REFINITIV

DELTA REPORT

10-Q

ATEC - ALPHATEC HOLDINGS, INC.

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1133
CHANGES	198
DELETIONS	290
ADDITIONS	645

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-52024

ALPHATEC HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-2463898**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1950 Camino Vida Roble, Carlsbad, CA	**92008**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	ATEC	The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of July 25, 2024 October 24, 2024, there were 140,459,773 141,767,870 shares of the registrant's common stock outstanding.

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ALPHATEC HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
June September 30, 2024

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for par value data)

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets	(Unaudited)		(Unaudited)	
Current assets:				
Cash and cash equivalents	$ 99,828	$ 220,970	$ 80,976	$ 220,970
Accounts receivable, net of allowances of $4,760 and $910, respectively	83,985	72,613		
Accounts receivable, net of allowances of $4,767 and $910, respectively	78,452	72,613		
Inventories	172,314	136,842	183,111	136,842
Prepaid expenses and other current assets	20,478	20,666	19,886	20,666
Total current assets	376,605	451,091	362,425	451,091
Property and equipment, net	180,614	149,835	171,430	149,835
Right-of-use assets	37,178	26,410	37,015	26,410
Goodwill	72,008	73,003	73,397	73,003
Intangible assets, net	99,152	102,451	98,785	102,451
Other assets	3,029	2,418	2,843	2,418
Total assets	$ 768,586	$ 805,208	$ 745,895	$ 805,208
Liabilities and Stockholders' Equity				
Liabilities and Stockholders' (Deficit) Equity				
Current liabilities:				
Accounts payable	$ 72,739	$ 48,985	$ 59,578	$ 48,985
Accrued expenses and other current liabilities	75,925	87,712	76,262	87,712
Contract liabilities	11,775	13,910	11,602	13,910
Short-term debt	2,289	1,808	1,790	1,808
Current portion of operating lease liabilities	6,723	5,159	6,989	5,159
Total current liabilities	169,451	157,574	156,221	157,574
Long-term debt	516,881	511,035	525,935	511,035
Operating lease liabilities, less current portion	29,626	23,677	29,140	23,677
Other long-term liabilities	11,914	11,203	12,358	11,203
Commitments and contingencies (Note 9)				
Redeemable preferred stock, $0.0001 par value; 20,000 shares authorized at June 30, 2024 and December 31, 2023; 3,319 shares issued and outstanding at June 30, 2024 and December 31, 2023	23,603	23,603		
Stockholders' equity:				

Common stock, $0.0001 par value; 200,000 authorized; 143,014 shares issued and outstanding at June 30, 2024; and 139,257 shares issued and 139,245 shares outstanding at December 31, 2023	14	14		
Redeemable preferred stock, $0.0001 par value; 20,000 shares authorized at September 30, 2024 and December 31, 2023; 3,319 shares issued and outstanding at September 30, 2024 and December 31, 2023	23,603	23,603		
Stockholders' (deficit) equity:				
Common stock, $0.0001 par value; 200,000 authorized; 143,907 shares issued and outstanding at September 30, 2024; and 139,257 shares issued and 139,245 shares outstanding at December 31, 2023	14	14		
Treasury stock, 1,808 shares, at cost	(25,097)	(25,097)	(25,097)	(25,097)
Additional paid-in capital	1,261,860	1,230,484	1,279,886	1,230,484
Accumulated other comprehensive loss	(11,529)	(8,323)	(8,412)	(8,323)
Accumulated deficit	(1,208,137)	(1,118,962)	(1,247,753)	(1,118,962)
Total stockholders' equity	17,111	78,116		
Total stockholders' (deficit) equity	(1,362)	78,116		
Total liabilities and stockholders' equity	$ 768,586	$ 805,208	$ 745,895	$ 805,208

See accompanying notes to unaudited condensed consolidated financial statements.

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ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from products and services	$ 145,573	$ 116,920	$ 284,050	$ 226,030	$ 150,719	$ 118,262	$ 434,769	$ 344,292
Cost of sales	42,979	52,379	84,105	91,064	47,990	38,215	132,095	129,279
Gross profit	102,594	64,541	199,945	134,966	102,729	80,047	302,674	215,013
Operating expenses:								
Research and development	19,105	14,571	37,117	27,831	20,357	20,000	57,474	47,831
Sales, general and administrative	112,731	87,287	226,458	178,549	109,200	91,411	335,658	269,960
Litigation-related expenses	2,090	6,908	6,518	10,100	2,093	2,715	8,611	12,815
Amortization of acquired intangible assets	3,836	3,705	7,690	6,588	3,848	3,873	11,538	10,461
Transaction-related expenses	—	1,900	(117)	1,900	—	278	(117)	2,178
Restructuring expenses	139	29	927	204	934	129	1,861	333
Total operating expenses	137,901	114,400	278,593	225,172	136,432	118,406	415,025	343,578
Operating loss	(35,307)	(49,859)	(78,648)	(90,206)	(33,703)	(38,359)	(112,351)	(128,565)
Other expense, net:								
Interest expense, net	(5,815)	(3,892)	(11,156)	(7,766)	(6,572)	(4,459)	(17,728)	(12,225)
Other income, net	156	2,324	274	3,030	623	47	897	3,077
Total other expense, net	(5,659)	(1,568)	(10,882)	(4,736)	(5,949)	(4,412)	(16,831)	(9,148)
Net loss before taxes	(40,966)	(51,427)	(89,530)	(94,942)	(39,652)	(42,771)	(129,182)	(137,713)
Income tax benefit	(286)	(50)	(355)	(36)	(36)	(117)	(391)	(153)

Net loss	$ (40,680)	$ (51,377)	$ (89,175)	$ (94,906)	$ (39,616)	$ (42,654)	$ (128,791)	$ (137,560)
Net loss per share, basic and diluted	$ (0.29)	$ (0.43)	$ (0.63)	$ (0.83)	$ (0.28)	$ (0.35)	$ (0.90)	$ (1.18)
Weighted average shares outstanding, basic and diluted	142,687	118,719	141,845	114,260	143,492	122,468	142,400	117,026

See accompanying notes to unaudited condensed consolidated financial statements.

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ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net loss	$ (40,680)	$ (51,377)	$ (89,175)	$ (94,906)	$ (39,616)	$ (42,654)	$ (128,791)	$ (137,560)
Foreign currency translation adjustments	(742)	178	(3,206)	1,283	3,117	(2,600)	(89)	(1,317)
Comprehensive loss	$ (41,422)	$ (51,199)	$ (92,381)	$ (93,623)	$ (36,499)	$ (45,254)	$ (128,880)	$ (138,877)

See accompanying notes to unaudited condensed consolidated financial statements.

