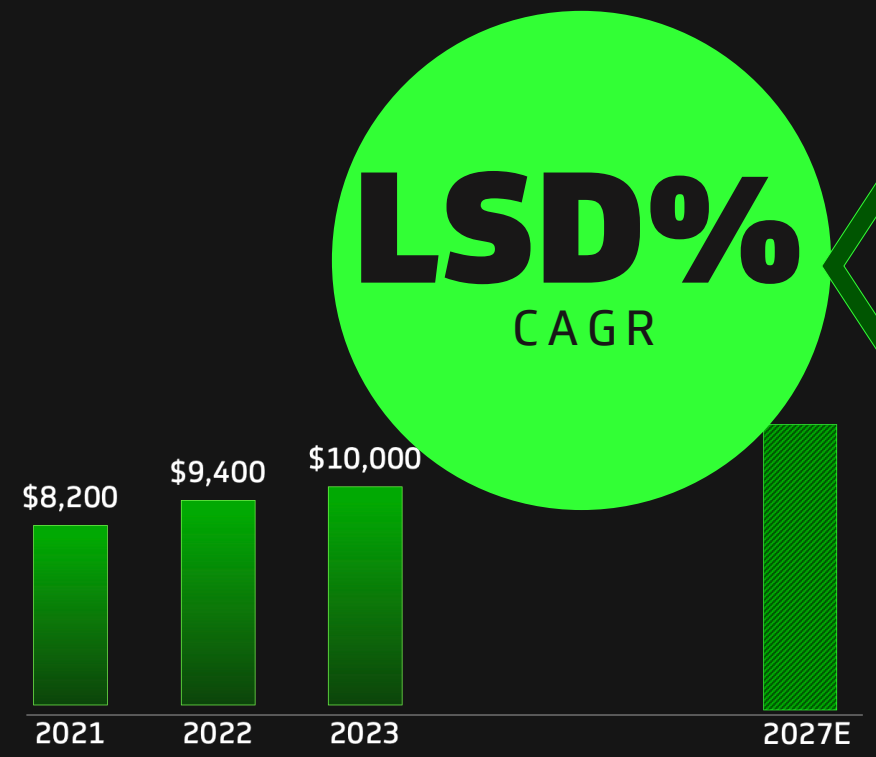
# REVENUE / SURGERYGROWTH




## TAILWINDS

- Lateral cases ~2X $ revenue / surgery
- Expandables
- Biologics attach rate
- More complex cases
- Deformity cases
- 3D-printed implants

## HEADWINDS

- Cervical cases
- International mix



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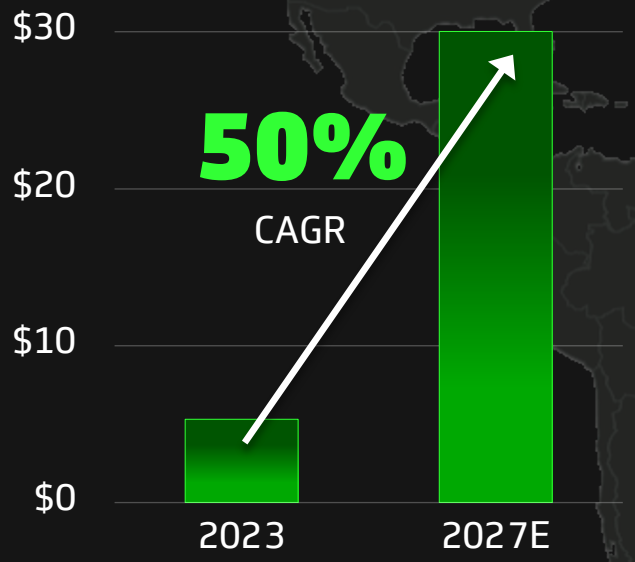
# FINANCIAL IMPACT OF INTERNATIONAL GROUNDWORK

## Ensuring integrity of ATEC proceduralization with narrow & deep market entries

### INT'L SURGICAL REVENUE




**~4%** market share by 2027, like U.S. adoption curve

\+ $ EBITDA accretive today

| | AUSTRALIA/ NEW ZEALAND | JAPAN |
|---|---|---|
| Market Size* | **$250M** | **$450M** |
| 2023 Revenue | $5M | $0 |
| Regulatory Clearance | ✓ | ✓ |
| Surgeons Trained | Beginning | Beginning |
| Sales presence | ✓ | ✓ |
| Office & warehouse | ✓ | ✓ |

 * Management estimates

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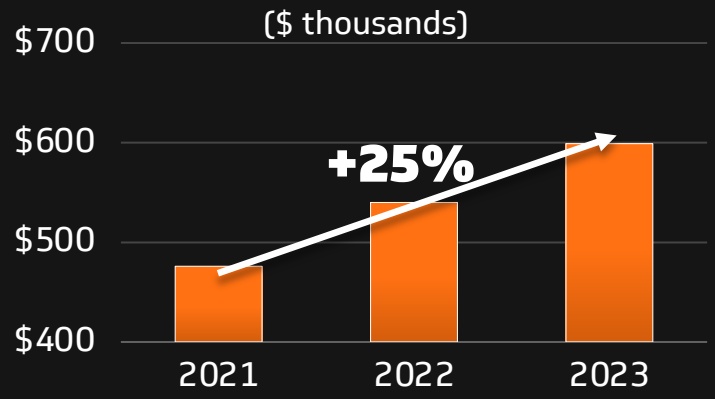
# OUR EOS INFLUENCE TO DATE HAS PRIMARILY BEEN BEHIND THE SCENES

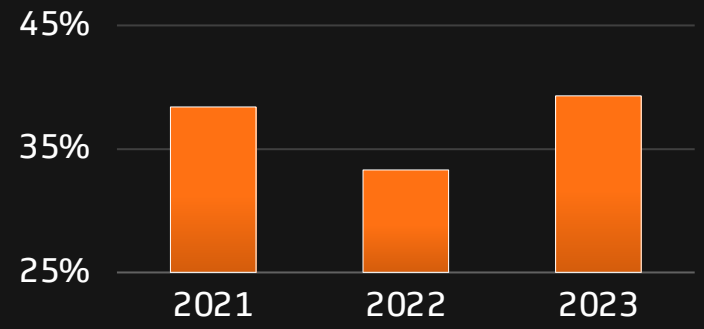
## EOS INVESTMENT

- Developed, evaluated, cleared Insight
- Created cloud infrastructure
- Secured access to data rights
- Expanded U.S. CAM team
- Upgraded France HQ and fortified support functions

## EOS GLOBAL ASP




## EOS GROSS MARGIN




- Pricing initiatives
- Exited non-strategic geographies
- Shifted order book to improve install base demographics
- Improved service ops



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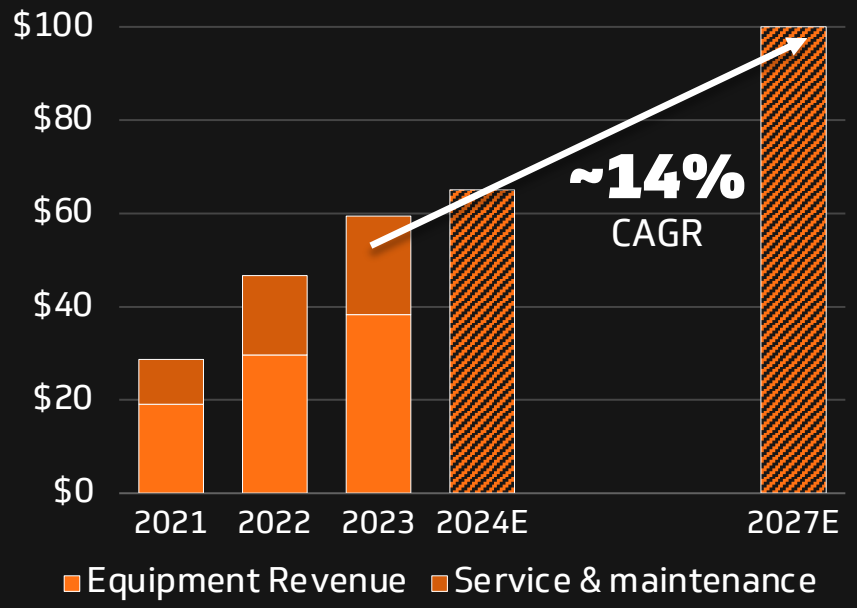
# EOS OUTLOOK