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ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(UNAUDITED)
(In thousands)

	Common stock		Additional paid-in	Treasury	Accumulated other comprehensive	Accumulated	Total stockholders'	Common stock		Additional paid-in	Treasury	Accumulated other comprehensive	Accumulated	Total stockholders' (deficit)
	Shares	Par Value	capital	stock	loss	deficit	equity	Shares	Par Value	capital	stock	loss	deficit	equity
Balance at December 31, 2023	139,245	$ 14	$ 1,230,484	$ (25,097)	$ (8,323)	$ (1,118,962)	$ 78,116	139,245	$ 14	$ 1,230,484	$ (25,097)	$ (8,323)	$ (1,118,962)	$ 78,116
Stock-based compensation	—	—	17,322	—	—	—	17,322	—	—	17,322	—	—	—	17,322
Common stock issued for warrant exercises	30	—	150	—	—	—	150	30	—	150	—	—	—	150

Common stock issued for stock option exercises	56	—	156	—	—	—	156	56	—	156	—	—	—	156
Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	3,079	—	(7,560)	—	—	—	(7,560)	3,079	—	(7,560)	—	—	—	(7,560)
Reclassification of equity-based liability	—	—	327	—	—	—	327	—	—	327	—	—	—	327
Foreign currency translation adjustments	—	—	—	—	(2,464)	—	(2,464)	—	—	—	—	(2,464)	—	(2,464)
Net loss	—	—	—	—	—	(48,495)	(48,495)	—	—	—	—	—	(48,495)	(48,495)
Balance at March 31, 2024	142,410	$ 14	$ 1,240,879	$ (25,097)	$ (10,787)	$ (1,167,457)	$ 37,552	142,410	$ 14	$ 1,240,879	$ (25,097)	$ (10,787)	$ (1,167,457)	$ 37,552
Stock-based compensation	—	—	16,960	—	—	—	16,960	—	—	16,960	—	—	—	16,960
Common stock issued for employee stock purchase plan and stock option exercises	283	—	2,524	—	—	—	2,524	283	—	2,524	—	—	—	2,524
Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	303	—	(265)	—	—	—	(265)	303	—	(265)	—	—	—	(265)
Common stock issued for asset acquisition	18	—	250	—	—	—	250	18	—	250	—	—	—	250
Reclassification of equity-based liability	—	—	1,512	—	—	—	1,512	—	—	1,512	—	—	—	1,512
Foreign currency translation adjustments	—	—	—	—	(742)	—	(742)	—	—	—	—	(742)	—	(742)
Net loss	—	—	—	—	—	(40,680)	(40,680)	—	—	—	—	—	(40,680)	(40,680)
Balance at June 30, 2024	143,014	$ 14	$ 1,261,860	$ (25,097)	$ (11,529)	$ (1,208,137)	$ 17,111	143,014	$ 14	$ 1,261,860	$ (25,097)	$ (11,529)	$ (1,208,137)	$ 17,111
Stock-based compensation	—	—	17,462	—	—	—	17,462							
Common stock issued for warrant exercises	13		65				65							
Common stock issued for stock option exercises	78	—	226	—	—	—	226							

Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	802	—	(95)	—	—	—	(95)
Reclassification of equity-based liability	—	—	368	—	—	—	368
Foreign currency translation adjustments	—	—	—	—	3,117	—	3,117
Net loss	—	—	—	—	—	(39,616)	(39,616)
Balance at September 30, 2024	143,907	$ 14	$ 1,279,886	$ (25,097)	$ (8,412)	$ (1,247,753)	$ (1,362)

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ALPHATEC HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY (DEFICIT) DEFICIT

(UNAUDITED)

(In thousands)

	Common stock		Additional paid-in	Treasury	Accumulated other comprehensive	Accumulated	Total stockholders’	Common stock		Additional paid-in	Treasury	Accumulated other comprehensive	Accumulated	Total stockholders’
	Shares	Par Value	capital	stock	loss	deficit	deficit	Shares	Par Value	capital	stock	loss	deficit	deficit
Balance at December 31, 2022	106,640	$ 11	$ 933,537	$ (25,097)	$ (10,794)	$ (932,324)	$ (34,667)	106,640	$ 11	$ 933,537	$ (25,097)	$ (10,794)	$ (932,324)	$ (34,667)
Stock-based compensation	—	—	16,462	—	—	—	16,462	—	—	16,462	—	—	—	16,462
Common stock issued for warrant exercises	4,443	1	456	—	—	—	457	4,443	1	456	—	—	—	457
Common stock issued for stock option exercises	349	—	768	—	—	—	768	349	—	768	—	—	—	768
Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	2,027	—	(2,331)	—	—	—	(2,331)	2,027	—	(2,331)	—	—	—	(2,331)
Reclassification of equity-based liability	—	—	3,373	—	—	—	3,373	—	—	3,373	—	—	—	3,373

Foreign currency translation adjustments	—	—	—	—	1,105	—	1,105	—	—	—	—	1,105	—	1,105
Net loss	—	—	—	—	—	(43,529)	(43,529)	—	—	—	—	—	(43,529)	(43,529)
Balance at March 31, 2023	113,459	$ 12	$ 952,265	$ (25,097)	$ (9,689)	$ (975,853)	$ (58,362)	113,459	$ 12	$ 952,265	$ (25,097)	$ (9,689)	$ (975,853)	$ (58,362)
Stock-based compensation	—	—	24,194	—	—	—	24,194	—	—	24,194	—	—	—	24,194
Common stock issued for warrant exercises	1,121	—	172	—	—	—	172	1,121	—	172	—	—	—	172
Common stock issued for employee stock purchase plan and stock option exercises	274	—	2,277	—	—	—	2,277	274	—	2,277	—	—	—	2,277
Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	2,711	—	(2,934)	—	—	—	(2,934)	2,711	—	(2,934)	—	—	—	(2,934)
Common stock offering, net of offering costs of $2,489	4,286	—	57,511	—	—	—	57,511	4,286	—	57,511	—	—	—	57,511
Reclassification of equity-based liability	—	—	188				188	—	—	188				188
Foreign currency translation adjustments	—	—	—	—	178	—	178	—	—	—	—	178	—	178
Net loss	—	—	—	—	—	(51,377)	(51,377)	—	—	—	—	—	(51,377)	(51,377)
Balance at June 30, 2023	121,851	$ 12	$ 1,033,673	$ (25,097)	$ (9,511)	$ (1,027,230)	$ (28,153)	121,851	$ 12	$ 1,033,673	$ (25,097)	$ (9,511)	$ (1,027,230)	$ (28,153)
Stock-based compensation	—	—	20,073	—	—	—	20,073							
Common stock issued for stock option exercises	8	—	38	—	—	—	38							
Common stock issued for vesting of restricted stock units, net of shares withheld for tax liability	784	—	(782)	—	—	—	(782)							
Common Stock offering, net of offering costs of $307	668	—	9,917	—	—	—	9,917							
Foreign currency translation adjustments	—	—	—	—	(2,600)	—	(2,600)							

Net loss	—	—	—	—	—	(42,654)	(42,654)
Balance at September 30, 2023	123,311	$ 12	$ 1,062,919	$ (25,097)	$ (12,111)	$ (1,069,884)	$ (44,161)

See accompanying notes to unaudited condensed consolidated financial statements.

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ALPHATEC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating activities:				
Net loss	$ (89,175)	$ (94,906)	$ (128,791)	$ (137,560)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	37,762	25,375	58,410	40,120
Stock-based compensation	34,282	40,656	51,744	60,729
Amortization of debt discount and debt issuance costs	2,119	1,710	3,279	2,586
Amortization of right-of-use assets	2,225	1,689	3,499	2,598
Write-down for excess and obsolete inventories	6,857	6,734	10,970	9,188
Loss on disposal of assets	2,151	1,402	3,262	2,209
Other	4,988	860	4,993	1,717
Changes in operating assets and liabilities:				
Accounts receivable	(15,293)	98	(9,479)	(4,938)
Inventories	(42,857)	(22,046)	(57,044)	(36,087)
Prepaid expenses and other current assets	(119)	(9,271)	683	(6,499)
Other assets	(785)	(45)	(673)	(52)
Accounts payable	22,162	10,324	16,016	10,290
Accrued expenses	(10,676)	4,361	(8,202)	7,984
Lease liabilities	(2,439)	(1,570)	(3,628)	(2,677)
Contract liabilities	(2,017)	1,839	(2,308)	1,906
Other long-term liabilities	983	(3,406)	2,095	(4,995)
Net cash used in operating activities	(49,832)	(36,196)	(55,174)	(53,481)
Investing activities:				
Purchase of property and equipment	(65,412)	(35,417)	(81,248)	(54,791)
Purchase of intangible assets	(4,100)	(1,962)	(8,142)	(3,971)
Acquisition of business	—	(55,000)	—	(55,000)
Net cash used in investing activities	(69,512)	(92,379)	(89,390)	(113,762)
Financing activities:				
Proceeds from revolving credit facility	88,400	55,000	122,175	92,000
Repayment of revolving credit facility	(84,000)	(47,500)	(110,400)	(82,500)
Net cash paid for common stock exercises	(5,023)	(1,551)	(4,732)	(2,334)
Proceeds from financed insurance	1,156	1,328	1,156	1,328