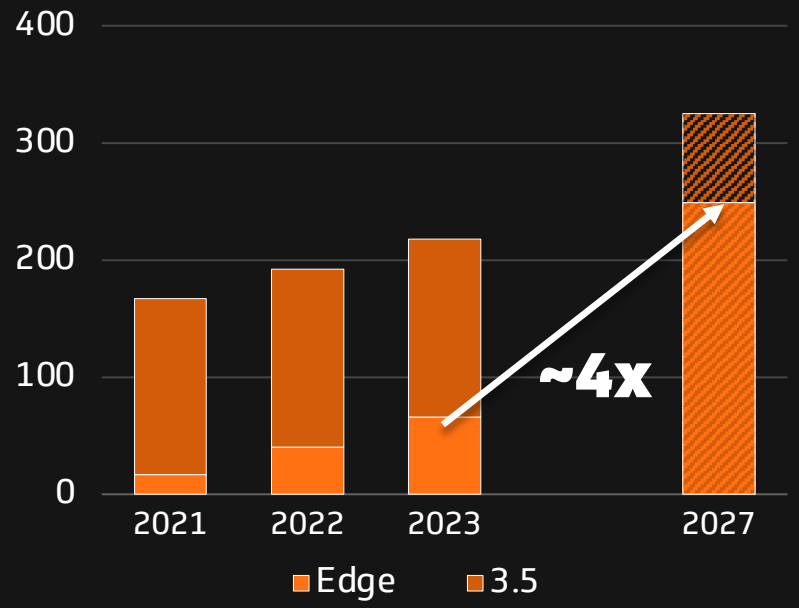
ATEC impact on asset monetization is ahead

## EOS REVENUE

Capital sales ($M)




## EOS EDGE N.A. INSTALLED BASE




- EOS Edge N.A. installed base expected to quadruple over plan period
- Launch of Insight will enhance adoption, surgeon access & monetization
- Strong headway with upgrade cycle likely to accelerate with launch of Insight and as support of 3.5's phases out

**EOS CLINICAL INFLUENCE YET TO BE FINANCIALLY REFLECTED**



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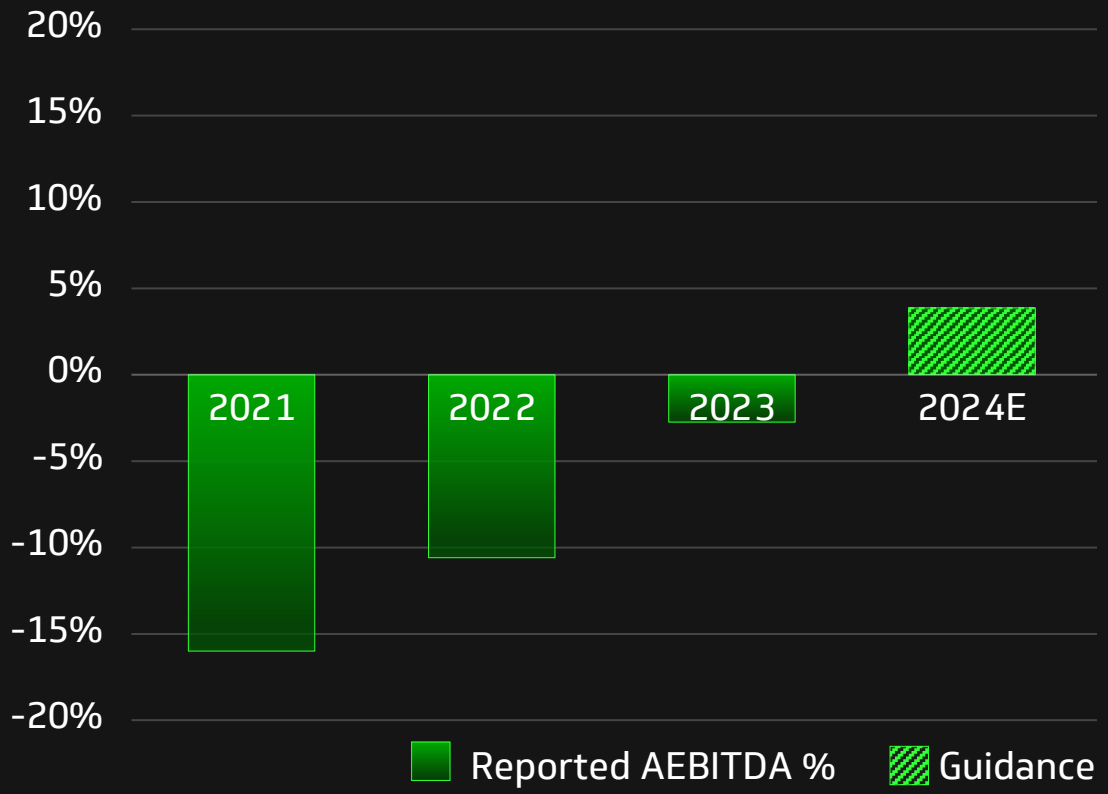
# WE ARE DELIVERING ON OUR 2022 ADJUSTED EBITDA COMMITMENTS

## AEBITDA*% RESULTS & GUIDANCE




- ✓ **1,400** bps expansion delivered – **over ½ of our commitment**
- ✓ **6** consecutive quarters of margin expansion; exceeding break-even commitment
- ✓ Margin expansion coming **from expected contributors**

 * See Adjusted EBITDA reconciliation in appendix.

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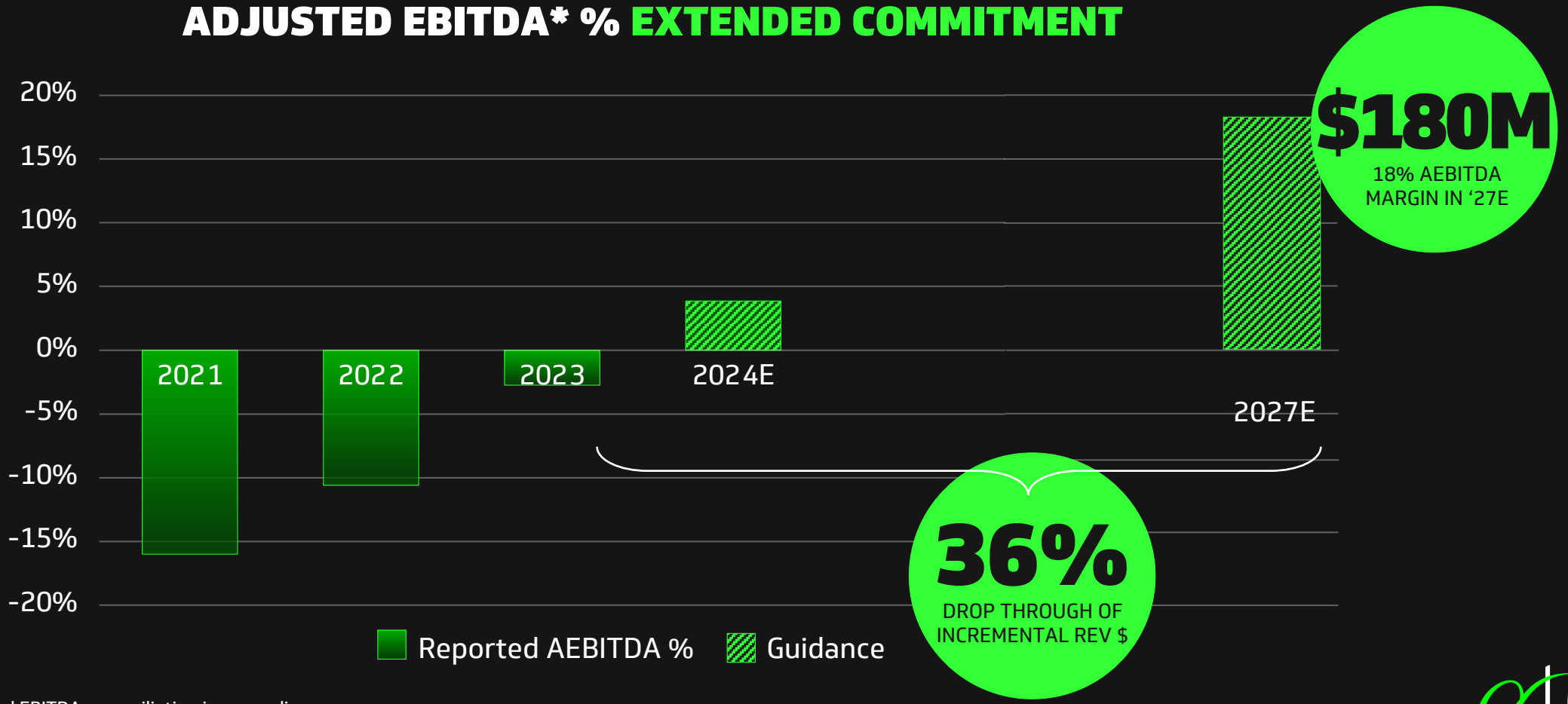
# OUR EXTENDED COMMITMENT: CONSISTENT PROFITABILITY PROGRESS