Proceeds from term loan, net of debt discount	—	98,473	—	148,473
Payment of debt issuance costs	—	(3,321)		
Proceeds from common stock offering	—	57,511		
Repayment of OCEANES	—	(13,315)		
Repayment of debt issuance costs	—	(3,321)		
Proceeds from common stock offering, net of offering costs	—	67,428		
Repayment of OCEANEs	—	(13,315)		
Other	(1,661)	(1,602)	(2,633)	(2,411)
Net cash (used in) provided by financing activities	(1,128)	145,023		
Net cash provided by financing activities	5,566	205,348		
Effect of exchange rate changes on cash	(670)	(124)	(996)	(275)
Net change in cash and cash equivalents	(121,142)	16,324	(139,994)	37,830
Cash and cash equivalents at beginning of period	220,970	84,696	220,970	84,696
Cash and cash equivalents at end of period	$ 99,828	$ 101,020	$ 80,976	$ 122,526
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 9,758	$ 6,840	$ 15,342	$ 11,202
Cash paid for income taxes	$ 275	$ 206	$ 275	$ 247
Supplemental disclosure of noncash activities:				
Financed insurance	$ 1,156	$ 1,328	$ 1,156	$ 1,328
Purchase of property and equipment in accounts payable and accrued expenses	$ 3,310	$ 2,233	$ —	$ 7,156
Recognition of lease liabilities	$ 11,517	$ —	$ 11,923	$ 424

See accompanying notes to unaudited condensed consolidated financial statements.

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ALPHATEC HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization and Significant Accounting Policies

The Company

Alphatec Holdings, Inc. (the “Company”), through its wholly owned subsidiaries, Alphatec Spine, Inc. (“Alphatec Spine”), SafeOp Surgical, Inc. (“SafeOp”), and EOS imaging S.A.S. (“EOS”), is a medical technology company focused on the design, development, and advancement of technology for the better surgical treatment of spinal disorders. The Company, headquartered in Carlsbad, California, markets its products in the United States and internationally via a network of independent sales agents and direct sales representatives.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company translates the financial statements of its foreign subsidiaries using end-of-period exchange rates for assets and liabilities and average exchange rates during each reporting period for results of operations. All intercompany balances and transactions have been eliminated during in consolidation.

The accompanying condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Pursuant to these rules and regulations, the Company has condensed or omitted certain information and footnotes it normally includes in its annual consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The unaudited interim condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary for a fair statement presentation of the financial position and results of operations for the periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023, which are included in the Company’s Annual Report on Form 10-K that was filed with the SEC. Operating results for the six three and nine months ended June 30, 2024 September 30, 2024 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024, or any other future periods.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the reported amounts of assets financial statements and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, goodwill, intangible assets, allowances for doubtful accounts, deferred tax assets, inventories, stock-based compensation, revenues, income tax uncertainties, and other contingencies.

Fair Value Measurements

The carrying amount of financial instruments consisting of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses, and short-term debt included in the Company's condensed consolidated financial statements are reasonable estimates of fair value due to their short maturities.

Authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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Excess and Obsolete Inventory

Most of the Company's inventory is comprised of finished goods, which is primarily produced by third-party suppliers. Specialized implants, fixation products, and biologics are valued by utilizing a standard cost method that includes capitalized variances which together approximates the weighted average cost. Imaging equipment and related parts are valued at weighted average cost. Inventories are stated at the lower of cost or net realizable value. The Company reviews the components of its inventory on a periodic basis for excess and obsolescence and adjusts inventory to its net realizable value as necessary.

The Company records a lower of cost or net realizable value ("LCNRV") inventory reserve for estimated excess and obsolete inventory. In order to market its products effectively and meet the demands of interoperative product placement, the Company maintains and provides surgeons and hospitals with a variety of inventory products and sizes. For each surgery, fewer than all components will be consumed. The need to maintain and provide a wide variety of inventory causes inventory to be held that is not likely to be used.

The Company's estimates and assumptions for excess and obsolete inventory are reviewed and updated on a quarterly basis. The estimates and assumptions are determined primarily based on current usage of inventory and the age of inventory quantities on hand. Additionally, the Company considers recent sales experience to develop assumptions about future demand for its products, while considering product life cycles and new product launches. Increases in the LCNRV reserve for excess and obsolete inventory result in a corresponding charge to cost of sales.

Revenue Recognition

The Company recognizes revenue from product sales in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification *Revenue from Contracts with Customers* ("Topic 606"). This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements, and financial instruments. leases. Under Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

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Sales are derived primarily from the sale of spinal implant products, imaging equipment, and related services to hospitals and medical centers through direct sales representatives and independent sales agents. centers. Revenue is recognized when obligations under the terms of a contract with customers are satisfied, which occurs with the transfer of control of products to customers, either upon shipment of the product or delivery of the product to the customer depending on the shipping terms, or when the products are used in a surgical procedure (implanted in a patient). Revenue from the sale of imaging equipment is recognized as each distinct performance obligation is fulfilled and control transfers to the customer, beginning with shipment or delivery, depending on the contract terms. Revenue from other distinct performance obligations, such as maintenance on imaging equipment and other imaging-related services, is recognized in the period the service is performed, and makes up less than 10% of the Company's total revenue. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the goods or services specified in the contract with each customer. In certain cases, the Company does offer the ability for customers to lease its imaging equipment, primarily on a non-sales type basis, but such arrangements are immaterial to total revenue in the periods presented. The Company generally does not allow returns of products that have been delivered. Costs incurred by the Company associated directly with sales contracts with customers are deferred over the performance obligation period and recognized in the same period as the related revenue, except for contracts that complete within one year or less, in which case the associated costs are expensed as incurred. Payment terms for sales to customers may vary but are commensurate with the general business practices in the country of sale.

To the extent that the transaction price includes variable consideration, such as discounts, rebates, and customer payment penalties, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information that is reasonably available, including historical, current, and forecasted information.

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The Company records a contract asset when one or more performance obligations have been completed by the Company and revenue has been recognized, but the customer's payment is contingent on the satisfaction of additional performance obligations. Contract assets are generally short-term in nature. The Company records a contract liability, or deferred revenue, when it has an obligation to provide a product or service to the customer and payment is received in advance of its performance. These amounts primarily relate to undelivered equipment and related services, or maintenance agreements. When the Company sells a product or service

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with a future performance obligation, revenue is deferred on the unfulfilled performance obligation and recognized over the related performance period. Generally, the Company does not have observable evidence of estimates the standalone selling price related to its future service obligations; therefore, of promised services included in the Company estimates the selling equipment sales price using an expected cost plus a margin approach. approach and/or the separately observable price of such service, if available. The transaction price for a contract's various performance obligations is allocated using the relative standalone selling price method. The use of alternative estimates could result in a different amount of revenue deferral.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued Accounting Standard Update ("ASU") No. 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures to enhance the transparency of income tax disclosures. The guidance in ASU No. 2023-09 allows for a prospective method of transition, with the option to apply the standard retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not intend to early adopt the standard and is in the process of assessing the impact of this standard on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures that expands disclosure requirements for reportable segments, primarily through enhanced disclosure of significant segment expenses. The guidance in ASU No. 2023-07 allows for a retrospective method of transition. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not intend to early adopt the standard and is in the process of assessing the impact of this standard on its consolidated financial statements and related disclosures.

2. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis include the following as of June 30, 2024 September 30, 2024, and December 31, 2023 (in thousands):

	June 30, 2024				September 30, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	$ 40,471	—	—	$ 40,471	$ 31,395	—	—	$ 31,395
Total cash equivalents	$ 40,471	—	—	$ 40,471	$ 31,395	—	—	$ 31,395
	December 31, 2023				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	$ 76,662	—	—	$ 76,662	$ 76,662	—	—	$ 76,662
Total cash equivalents	$ 76,662	—	—	$ 76,662	$ 76,662	—	—	$ 76,662

The Company did not have any transfers of assets and liabilities between the levels of the fair value measurement hierarchy during the periods presented.

Fair Value of Long-term Debt

The fair value, based on a quoted market price (Level 1), of the Company's outstanding Senior Convertible Notes due 2026 (the "2026 Notes") was approximately $305.8 284.9 million at June 30, 2024 September 30, 2024, and approximately $335.4 million at December 31, 2023.

3. Business Combination

The Company recognizes assets acquired, liabilities assumed, and any noncontrolling interest at fair value at the date of acquisition.

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On April 19, 2023, the Company entered into an Asset Purchase Agreement with Integrity Implants Inc. and Fusion Robotics, LLC (collectively, the "Sellers"), whereby the Company acquired certain assets, liabilities, employees, and contracts in connection with the Sellers' navigation-enabled robotics platform (the "Navigation-enabled Robotics Platform"). The Company paid the Sellers cash consideration of $55.0 million at closing, which represented the total purchase consideration. The acquisition was accounted for as a business combination in accordance with ASC 805 and the Company did not acquire any material assets or assume any material liabilities in connection with the acquisition, excluding intangible assets and goodwill. The acquisition is treated as an asset purchase for income tax purposes; therefore, the goodwill recorded is considered deductible for income tax purposes.

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4. Inventories

Inventories reported at the lower of cost or net realizable value consist of the following (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Raw materials	$ 22,131	$ 23,394	$ 22,692	$ 23,394
Work-in-process	101	950	79	950

Finished goods	150,082	112,498	160,340	112,498
Inventories	$ 172,314	$ 136,842	$ 183,111	$ 136,842

5. Property and Equipment, net

Property and equipment, net consist of the following (in thousands, except as indicated):

	Useful lives (in years)	June 30, 2024	December 31, 2023	Useful lives (in years)	September 30, 2024	December 31, 2023
Surgical instruments	4	$ 280,261	$ 224,357	4	$ 285,159	$ 224,357
Machinery and equipment	7	12,115	11,633	7	12,619	11,633
Computer equipment	8	30,520	5,778	8	31,919	5,778
Office furniture and equipment	5	6,701	6,225	5	6,811	6,225
Leasehold improvements	various	4,322	3,986	various	4,374	3,986
Construction in progress	n/a	1,694	24,732	n/a	903	24,732
		335,613	276,711		341,785	276,711
Less: accumulated depreciation and amortization		(154,999)	(126,876)			
Less: accumulated depreciation		(170,355)	(126,876)			
Property and equipment, net		$ 180,614	$ 149,835		$ 171,430	$ 149,835

Total depreciation expense was $15.7 16.5 million and $29.5 46.0 million for the three and six nine months ended June 30, 2024 September 30, 2024, respectively. Total depreciation expense was $9.8 10.7 million and $18.3 29.0 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. Construction in progress is not depreciated until placed in service. Property and equipment includes assets under financing leases and the related amortization of assets under financing leases is included in depreciation expense.

6. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill during the period ended June 30, 2024 September 30, 2024, includes the following (in thousands):

December 31, 2023	$ 73,003	$ 73,003
Foreign currency fluctuation	(995)	394
June 30, 2024	$ 72,008	
September 30, 2024	$ 73,397	

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Intangible assets, net

Intangible assets, net consist of the following (in thousands, except as indicated):

	Remaining Avg. Useful lives (in years)	Gross Amount	Accumulated Amortization	Intangible Assets, net	Remaining Avg. Useful lives	Gross	Accumulated	Intangible
June 30, 2024:	(in years)	Amount	Amortization	Assets, net				
September 30, 2024:	(in years)	Amount	Amortization	Assets, net				
Developed product technology	6	$ 105,461	$ (33,228)	$ 72,233	6	$ 105,916	$ (35,971)	$ 69,945

Internally-developed software	3	1,674	(1,480)	194				
Trademarks and trade names	7	5,431	(1,785)	3,646	7	5,651	(1,993)	3,658
Customer relationships	2	14,254	(9,442)	4,812	2	14,603	(10,033)	4,570
Distribution network	-	2,413	(2,343)	70	–	2,413	(2,393)	20
Total amortized intangible assets		127,559	(46,798)	80,761		130,257	(51,870)	78,387
Software in development	n/a	12,106	—	12,106	n/a	14,113	—	14,113
In-process research and development	n/a	6,285	—	6,285	n/a	6,285	—	6,285
Total intangible assets		$ 145,950	$ (46,798)	$ 99,152		$ 150,655	$ (51,870)	$ 98,785

December 31, 2023:	Remaining Avg. Useful lives (in years)	Gross Amount	Accumulated Amortization	Intangible Assets, net	Remaining Avg. Useful lives (in years)	Gross Amount	Accumulated Amortization	Intangible Assets, net
Developed product technology	6	$ 106,782	$ (26,560)	$ 80,222	6	$ 106,782	$ (26,560)	$ 80,222
Trademarks and trade names	7	5,588	(1,561)	4,027	7	5,588	(1,561)	4,027
Customer relationships	3	14,504	(8,692)	5,812	3	14,504	(8,692)	5,812
Distribution network	1	2,413	(2,242)	171	1	2,413	(2,242)	171
Total amortized intangible assets		129,287	(39,055)	90,232		129,287	(39,055)	90,232
Software in development	n/a	7,934	—	7,934	n/a	7,934	—	7,934
In-process research and development	n/a	4,285	—	4,285	n/a	4,285	—	4,285
Total intangible assets		$ 141,506	$ (39,055)	$ 102,451		$ 141,506	$ (39,055)	$ 102,451

Total amortization expense attributed to intangible assets was $4.2 million and $12.5 million for the three and nine months ended September 30, 2024, respectively. Total amortization expense attributed to intangible assets was $4.1 million and $8.3 11.1 million for the three and six nine months ended June 30, 2024, respectively. Total amortization expense attributed to intangible assets was $3.9 million and $7.0 million for the three and six months ended June 30, 2023 September 30, 2023, respectively. Software in development is amortized when the projects are completed and the assets are ready for their intended use. In-process research and development assets begin amortizing when the relevant products reach full commercial launch.