## ADJUSTED EBITDA* % EXTENDED COMMITMENT




 * See Adjusted EBITDA reconciliation in appendix.

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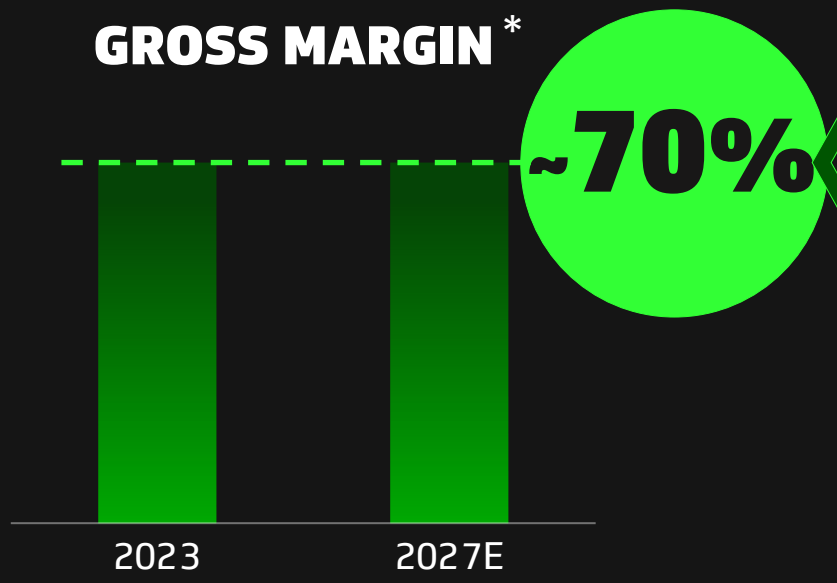
# STABLE GROSS MARGIN




## TAILWINDS

- Surgical revenue mix
- EOS pricing initiatives
- Volume efficiencies

## HEADWINDS

- LSD price pressure assumed for same product/ same customer

 See Non-GAAP reconciliation in appendix.

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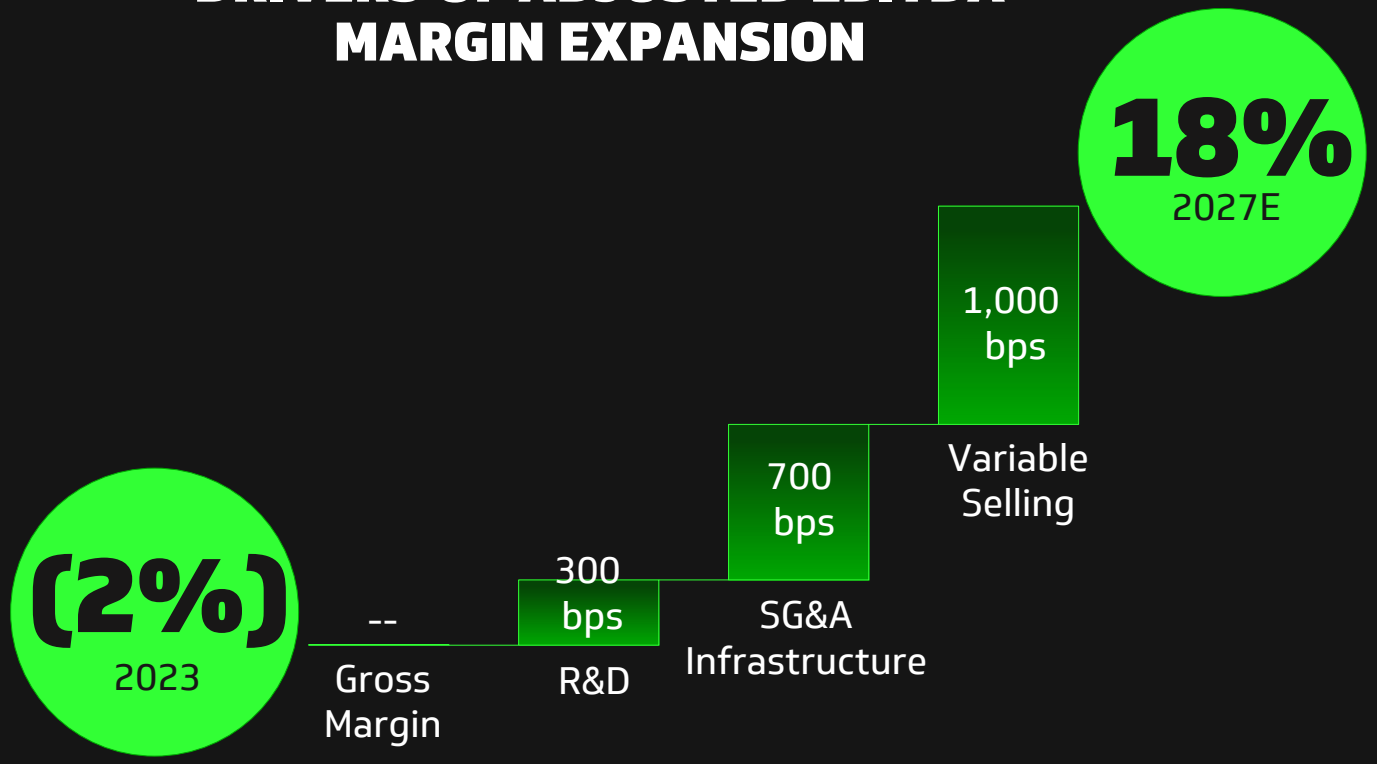
# CONTRIBUTORS TO PROFITABILITY

## Consistent drivers powering AEBITDA expansion

### DRIVERS OF ADJUSTED EBITDA MARGIN EXPANSION




- **Variable selling:** Contractual improvements are time and volume-based
- **SG&A infrastructure:** levering investments that have been made
- **R&D:** significant investment in innovation will continue
- **Gross margin:** stable

 * See Adjusted EBITDA reconciliation in appendix.

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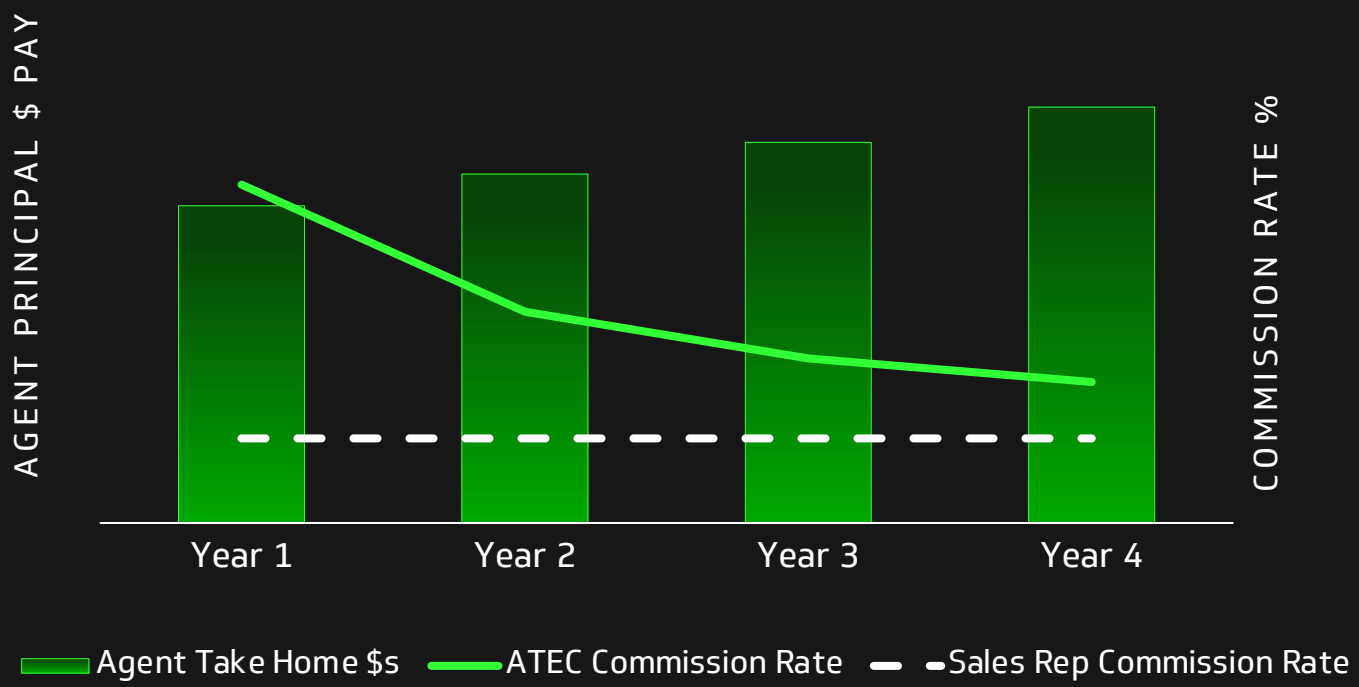
# SHARED GROWTH INCENTIVE DRIVES VARIABLE SELLING EXPENSE LEVERAGE

Agent $ commissions increase while % rate contractually steps down




## FRANCHISE – STYLE DISTRIBUTION MODEL




**Agent principal $ pay covers:**

- Agent principal take-home pay
- Rep take-home pay
- “Franchise” support & operations



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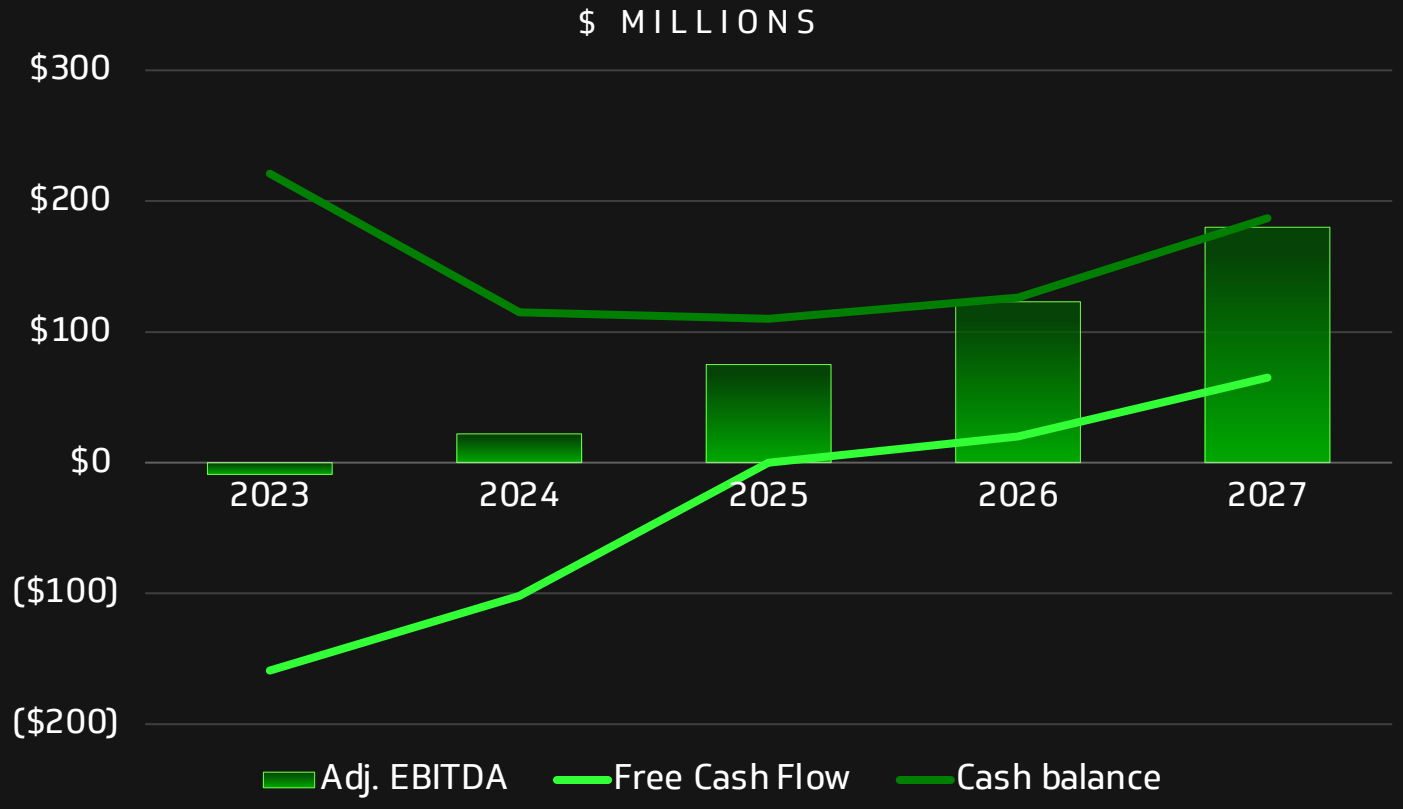
# CASH GENERATION BEGINS IN 2025

## Adjusted EBITDA expansion drives inflection to self-funded growth

### ADJUSTED EBITDA*, FREE CASH FLOW & CASH BALANCE




- Inflection to positive free cash flow in 2025 opens the door to self fund growth thereafter
- 2024 cash burn expected to be entirely in 1H
- >$100M cash balance over planning period
- Earliest debt maturity August 2026

 See Adjusted EBITDA reconciliation in appendix.