Future amortization expense related to intangible assets is as follows (in thousands):

Remainder of 2024	$ 8,222	$ 5,723
2025	15,061	15,013
2026	15,061	15,013
2027	12,839	12,791
2028	10,847	10,714
Thereafter	18,731	19,133
	$ 80,761	$ 78,387

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7. Contract Assets and Contract Liabilities

Contract assets included within prepaid expenses and other current assets in the condensed consolidated balance sheets are as follows (in thousands):

	June 30, 2024	December 31, 2023

Contract assets	$	2,309	$	3,865

	September 30, 2024		December 31, 2023	
Contract assets	$	5,210	$	3,865

The non-current contract liabilities balance is included in other long-term liabilities on the condensed consolidated balance sheets. The Company's contract liabilities are as follows (in thousands):

	June 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
Contract liabilities	$	14,623	$	16,474	$	14,290	$	16,474
Less: Non-current portion of contract liabilities		2,848		2,564		2,688		2,564
Current portion of contract liabilities	$	11,775	$	13,910	$	11,602	$	13,910

The Company recognized $3.3 2.6 million and $6.4 8.6 million of revenue from the opening contract liabilities balance for the three and six nine months ended June 30, 2024 September 30, 2024, respectively.

8. Debt

Term Loan

On January 6, 2023, the Company entered into a $150.0 million term loan credit facility with Braidwell Transaction Holdings, LLC (the "Braidwell Term Loan"). The Braidwell Term Loan provides for an initial term loan of $100.0 million which was funded on the closing date. On September 28, 2023, the Company drew an additional $50.0 million (the "delayed draw term loan(s)" or the "DDTL"). The Braidwell Term Loan matures on January 6, 2028. As of June 30, 2024 September 30, 2024, the outstanding balance under the Braidwell Term Loan was $150.0 million. On October 29, 2024, the Company entered into an amendment of the Braidwell Term Loan, which provides for an additional term loan of $50.0 million, subject to the terms of the original term loan credit facility.

In conjunction with the issuance of the Braidwell Term Loan, the Company incurred $3.4 million in debt issuance costs and $1.5 million in commitment fees. Commitment fees paid to the lender were accounted for as a debt discount. The debt issuance costs and debt discount were recorded as a direct reduction of the carrying amount of the loan on the condensed consolidated balance sheets and are being amortized over the life of the loan. As of June 30, 2024 September 30, 2024, debt issuance costs and debt discount, net of accumulated amortization, associated with the Braidwell Term Loan were $2.7 2.5 million and $1.1 1.0 million, respectively.

Borrowings under the Braidwell Term Loan bear interest at a rate per annum equal to the Term Secured Overnight Financing Rate for such SOFR business day ("SOFR") subject to a 3% floor, plus 5.75%. The applicable interest rate as of June 30, 2024 September 30, 2024 was 11.2 11.07%. The loan agreement includes an undrawn commitment fee, which is calculated as 1% per annum of the average daily undrawn portion of the DDTL. Interest and undrawn commitment fees incurred are due quarterly. The Company is also required to pay fees on any prepayment of the Braidwell Term Loan, ranging from 2.0% to 1.0% depending on the date of prepayment, and a final payment fee equal to 3.25% of the principal amount of the loans drawn. The effective interest rate as of June 30, 2024 September 30, 2024 was 12.2 11.88%. During the three months ended June 30, 2024 September 30, 2024, the Company recognized interest expense on the Braidwell Term Loan of $4.3 4.4 million, which includes $0.2 million for the amortization of debt issuance costs and $0.1 million for the debt discount. During the six nine months ended June 30, 2024 September 30, 2024, the Company recognized interest expense on the Braidwell Term Loan of $8.5 12.9 million, which includes $0.3 0.5 million for the amortization of debt issuance costs and $0.2 million for the debt discount. During the three months ended June 30, 2023 September 30, 2023, the Company recognized interest expense on the Braidwell Term Loan of $2.9 3.1 million, which includes $0.1 million for the amortization of debt issuance costs and $0.1 million for the debt discount. During the six nine months ended June 30, 2023 September 30, 2023, the Company recognized interest expense on the Braidwell Term Loan of $5.6 8.8 million, which includes $0.2 0.3 million for the amortization of debt issuance costs and $0.1 0.2 million for the debt discount. Upon the Braidwell Term Loan's maturity, any outstanding principal balance, unpaid accrued interest, and all other obligations under the Braidwell Term Loan will be due and payable.

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The Braidwell Term Loan is secured by substantially all of the Company's assets with the priority interest of the lenders in the Braidwell Term Loan and the Revolving Credit Facility, as defined below, subject to terms of a customary intercreditor agreement, which provides that the lenders under the Revolving Credit Facility have a priority with respect to the Company's accounts receivable, inventory, medical instruments, and items related to the foregoing, and the lenders under the Braidwell Term Loan have priority with respect to the remainder of the Company's assets. The loan agreement contains customary representations and warranties and affirmative and negative covenants. Under the loan agreement, the Company is required to maintain a minimum level of liquidity. The loan agreement also includes certain events of default, and upon the occurrence of such events of default, all outstanding loans under the Braidwell Term Loan may be accelerated and/or the lenders' commitments terminated. The Company is in compliance with all required financial covenants as of June 30, 2024 September 30, 2024.

Revolving Credit Facility

In September 2022, the Company entered into a revolving credit facility (the "Revolving Credit Facility") with entities affiliated with MidCap Financial Trust ("MidCap"). The Revolving Credit Facility provides originally provided up to $50.0 million in borrowing capacity to the Company with an accordion feature up to $75.0 million in borrowing capacity, based on a defined borrowing base. The borrowing base is calculated based on certain accounts receivable and inventory assets. The Company may request increases up to $25.0 million in subsequently exercised the Revolving Credit Facility for a total commitment of up to $75.0 million. The Company subsequently accordion feature and increased the borrowing capacity by $5.0 25.0 million for a total up to the full $75.0 million borrowing capacity of $55.0 million. capacity. The Revolving Credit Facility matures on the earlier of September 29, 2027, or 90 days prior to the final maturity date of the Company's 2026 Notes. As of June 30, 2024 September 30, 2024, the outstanding balance under the Revolving Credit Facility was $54.9 63.2 million.

In conjunction with obtaining the Revolving Credit Facility, the Company incurred $1.4 million in debt issuance costs. These costs were capitalized to other assets on the condensed consolidated balance sheets and are being amortized over the life of the Revolving Credit Facility. As of June 30, 2024 September 30, 2024, debt issuance costs, net of accumulated amortization, associated with the Revolving Credit Facility were $0.9 0.8 million.

The outstanding loans under the Revolving Credit Facility bear interest at the sum of Term SOFR plus 3.5% per annum. The applicable interest rate as of June 30, 2024 September 30, 2024 was 8.9 8.46%. The loan agreements include an unused line fee, which is calculated as 0.5% per annum of either the unused Revolving Credit Facility or a minimum balance. Interest and unused line fees incurred are due and capitalized to the outstanding principal balance monthly. The Company recognized interest expense on the Revolving Credit Facility of $0.8 0.9 million and $1.1 2.0 million during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, which includes approximately $0.1 million and $0.2 million for the amortization of debt issuance costs for both periods. during the three and nine months ended September 30, 2024, respectively. The Company recognized interest expense on the Revolving Credit Facility of $0.3 0.6 million and $0.8 1.5 million during the three and six nine months ended June 30, 2023 September 30, 2023, respectively, which includes approximately $0.1 million and $0.2 million for the amortization of debt issuance costs, for both periods. during the three and nine months ended September 30, 2023, respectively. Upon the Revolving Credit Facility's maturity, any outstanding principal balance, unpaid accrued interest, and all other obligations under the Revolving Credit Facility will be due and payable.