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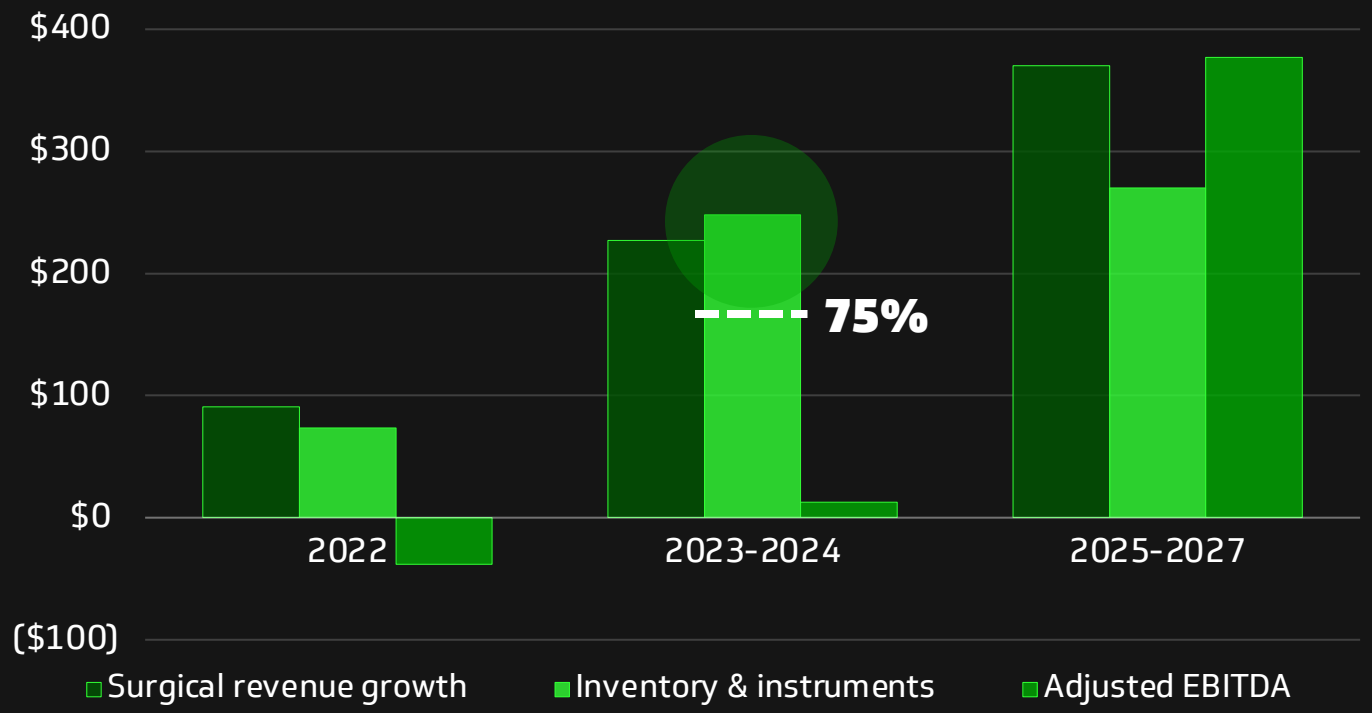
# EXECUTING THE INTENT OF RECENT RAISE

## Arming sales team with revenue-generating assets that deliver strong ROI

### INVESTMENT VS REVENUE GROWTH & AEBITDA*




- Investment in sets & inventory to support future growth generally at rate of 75% of sales growth
- Front-loading investment in 2024 to drive future revenue growth
- 2025 to 2027 AEBITDA will exceed investment requirements

 * See Adjusted EBITDA reconciliation in appendix.

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# PROFITABLE SALES GROWTH

## Sector-leading growth will power robust leverage & fund longer-term growth

| | 2023 | 2027 |
|---|---|---|
| Revenue | $482M | **$1B** |
| Adjusted EBITDA | ($9M) | **$180M** |
| Adjusted EBITDA Margin | (2%) | **18%** |
| Free Cash Flow | ($159M) | **$65M** |

**20%**
REVENUE CAGR

**2,000**
BPS MARGIN EXPANSION

**CASH FLOW BREAK EVEN 2025**

**Top-line upside potential:**

- Better-than-expected procedure volume or pricing
- Further maximization of market disruption
- Faster walk to sales team productivity
- Insight or Valence monetization
- International traction

Highly confident in **straightforward path to OpEx leverage**

Positioned to **self-fund future growth**

 * See Adjusted EBITDA reconciliation in appendix.

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# 100% SPINE FOCUS

## OUR GREATEST COMPETITIVE ADVANTAGE

Good medicine is good business.

Our sector-leading growth and inflection to profitability have and will continue to reflect how well we serve spine.

**WE LIKE OUR CHANCES.**



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# APPENDIX



# HISTORICAL GAAP P&L TREND - CONSOLIDATED ($000's)

| | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | | | | |
| Revenue from products and services | 141,079 | 242,258 | 70,918 | 84,151 | 89,839 | 105,944 | 350,852 | 109,110 | 116,920 | 118,262 | 137,970 | 482,262 |
| Revenue from Int'l supply agreement | 3,782 | 954 | 15 | - | - | - | 15 | - | - | - | - | - |
| **TOTAL REVENUE** | **144,861** | **243,212** | **70,933** | **84,151** | **89,839** | **105,944** | **350,867** | **109,110** | **116,920** | **118,262** | **137,970** | **482,262** |
| Cost of revenue | 42,360 | 85,450 | 21,717 | 28,675 | 30,323 | 37,093 | 117,808 | 38,685 | 52,379 | 38,215 | 42,780 | 172,059 |
| **Total gross profit** | **102,501** | **157,762** | **49,216** | **55,476** | **59,516** | **68,851** | **233,059** | **70,425** | **64,541** | **80,047** | **95,190** | **310,203** |
| **Operating expenses (GAAP):** | | | | | | | | | | | | |
| Research & development | 18,745 | 32,015 | 9,722 | 10,596 | 12,111 | 11,604 | 44,033 | 13,260 | 14,571 | 20,000 | 22,284 | 70,115 |
| Sales, general & administrative | 129,156 | 229,271 | 69,471 | 72,668 | 75,954 | 81,920 | 300,013 | 91,262 | 87,287 | 91,411 | 104,120 | 374,080 |
| Litigation-related | 8,552 | 11,123 | 7,532 | 5,495 | 3,602 | 7,314 | 23,943 | 3,192 | 6,908 | 2,715 | 9,472 | 22,287 |
| Amortization of acquired intangible assets | 688 | 5,348 | 2,230 | 2,177 | 2,774 | 2,934 | 10,115 | 2,883 | 3,705 | 3,873 | 3,823 | 14,284 |
| Transaction-related expenses | 4,223 | 6,365 | 120 | - | - | - | 120 | - | 1,900 | 278 | (65) | 2,113 |
| Restructuring expenses | - | 1,697 | 1,370 | 289 | 45 | 106 | 1,810 | 175 | 29 | 129 | 386 | 719 |
| **Total operating expenses (GAAP)** | **161,364** | **285,819** | **90,445** | **91,225** | **94,486** | **103,878** | **380,034** | **110,772** | **114,400** | **118,406** | **140,020** | **483,598** |
| **TOTAL OPERATING LOSS** | **(58,863)** | **(128,057)** | **(41,229)** | **(35,749)** | **(34,970)** | **(35,027)** | **(146,975)** | **(40,347)** | **(49,859)** | **(38,359)** | **(44,830)** | **(173,395)** |
| **Other income (expense):** | | | | | | | | | | | | |
| Interest and other income (expense),net | (12,374) | (8,671) | (1,486) | (1,368) | (1,900) | (280) | (5,034) | (3,168) | (1,568) | (4,412) | (4,372) | (13,520) |
| Loss on debt extinguishment | (7,612) | (7,434) | - | - | - | - | - | - | - | - | - | - |
| **Total other income (expense), net** | **(19,986)** | **(16,105)** | **(1,486)** | **(1,368)** | **(1,900)** | **(280)** | **(5,034)** | **(3,168)** | **(1,568)** | **(4,412)** | **(4,372)** | **(13,520)** |
| **Income (loss) from continuing operations (GAAP)** | **(78,849)** | **(144,162)** | **(42,715)** | **(37,117)** | **(36,870)** | **(35,307)** | **(152,009)** | **(43,515)** | **(51,427)** | **(42,771)** | **(49,202)** | **(186,915)** |
| Income tax provision | 145 | (1,130) | (99) | (16) | (77) | (524) | (716) | 14 | (50) | (117) | (124) | (277) |
| **Net loss** | **(78,994)** | **(143,032)** | **(42,616)** | **(37,101)** | **(36,793)** | **(34,783)** | **(151,293)** | **(43,529)** | **(51,377)** | **(42,654)** | **(49,078)** | **(186,638)** |
| **Net loss per share** | **(1.18)** | **(1.49)** | **(0.43)** | **(0.36)** | **(0.35)** | **(0.33)** | **(1.46)** | **(0.40)** | **(0.43)** | **(0.35)** | **(0.37)** | **(1.54)** |
| **Weighted average shares outstanding, basic and diluted** | **67,020** | **96,197** | **99,978** | **102,849** | **104,804** | **105,835** | **103,373** | **109,751** | **118,719** | **122,468** | **133,750** | **121,243** |

For more information on the Company's non-GAAP measures, adjustments and definitions, access the Supplementary Financial Information posted here:
https://s26.q4cdn.com/560491429/files/doc_financials/2023/q4/ATEC-Supplementary-Financial-Information-Q4-23.pdf

# NON-GAAP RECONCILIATION - CONSOLIDATED ($000's)

| NON-GAAP GROSS PROFIT & GROSS MARGIN | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Profit, GAAP** | 102,501 | 157,762 | 49,216 | 55,476 | 59,516 | 68,851 | 233,059 | 70,425 | 64,541 | 80,047 | 95,190 | 310,203 |
| + Amortization of intangible assets | 1,075 | 1,075 | - | 9 | 28 | 27 | 64 | 220 | 220 | 221 | 278 | 939 |
| + Stock-based compensation | 512 | 737 | 256 | 449 | 735 | 1,157 | 2,597 | 6,006 | 16,226 | 2,369 | 481 | 25,082 |
| + Purchase accounting adjustments on acquisitions | - | 6,423 | - | 437 | 347 | 565 | 1,349 | 195 | - | - | 198 | 393 |
| **Non-GAAP Gross Profit** | **104,088** | **165,997** | **49,472** | **56,371** | **60,626** | **70,600** | **237,069** | **76,846** | **80,987** | **82,637** | **96,147** | **336,617** |
| | | | | | | | | | | | | |
| **Gross Margin, GAAP** | **70.8%** | **64.9%** | **69.4%** | **65.9%** | **66.2%** | **65.0%** | **66.4%** | **64.5%** | **55.2%** | **67.7%** | **69.0%** | **64.3%** |
| + Amortization of intangible assets | 0.7% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| + Stock-based compensation | 0.4% | 0.3% | 0.4% | 0.5% | 0.8% | 1.1% | 0.7% | 5.5% | 13.9% | 2.0% | 0.3% | 5.2% |
| + Purchase accounting adjustments on acquisitions | 0.0% | 2.6% | 0.0% | 0.5% | 0.4% | 0.5% | 0.4% | 0.2% | 0.0% | 0.0% | 0.1% | 0.1% |
| **Non-GAAP Gross Margin** | **71.9%** | **68.3%** | **69.7%** | **67.0%** | **67.5%** | **66.6%** | **67.6%** | **70.4%** | **69.3%** | **69.9%** | **69.7%** | **69.8%** |

| NON-GAAP OPERATING EXPENSES | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Research & Development, GAAP** | **18,745** | **32,015** | **9,722** | **10,596** | **12,111** | **11,604** | **44,033** | **13,260** | **14,571** | **20,000** | **22,284** | **70,115** |
| - Stock-based compensation in R&D | 2,074 | 4,056 | 972 | 1,362 | 1,653 | 1,029 | 5,016 | 1,317 | 1,480 | 6,790 | 9,154 | 18,741 |
| **Non-GAAP R&D** | **16,671** | **27,959** | **8,750** | **9,234** | **10,458** | **10,575** | **39,017** | **11,943** | **13,091** | **13,210** | **13,130** | **51,374** |
| | | | | | | | | | | | | |
| **Sales General & Administrative, GAAP** | **129,156** | **229,271** | **69,471** | **72,668** | **75,954** | **81,920** | **300,013** | **91,262** | **87,287** | **91,411** | **104,120** | **374,080** |
| - Stock-based compensation in SG&A | 15,073 | 31,657 | 8,956 | 7,392 | 8,689 | 7,906 | 32,943 | 9,139 | 6,488 | 10,914 | 10,880 | 37,421 |
| + Other non-recurring expenses | - | - | - | - | - | - | - | 1,349 | - | - | - | 1,349 |
| **Non-GAAP SG&A** | **114,083** | **197,614** | **60,515** | **65,276** | **67,265** | **74,014** | **267,070** | **80,774** | **80,799** | **80,497** | **93,240** | **335,310** |
| | | | | | | | | | | | | |
| **Other Operating Expense, GAAP** | **13,463** | **24,533** | **11,252** | **7,961** | **6,421** | **10,354** | **35,988** | **6,250** | **12,542** | **6,995** | **13,616** | **39,403** |
| - Litigation-related expenses | 8,552 | 11,123 | 7,532 | 5,495 | 3,602 | 7,314 | 23,943 | 3,192 | 6,908 | 2,715 | 9,472 | 22,287 |
| - Amortization of intangible assets | 688 | 5,348 | 2,230 | 2,177 | 2,774 | 2,934 | 10,115 | 2,883 | 3,705 | 3,873 | 3,823 | 14,284 |
| - Transaction-related expenses | 4,223 | 6,365 | 120 | - | - | - | 120 | - | 1,900 | 278 | (65) | 2,113 |
| - Restructuring expenses | - | 1,697 | 1,370 | 289 | 45 | 106 | 1,810 | 175 | 29 | 129 | 386 | 719 |
| **Non-GAAP Other Operating Expense** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | | | | | | |
| **Total Non-GAAP Operating Expenses** | **130,754** | **225,573** | **69,265** | **74,510** | **77,723** | **84,589** | **306,087** | **92,717** | **93,890** | **93,707** | **106,370** | **386,684** |
| | | | | | | | | | | | | |
| **Non-GAAP Operating Expenses as a % of Revenue** | | | | | | | | | | | | |
| Research & development | 11.5% | 11.5% | 12.3% | 11.0% | 11.6% | 10.0% | 11.1% | 10.9% | 11.2% | 11.2% | 9.5% | 10.7% |
| Sales, general & administrative | 78.8% | 81.3% | 85.3% | 77.6% | 74.9% | 69.9% | 76.1% | 74.0% | 69.1% | 68.1% | 67.6% | 69.5% |
| **Total Non-GAAP Operating Expenses as a % of Revenue** | **90.3%** | **92.8%** | **97.6%** | **88.5%** | **86.5%** | **79.9%** | **87.2%** | **84.9%** | **80.3%** | **79.2%** | **77.1%** | **80.2%** |