The Revolving Credit Facility contains a lockbox arrangement clause requiring the Company to maintain a lockbox bank account. If the revolving loan availability is less than 30% of the revolving loan limit for five consecutive business days, or the Company is in default, MidCap will apply funds collected from the Company's lockbox account to reduce the outstanding balance of the Revolving Credit Facility. As of June 30, 2024 September 30, 2024, the Company's loan availability level has not activated lockbox deductions, nor is it expected to for the next 12 months; therefore, the Company has determined that the outstanding balance under the Revolving Credit Facility is long-term debt on the condensed consolidated balance sheets.

The Revolving Credit Facility is secured by substantially all of the Company's assets with the priority interest of the lenders subject to terms of a customary intercreditor agreement in connection with the Braidwell Term Loan, as described above. The loan agreements and other ancillary documents contain customary representations and warranties and affirmative and negative covenants. Under the loan agreements, the Company is required to maintain a minimum level of liquidity. The loan agreements also include certain events of default, and upon the occurrence of such events of default, all outstanding loans under the Revolving Credit Facility may be accelerated and/or the lenders' commitments terminated. The Company is in compliance with all required financial covenants as of June 30, 2024 September 30, 2024.

0.75% Convertible Senior Notes due 2026

In August 2021, the Company issued $316.3 million aggregate principal amount of unsecured 2026 Notes with a stated interest rate of 0.75% and a maturity date of August 1, 2026. Interest on the 2026 Notes is payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2022. The net proceeds from the sale of the 2026 Notes were approximately $306.2 million after deducting the initial purchasers' offering expenses. The 2026 Notes do not contain any financial covenants.

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The 2026 Notes are convertible into shares of the Company's common stock based upon an initial conversion rate of 54.5316 shares of the Company's common stock per $1,000 principal amount of 2026 Notes (equivalent to an initial conversion price of approximately $18.34 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events, including certain distributions and dividends to all or substantially all of the holders of the Company's common stock. Based on the terms of the 2026 Notes, when a conversion notice is received, the Company has the option to pay or deliver cash, shares of the Company's common stock, or a combination thereof.

Holders of the 2026 Notes have the right to convert their notes in certain circumstances and during specified periods. Prior to the close of business on the business day immediately preceding February 2, 2026, holders may convert all or a portion of their 2026 Notes only under the following circumstances: (1) during any calendar quarter (and only during such calendar quarter) if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the 5 consecutive business days immediately after any 10 consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of 2026 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. From and after February 2, 2026, holders of the 2026 Notes may convert their notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. As of June 30, 2024 September 30, 2024, none of the conditions permitting the holders of the 2026 Notes to convert have been met. The 2026 Notes are classified as long-term debt on the condensed consolidated balances sheet as of June 30, 2024 September 30, 2024.

The 2026 Notes are redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after August 6, 2024 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for a specified period of time. In addition, calling any of the 2026 Notes for redemption will constitute a "make-whole fundamental change" with respect to the redeemable note, in which case the conversion rate applicable to the conversion of the redeemed note will be increased in certain circumstances if such note is converted after it is called for redemption.

If a fundamental change occurs prior to the maturity date, holders may require the Company to repurchase all or a portion of their 2026 Notes for cash at a price equal to 100% of the principal amount of the 2026 Notes plus accrued and unpaid interest. No principal payments are otherwise due on the 2026 Notes prior to maturity.

The Company recorded the full principal amount of the 2026 Notes as a long-term liability net of deferred issuance costs. The annual effective interest rate for the 2026 Notes is 1.4%. The Company recognized interest expense on the 2026 Notes of $1.1 million and $2.2 3.3 million, respectively, during each of the three and six nine months ended June 30, 2024, September 30, 2024 and 2023, which includes $0.5 million and $1.0 million for the amortization of debt issuance costs, respectively. The Company recognized interest expense on the 2026 Notes of $1.1 million and $2.1 million, respectively, during the three and six months ended June 30, 2023, which includes $0.5 million and $1.0 1.5 million for the amortization of debt issuance costs, respectively. The Company uses the if-converted method for assumed conversion of the 2026 Notes to compute the weighted-average shares of common stock outstanding for diluted earnings per share, if applicable.

The outstanding principal amount and carrying value of the 2026 Notes consists of the following (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Principal	$ 316,250	$ 316,250	$ 316,250	$ 316,250
Unamortized debt issuance costs	(4,287)	(5,293)	(3,775)	(5,293)
Net carrying value	$ 311,963	$ 310,957	$ 312,475	$ 310,957

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Capped Call Transactions

In connection with the offering of the 2026 Notes, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain financial institutions. The Capped Call Transactions are expected generally to reduce the potential dilution and/or offset the cash payments the Company is required to make in excess of the principal amount of the 2026 Notes upon conversion of the 2026 Notes in the event that the market price per share of the Company's common stock is greater than the strike price of the Capped Call Transactions with such reduction and/or offset subject to a cap. The Capped Call Transactions have an initial cap price of $27.68 per share of the Company's common stock, which represents a premium of 100% over the last reported sale price of the Company's common stock on August 5, 2021, and is subject to certain adjustments under the terms of the Capped Call Transactions. Collectively, the Capped Call Transactions cover, initially, the number of shares of the Company's common stock underlying the 2026 Notes, subject to anti-dilution adjustments substantially similar to those applicable to the 2026 Notes. The cost of the Capped Call Transactions was approximately $39.9 million.

The Capped Call Transactions are separate transactions and are not part of the terms of the 2026 Notes and will not affect any holder's rights under the 2026 Notes. Holders of the 2026 Notes will not have any rights with respect to the Capped Call Transactions.

Other Debt Agreements

The Company has two loan agreements under French government sponsored COVID-19 relief initiatives ("PGE" loans) which mature in 2027. Monthly and quarterly installments of principal and interest under each PGE loan agreement is due until the original principal amounts and applicable interest is fully repaid in 2027. The outstanding obligation under each PGE loan as of June 30, 2024 September 30, 2024 was $2.8 2.5 million and $1.2 1.1 million at weighted average interest rates of 0.98 1.0% and 1.25%, respectively, and weighted average costs of the state guaranty of 0.69 0.68% and 1.00 0.95%, respectively.

Total Indebtedness

Principal payments remaining on the Company's debt are as follows as of June 30, 2024 September 30, 2024 (in thousands):

Remainder of 2024	$ 1,305	$ 380
2025	1,695	1,747
2026	317,515	317,575
2027	55,515	63,798
2028	154,875	154,875
Total	530,905	538,375
Less: unamortized debt discount and debt issuance costs	(11,735)	(10,650)
Total	519,170	527,725
Less: current portion of long-term debt	(2,289)	(1,790)
Long-term debt	$ 516,881	$ 525,935

9. Commitments and Contingencies

Leases

The Company determines if an arrangement is a lease at inception by assessing whether there is an identified asset and whether the contract conveys the right to control the use of the identified asset in exchange for consideration over a period of time. If both criteria are met, the Company records the associated lease liability and corresponding right-of-use asset ("ROU asset") upon commencement of the lease using a discount rate based on the incremental borrowing rate of interest that the Company would borrow on a collateralized basis for an amount equal to the lease payments in a similar economic environment. Any short-term leases defined as twelve months or less or month-to-month leases are excluded and are expensed each month. Total costs associated with these short-term leases are immaterial to all periods presented.

The Company leases office and storage facilities and equipment under various operating and financing lease agreements. The initial terms of these leases range from 1 to 10 years and generally provide for periodic rent increases. The Company's lease agreements do not contain any material variable lease payments, residual value guarantees or material restrictive covenants. The Company aggregates all lease and non-lease components for each class of underlying assets into a single lease component and variable charges for common area maintenance and other variable costs are recognized as expense as incurred. Total variable costs associated with leases for the three and six nine months ended June 30, 2024 September 30, 2024 were immaterial. The Company had an immaterial amount of financing leases as of June 30, 2024 September 30, 2024, which is included in property and equipment, net, accrued expenses and other current liabilities, and other long-term liabilities, on the condensed consolidated balance sheets.

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On December 1, 2023, the Company entered into a nine-year operating lease in Paris, France that commenced on April 1, 2024, and will terminate on December 31, 2032.

Future minimum annual lease payments for all operating leases of the Company are as follows as of June 30, 2024 September 30, 2024 (in thousands):

Remainder of 2024	$ 3,653	$ 1,849
2025	6,866	7,245
2026	6,310	6,753

2027	6,258	6,696
2028	5,785	6,166
Thereafter	15,128	16,588
Total undiscounted lease payments	44,000	45,297
Less: imputed interest	(7,651)	(9,168)
Operating lease liabilities	36,349	36,129
Less: current portion of operating lease liabilities	(6,723)	(6,989)
Operating lease liabilities, less current portion	$ 29,626	$ 29,140

The Company's weighted average remaining lease term and weighted average discount rate as of June 30, 2024 September 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (years)	6.7	6.5	6.7	6.5
Weighted-average discount rate	6.6%	5.5%	6.9%	5.5%

Information related to the Company's operating leases is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Rent expense	$ 2,040	$ 1,315	$ 3,505	$ 2,559	$ 1,959	$ 1,597	$ 5,464	$ 4,156
Cash paid for amounts included in measurement of lease liabilities	$ 1,763	$ 1,263	$ 3,186	$ 2,450	$ 1,767	$ 1,317	$ 4,848	$ 3,767

Purchase Commitments

The Company is obligated to meet certain minimum purchase commitment requirements with a third-party supplier through December 2026. As of June 30, 2024 September 30, 2024, the remaining minimum purchase commitment required by the Company under the agreement is $9.8 8.9 million.

Litigation

The Company is and may become involved in various legal proceedings arising from its business activities. While management is not aware of any litigation matter that in and of itself would have a material adverse impact on the Company's condensed consolidated results of operations, cash flows or financial position, litigation is inherently unpredictable, and depending on the nature and timing of a proceeding, an unfavorable resolution could materially affect the Company's future consolidated results of operations, cash flows or financial position in a particular period. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual or disclosure in the Company's condensed consolidated financial statements. An estimated loss contingency is accrued in the Company's condensed consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against the Company may be unsupported, exaggerated or unrelated to reasonably possible outcomes, and as such are not meaningful indicators of the Company's potential liability.

Indemnifications

In the normal course of business, the Company enters into agreements under which it occasionally indemnifies third-parties for intellectual property infringement claims or claims arising from breaches of representations or warranties. In addition, from time to time, the Company provides indemnity protection to third-parties for claims relating to past performance arising from undisclosed liabilities, product liabilities, environmental obligations, representations and warranties, and other claims. In these agreements, the scope and amount of remedy, or the period in which claims can be made, may be limited. It is not possible to determine the maximum potential amount of future payments, if any, due under these indemnities due to the conditional nature of the obligations and the unique facts and circumstances involved in each agreement.

In October 2017, NuVasive, Inc. filed a lawsuit in Delaware Chancery Court against Mr. Miles, the Company's Chairman and CEO, who was a former officer and board member of NuVasive. The Company itself was not initially a named defendant in this lawsuit; however, in June 2018, NuVasive amended its complaint to add the Company as a defendant. In October 2018, the Delaware Court ordered that NuVasive advance legal fees for Mr. Miles' defense in the lawsuit, as well as Mr. Miles' legal fees incurred in pursuing advancement of his fees, pursuant to an indemnification agreement between NuVasive and Mr. Miles. As of June 30, 2024 September 30, 2024, the Company has not recorded any liability on the condensed consolidated balance sheets related to this matter.

Royalties

The Company has entered into various intellectual property agreements requiring the payment of royalties based on the sale of products that utilize such intellectual property. These royalties primarily relate to products sold by Alphatec Spine and are based on fixed fees or calculated either as a percentage of net sales or on a per-unit sold basis. Royalties are included on the accompanying condensed consolidated statements of operations as a component of cost of sales.

10. Stock-Benefit Plans and Equity Transactions

Stock-Based Compensation

The Company has stock-based compensation plans under which it grants stock options, restricted stock units ("RSUs"), and performance restricted stock units ("PRSUs") to officers, directors and third parties. Total stock-based compensation for the periods presented are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Cost of sales	$ 554	$ 16,226	$ 1,037	$ 22,232	$ 1,439	$ 2,369	$ 2,476	$ 24,601
Research and development	5,614	1,480	9,929	2,797	7,207	6,790	17,137	9,587
Sales, general and administrative	10,792	6,488	23,316	15,627	8,816	10,914	32,131	26,541
Total	$ 16,960	$ 24,194	$ 34,282	$ 40,656	$ 17,462	$ 20,073	$ 51,744	$ 60,729

As of June 30, 2024 September 30, 2024, there was $80.3 59.9 million of unrecognized compensation expense for RSUs and PRSUs to be recognized over a weighted average period of 1.80 1.67 years.

The Company has entered into Development Service Agreements for the development of a wide variety of potential products and intellectual property. Under these agreements, future royalty payments for product and/or intellectual property rights may be paid in either cash or restricted shares of the Company's common stock at the election of the developer, depending on the terms of the agreement. Certain of these agreements were amended to remove the cash royalty option and require settlement in restricted shares of the Company's common stock. During the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, the vesting conditions of certain of these awards were deemed probable. Stock-based compensation associated with these awards is included in cost of sales and research and development expense on the condensed consolidated statements of operations.

Restricted Stock Units and Performance Based Restricted Stock Units Awards

The Company issued approximately 309,000 1,113,000 and 3,473,000 4,190,000 shares of common stock, before net share settlement, upon vesting of RSUs and PRSUs during the three and six nine months ended June 30, 2024 September 30, 2024, respectively. The Company issued approximately 2,921,000 789,000 and 4,889,000 5,714,000 shares of common stock, before net share settlement, upon vesting of RSUs and PRSUs during the three and six nine months ended June 30, 2023 September 30, 2023, respectively.

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Employee Stock Purchase Plan

Employees are eligible to participate in the Employee Stock Purchase Plan ("ESPP") approved by its shareholders. During the three and six months ended June 30, 2024, September 30, 2024 and 2023, there were approximately 251,000 no shares issued under the ESPP. During the three and six nine months ended June 30, 2023, September 30, 2024 and 2023, there were approximately 251,000 shares and 247,000 shares, respectively, issued under the ESPP.

The Company estimates the fair value of shares issued to employees under the ESPP using the Black-Scholes option-pricing model. The assumptions used to estimate the fair value of stock options granted and stock purchase rights under the ESPP are as follows:

	Three and Six Months Ended June 30,		Three and Nine Months Ended September 30,	
	2024	2023	2024	2023
Risk-free interest rate	5.40% - 5.41%	4.54% - 5.41%	5.40% - 5.41%	4.54% - 5.41%
Expected dividend yield	—	—	—	—
Expected term (years)	0.50	0.41 - 0.60	0.50	0.41 - 0.60
Volatility	54.47% - 58.41%	40.87% - 62.77%	54.47% - 58.41%	40.87% - 62.77%

Warrants Outstanding

Squadron Medical Warrants

In connection with debt financing entered into with Squadron Medical Finance Solutions, LLC ("Squadron Medical") in 2018, and amended in 2019 and 2020, the Company issued common stock warrants to Squadron Medical and a participant lender (the "Squadron Medical Warrants"). The Squadron Medical Warrants expire in May 2027 and are exercisable by cash exercise. No Squadron Medical Warrants have been exercised as of June 30, 2024 September 30, 2024.