| ADJUSTED EBITDA | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net loss, GAAP | (78,994) | (143,032) | (42,616) | (37,101) | (36,793) | (34,783) | (151,293) | (43,529) | (51,377) | (42,654) | (49,078) | (186,638) |
| Interest Expense | 12,374 | 8,671 | 1,486 | 1,368 | 1,900 | 280 | 5,034 | 3,168 | 1,568 | 4,412 | 4,372 | 13,520 |
| Loss on debt extinguishment | 7,612 | 7,434 | - | - | - | - | - | - | - | - | - | - |
| Income tax provision (benefit) | 145 | (1,130) | (99) | (16) | (77) | (524) | (716) | 14 | (50) | (117) | (124) | (277) |
| Depreciation | 9,186 | 20,332 | 7,085 | 7,506 | 8,010 | 8,388 | 30,989 | 8,589 | 9,758 | 10,651 | 11,918 | 40,916 |
| Amortization of intangible assets | 1,763 | 6,424 | 2,230 | 2,186 | 2,802 | 2,961 | 10,179 | 3,103 | 3,925 | 4,094 | 4,101 | 15,223 |
| **Total EBITDA** | **(47,914)** | **(101,301)** | **(31,914)** | **(26,057)** | **(24,158)** | **(23,678)** | **(105,807)** | **(28,655)** | **(36,176)** | **(23,614)** | **(28,811)** | **(117,256)** |
| | | | | | | | | | | | | |
| + Stock-based compensation | 17,659 | 36,450 | 10,184 | 9,203 | 11,077 | 10,092 | 40,556 | 16,462 | 24,194 | 20,073 | 20,515 | 81,244 |
| + Purchase accounting adjustments on acquisitions | - | 6,423 | - | 437 | 347 | 565 | 1,349 | 195 | - | - | 198 | 393 |
| + Litigation-related expenses | 8,552 | 11,123 | 7,532 | 5,495 | 3,602 | 7,314 | 23,943 | 3,192 | 6,908 | 2,715 | 9,472 | 22,287 |
| + Transaction-related expenses | 4,223 | 6,365 | 120 | - | - | - | 120 | - | 1,900 | 278 | (65) | 2,113 |
| + Restructuring expenses | - | 1,697 | 1,370 | 289 | 45 | 106 | 1,810 | 175 | 29 | 129 | 386 | 719 |
| + Other non-recurring expenses | - | - | - | - | - | - | - | 1,349 | - | - | - | 1,349 |
| **Total Adjusted EBITDA** | **(17,480)** | **(39,243)** | **(12,708)** | **(10,633)** | **(9,087)** | **(5,601)** | **(38,029)** | **(7,282)** | **(3,145)** | **(419)** | **1,695** | **(9,151)** |
| | | | | | | | | | | | | |
| ***Adjusted EBITDA as a % of Revenue*** | ***-12.1%*** | ***-16.1%*** | ***-17.9%*** | ***-12.6%*** | ***-10.1%*** | ***-5.3%*** | ***-10.8%*** | ***-6.7%*** | ***-2.7%*** | ***-0.4%*** | ***1.2%*** | ***-1.9%*** |

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https://s26.q4cdn.com/560491429/files/doc_financials/2023/q4/ATEC-Supplementary-Financial-Information-Q4-23.pdf

# NON-GAAP P&L TREND

| | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **144,861** | **243,212** | **70,933** | **84,151** | **89,839** | **105,944** | **350,867** | **109,110** | **116,920** | **118,262** | **137,970** | **482,262** |
| Non-GAAP cost of sales | 40,773 | 77,215 | 21,461 | 27,780 | 29,213 | 35,344 | 113,798 | 32,264 | 35,933 | 35,625 | 41,823 | 145,645 |
| **Non-GAAP gross profit** | **104,088** | **165,997** | **49,472** | **56,371** | **60,626** | **70,600** | **237,069** | **76,846** | **80,987** | **82,637** | **96,147** | **336,617** |
| *Non-GAAP Gross Margin* | *71.9%* | *68.3%* | *69.7%* | *67.0%* | *67.5%* | *66.6%* | *67.6%* | *70.4%* | *69.3%* | *69.9%* | *69.7%* | *69.8%* |
| **Operating expenses (Non-GAAP):** | | | | | | | | | | | | |
| Research & development, Non-GAAP | 16,671 | 27,959 | 8,750 | 9,234 | 10,458 | 10,575 | 39,017 | 11,943 | 13,091 | 13,210 | 13,130 | 51,374 |
| Sales, general & administrative, Non-GAAP | 114,083 | 197,613 | 60,515 | 65,276 | 67,265 | 74,014 | 267,070 | 80,774 | 80,799 | 80,497 | 93,240 | 335,310 |
| **Total operating expenses (Non-GAAP)** | **130,754** | **225,572** | **69,265** | **74,510** | **77,723** | **84,589** | **306,087** | **92,717** | **93,890** | **93,707** | **106,370** | **386,684** |
| *R&D as % of revenue* | *11.5%* | *11.5%* | *12.3%* | *11.0%* | *11.6%* | *10.0%* | *11.1%* | *10.9%* | *11.2%* | *11.2%* | *9.5%* | *10.7%* |
| *SG&A as % of revenue* | *78.8%* | *81.3%* | *85.3%* | *77.6%* | *74.9%* | *69.9%* | *76.1%* | *74.0%* | *69.1%* | *68.1%* | *67.6%* | *69.5%* |
| *Total OPEX as % of revenue* | *90.3%* | *92.7%* | *97.6%* | *88.5%* | *86.5%* | *79.8%* | *87.2%* | *84.9%* | *80.3%* | *79.2%* | *77.1%* | *80.2%* |
| **Non-GAAP operating loss** | **(26,666)** | **(59,575)** | **(19,793)** | **(18,139)** | **(17,097)** | **(13,989)** | **(69,018)** | **(15,871)** | **(12,903)** | **(11,070)** | **(10,223)** | **(50,067)** |
| *Op loss as % of revenue* | *-18.4%* | *-24.5%* | *-27.9%* | *-21.6%* | *-19.0%* | *-13.2%* | *-19.7%* | *-14.5%* | *-11.0%* | *-9.4%* | *-7.4%* | *-10.4%* |
| Less: Depreciation | 9,186 | 20,332 | 7,085 | 7,506 | 8,010 | 8,388 | 30,989 | 8,589 | 9,758 | 10,651 | 11,918 | 40,916 |
| **Adjusted EBITDA** | **(17,480)** | **(39,243)** | **(12,708)** | **(10,633)** | **(9,087)** | **(5,601)** | **(38,029)** | **(7,282)** | **(3,145)** | **(419)** | **1,695** | **(9,151)** |
| *Adj EBITDA as % of revenue* | *-12.1%* | *-16.1%* | *-17.9%* | *-12.6%* | *-10.1%* | *-5.3%* | -10.8% | -6.7% | -2.7% | -0.4% | 1.2% | -1.9% |

# REVENUE SUPPLEMENT

| | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | | | | |
| Products and services - Surgical | 141,079 | 212,240 | 60,649 | 72,343 | 78,727 | 91,322 | 303,041 | 94,040 | 102,306 | 103,823 | 122,594 | 422,763 |
| Products and services - Imaging | - | 30,018 | 10,269 | 11,808 | 11,112 | 14,622 | 47,811 | 15,070 | 14,614 | 14,439 | 15,376 | 59,499 |
| Revenue from products and services | 141,079 | 242,258 | 70,918 | 84,151 | 89,839 | 105,944 | 350,852 | 109,110 | 116,920 | 118,262 | 137,970 | 482,262 |
| Revenue from Int'l supply agreement | 3,782 | 954 | 15 | - | - | - | 15 | - | - | - | - | - |
| **TOTAL REVENUE** | **144,861** | **243,212** | **70,933** | **84,151** | **89,839** | **105,944** | **350,867** | **109,110** | **116,920** | **118,262** | **137,970** | **482,262** |
| **Constant currency adjustments:** | | | | | | | | | | | | |
| Products and services - Surgical | - | - | - | - | - | - | - | 17 | (6) | 4 | 42 | 57 |
| Products and services - EOS | - | - | 292 | 618 | 746 | 1,012 | 2,668 | 363 | 15 | (319) | (266) | (207) |
| Revenue from products and services | - | - | 293 | 615 | 807 | 1,012 | 2,668 | 380 | 9 | (315) | (224) | (150) |
| Revenue from Int'l supply agreement | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL ADJUSTMENTS** | **-** | **-** | **293** | **615** | **807** | **1,012** | **2,668** | **380** | **9** | **(315)** | **(224)** | **(150)** |
| **Revenues at constant currency:** | | | | | | | | | | | | |
| Products and services - Surgical | 141,079 | 212,240 | 60,649 | 72,343 | 78,727 | 91,322 | 303,041 | 94,087 | 102,300 | 103,827 | 122,636 | 422,820 |
| Products and services - EOS | - | 30,019 | 10,561 | 12,426 | 11,858 | 15,634 | 50,479 | 15,403 | 14,629 | 14,120 | 15,110 | 59,292 |
| Revenue from products and services | 141,079 | 242,259 | 71,210 | 84,769 | 90,585 | 106,956 | 353,520 | 109,490 | 116,929 | 117,947 | 137,746 | 482,112 |
| Revenue from Int'l supply agreement | 3,782 | 954 | 15 | - | - | - | 15 | - | - | - | - | - |
| **TOTAL REVENUE AT CONSTANT CURRENCY** | **144,861** | **243,213** | **71,225** | **84,769** | **90,585** | **106,956** | **353,535** | **109,490** | **116,929** | **117,947** | **137,746** | **482,112** |

| **YOY GROWTH %** | **2020** | **2021** | **Q122** | **Q222** | **Q322** | **Q422** | **2022** | **Q123** | **Q223** | **Q323** | **Q423** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Products and services - Surgical | 30.3% | 50.4% | 38.7% | 29.7% | 52.6% | 49.3% | 42.8% | 55.1% | 41.4% | 31.9% | 34.2% | 39.5% |
| Products and services - Imaging | | | | 93.1% | -0.2% | 14.5% | 59.3% | 46.5% | 23.8% | 29.9% | 5.2% | 24.4% |
| Revenue from products and services | 30.3% | 71.7% | 62.2% | 36.0% | 43.2% | 43.3% | 44.8% | 53.9% | 38.9% | 31.6% | 30.2% | 37.5% |
| Revenue from Int'l supply agreement | -27.1% | -74.8% | -96.3% | -100.0% | -100.0% | -100.0% | -98.4% | -100.0% | 0.0% | 0.0% | 0.0% | -100.0% |
| **TOTAL REVENUE** | **27.7%** | **67.9%** | **60.8%** | **35.2%** | **42.9%** | **43.2%** | **44.3%** | **53.8%** | **38.9%** | **31.6%** | **30.2%** | **37.4%** |
| **YOY growth % at constant currency:** | | | | | | | | | | | | |
| Products and services - Surgical | 30.3% | 50.4% | 38.7% | 29.7% | 52.6% | 49.3% | 42.8% | 55.1% | 41.4% | 31.9% | 34.3% | 39.5% |
| Products and services - EOS | | | | 103.2% | 6.5% | 22.4% | 68.2% | 45.9% | 17.7% | 19.1% | -3.4% | 17.5% |
| Revenue from products and services | 30.3% | 71.7% | 62.9% | 37.0% | 44.4% | 44.7% | 45.9% | 53.8% | 37.9% | 30.2% | 28.8% | 36.4% |
| Revenue from Int'l supply agreement | -27.1% | -74.8% | -96.3% | -100.0% | -100.0% | -100.0% | -98.4% | -100.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **TOTAL REVENUE GROWTH % AT CONSTANT CURRENCY** | **27.7%** | **67.9%** | **61.4%** | **36.2%** | **44.1%** | **44.6%** | **45.4%** | **53.7%** | **37.9%** | **30.2%** | **28.8%** | **36.4%** |

| **PRODUCT CATEGORIES PER CASE** | **2020** | **2021** | **Q122** | **Q222** | **Q322** | **Q422** | **2022** | **Q123** | **Q223** | **Q323** | **Q423** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Product Categories per Case (inclusive of bulk orders) | 1.9 | 2.1 | 2.1 | 2.2 | 2.3 | 2.3 | 2.2 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 |

For more information on the Company's non-GAAP measures, adjustments and definitions, access the Supplementary Financial Information posted here:

https://s26.q4cdn.com/560491429/files/doc_financials/2023/q4/ATEC-Supplementary-Financial-Information-Q4-23.pdf

# PRIOR DEFINITION* NON-GAAP RECONCILIATION ($000's)

| | 2020 | 2021 | Q122 | Q222 | Q322 | Q422 | 2022 | Q123 | Q223 | Q323 | Q423 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-GAAP Gross Profit** | 104,088 | 165,997 | 49,472 | 56,371 | 60,626 | 70,600 | 237,069 | 76,846 | 80,987 | 82,637 | 96,147 | 336,617 |
| + Excess & obsolete charges | 7,044 | 11,147 | 1,706 | 2,394 | 2,923 | 2,769 | 9,792 | 2,098 | 4,636 | 2,454 | 4,420 | 13,609 |
| **Prior Definition Non-GAAP Gross Profit** | **111,132** | **177,144** | **51,178** | **58,765** | **63,549** | **73,369** | **246,861** | **78,944** | **85,623** | **85,091** | **100,567** | **350,226** |
| ***Non-GAAP Gross Margin*** | 71.9% | 68.3% | 69.7% | 67.0% | 67.5% | 66.6% | 67.6% | 70.4% | 69.3% | 69.9% | 69.7% | 69.8% |
| *+ Excess & obsolete charges* | 4.9% | 4.6% | 2.4% | 2.8% | 3.3% | 2.6% | 2.8% | 1.9% | 4.0% | 2.1% | 3.2% | 2.8% |
| ***Prior Definition Non-GAAP Gross Margin*** | **76.7%** | **72.8%** | **72.1%** | **69.8%** | **70.7%** | **69.3%** | **70.4%** | **72.4%** | **73.2%** | **72.0%** | **72.9%** | **72.6%** |
| **Non-GAAP Operating Loss** | (26,666) | (59,575) | (19,793) | (18,139) | (17,097) | (13,989) | (69,018) | (15,871) | (12,903) | (11,070) | (10,223) | (50,067) |
| + Excess & obsolete charges | 7,044 | 11,147 | 1,706 | 2,394 | 2,923 | 2,769 | 9,792 | 2,098 | 4,636 | 2,454 | 4,420 | 13,608 |
| **Prior Definition Non-GAAP Operating Loss** | **(19,622)** | **(48,428)** | **(18,087)** | **(15,745)** | **(14,174)** | **(11,220)** | **(59,226)** | **(13,773)** | **(8,267)** | **(8,616)** | **(5,803)** | **(36,459)** |
| ***Prior Definition Non-GAAP Operating Loss as a % of Revenue*** | -13.5% | -19.9% | -25.5% | -18.7% | -15.8% | -10.6% | -16.9% | -12.6% | -7.1% | -7.3% | -4.2% | -7.6% |
| **Adjusted EBITDA** | (17,480) | (39,243) | (12,708) | (10,633) | (9,087) | (5,601) | (38,029) | (7,282) | (3,145) | (419) | 1,695 | (9,151) |
| + Excess & obsolete charges | 7,044 | 11,147 | 1,706 | 2,394 | 2,923 | 2,769 | 9,792 | 2,098 | 4,636 | 2,454 | 4,420 | 13,608 |
| **Prior Definition Adjusted EBITDA** | **(10,436)** | **(28,096)** | **(11,002)** | **(8,239)** | **(6,164)** | **(2,832)** | **(28,237)** | **(5,184)** | **1,491** | **2,035** | **6,115** | **4,457** |
| ***Prior Definition Adjusted EBITDA as a % of Revenue*** | -7.2% | -11.6% | -15.5% | -9.8% | -6.9% | -2.7% | -8.0% | -4.8% | 1.3% | 1.7% | 4.4% | 0.9% |

*The Company updated its non-GAAP financial measures to include the non-cash impact of the provision for excess and obsolete inventory (E&O) in the calculation of Cost of Goods Sold. The prior definiton of Non-GAAP financial measures reconciled above excluded the non-cash impact of the provision for excess and obsolete inventory (E&O) in the calculation of Cost of Goods Sold.

For more information on the Company's non-GAAP measures, adjustments and definitions, access the Supplementary Financial Information posted here:
https://s26.q4cdn.com/560491429/files/doc_financials/2023/q4/ATEC-Supplementary-Financial-Information-Q4-23.pdf