Executive Warrants

The Company issued warrants to its Chairman and Chief Executive Officer (the "Executive Warrants"). The Executive Warrants had a five-year term and are exercisable by cash or cashless exercise. In October 2022, the term was extended to seven years and in May 2024, the term was extended to nine years. No Executive Warrants have been exercised as of June 30, 2024 September 30, 2024.

A summary of all outstanding warrants for common stock as of June 30, 2024 September 30, 2024, are as follows (in thousands, except for strike price data):

	Number of Warrants	Strike Price	Expiration	Number of Warrants	Strike Price	Expiration
2018 Squadron Medical Warrants	845	$ 3.15	May 2027	845	$ 3.15	May 2027
2019 Squadron Medical Warrants	4,839	$ 2.17	May 2027	4,839	$ 2.17	May 2027
2020 Squadron Medical Warrants	1,076	$ 4.88	May 2027	1,076	$ 4.88	May 2027
Executive Warrants	1,327	$ 5.00	December 2026	1,327	$ 5.00	December 2026
Other(1)	129	$ 10.10	Various through June 2026	116	$ 10.62	Various through June 2026
Total	8,216			8,203		

(1) Weighted-average strike price.

All outstanding warrants were deemed to qualify for equity classification under authoritative accounting guidance.

Offer to Purchase Warrant

Pursuant to an order entered by the Delaware Chancery Court on September 27, 2024, the Company is required to offer to L-5 Healthcare Partners, LLC ("L-5"), a stockholder of the Company, the right to purchase from the Company a warrant to purchase up to 1,133,160 shares of the Company's common stock at an exercise price of $2.17 per share (the "Warrant"). The purchase price of the Warrant would be $1.98 per share, or a total purchase price of approximately $2.2 million. The Warrant would expire on June 21, 2026. The Company is required to offer to sell the Warrant to L-5 on or before November 4, 2024 and L-5 will have five business days following such offer to purchase the Warrant. If L-5 fails to purchase the Warrant within such five-business day period, the offer will expire. If L-5 timely elects to purchase the Warrant and subsequently exercises the Warrant in full prior to its expiration, then the full consideration to be received by the Company for the sale of the Warrant and the issuance of the shares of common stock upon its exercise will be approximately $4.7 million, resulting in a per share purchase price of $4.15 per share of common stock if the Warrant purchased and is exercised in full.

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11. Business Segment and Geographic Information

The Company operates in one segment based upon the Company's organizational structure, the way in which the operations and investments are managed and evaluated by the chief operating decision maker ("CODM") as well as the lack of available discrete financial information at a level lower than the consolidated level. The Company shares common, centralized support functions which report directly to the CODM and decision-making regarding the Company's overall operating performance and allocation of Company resources is assessed on a consolidated basis.

Net revenue and property and equipment, net, by geographic region are as follows (in thousands):

	Revenue				Property and equipment, net		Revenue				Property and equipment, net	
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,	Three Months Ended September 30,		Nine Months Ended September 30,		September 30,	December 31,
(in thousands)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
United States	$ 136,406	$ 107,664	$ 266,251	$ 207,633	$ 178,956	$ 147,705	$ 141,808	$ 110,096	$ 408,059	$ 317,728	$ 169,486	$ 147,705
International	9,167	9,256	17,799	18,397	1,658	2,130	8,911	8,166	26,710	26,564	1,944	2,130
Total	$ 145,573	$ 116,920	$ 284,050	$ 226,030	$ 180,614	$ 149,835	$ 150,719	$ 118,262	$ 434,769	$ 344,292	$ 171,430	$ 149,835

12. Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss available to common stockholders by the weighted-average number of common shares outstanding for the period. If applicable, diluted net loss per share attributable to common stockholders is calculated by dividing net loss available to common stockholders by the diluted weighted-average number of common shares outstanding for the period, determined using the treasury-stock method and the if-converted method for convertible debt. For purposes of this calculation, common stock subject to repurchase by the Company, common stock issuable upon conversion or exercise of convertible notes, preferred shares, options, and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive. Due to the Company's net loss position, the effect of including common stock equivalents in the earnings per share calculation is anti-dilutive, and therefore not included.

The following table presents the computation of basic and diluted net loss per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Numerator:								
Net loss	$ (40,680)	$ (51,377)	$ (89,175)	$ (94,906)	$ (39,616)	$ (42,654)	$ (128,791)	$ (137,560)
Denominator:								
Weighted average common shares outstanding	142,687	118,719	141,845	114,260	143,492	122,468	142,400	117,026
Net loss per share, basic and diluted:	$ (0.29)	$ (0.43)	$ (0.63)	$ (0.83)	$ (0.28)	$ (0.35)	$ (0.90)	$ (1.18)

The following potentially dilutive shares of common stock were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	As of June 30,		As of September 30,	
	2024	2023	2024	2023
Options to purchase common stock and employee stock purchase plan	2,497	2,517	2,629	2,567
Unvested restricted stock unit awards	8,172	7,546	7,515	7,606
Warrants to purchase common stock	8,216	8,226	8,191	8,226
Senior convertible notes	17,246	17,246	17,246	17,246
Total	36,131	35,535	35,581	35,645

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13. Income Taxes

To calculate its interim tax provision, at the end of each interim period the Company estimates the annual effective tax rate, adjusted for discrete items arising in that quarter. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the estimated annual taxable income or loss for the year and projections of the proportion of income earned and taxed in foreign jurisdictions. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained, or the tax environment changes.

The Company's effective tax rate from operations was 0.70 0.09% and 0.40 0.30% for the three and six nine months ended June 30, 2024 September 30, 2024, respectively. The Company's effective tax rate from operations was 0.10 0.27% and 0.04 0.11% for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. The Company's effective tax rate differs from the federal statutory rate of 21% in each period primarily due to the Company's net loss position and valuation allowance.

14. Related Party Transactions

The Company purchases inventory from an affiliate of Squadron Capital, LLC (the "Squadron Supplier Affiliate"). David Pelizzon, President and Director of Squadron Capital, LLC, currently serves on the Company's Board of Directors. For the three and six nine months ended June 30, 2024 September 30, 2024, the Company purchased inventory in the amounts of $3.2 5.7 million and $8.0 18.3 million, respectively, from the Squadron Supplier Affiliate. For the three and six nine months ended June 30, 2023 September 30, 2023, the Company purchased inventory in the amounts of $4.7 5.8 million and $8.3 14.1 million, respectively, from the Squadron Supplier Affiliate. As of June 30, 2024 September 30, 2024, and December 31, 2023, the Company had $7.8 9.3 million and $5.4 million, respectively, due to the Squadron Supplier Affiliate, for inventory purchases.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto that appear elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"). In addition to historical information, the following management's discussion and analysis of our financial condition and results of operations includes forward-looking information that involves risks, uncertainties, and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, such as those set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, and any updates to those risk factors filed from time to time in our subsequent periodic and current reports filed with the SEC.

Overview

We are a medical technology company, headquartered in Carlsbad, California, focused on the design, development, and advancement of technology for better surgical treatment of spine disorders. By applying our unique, 100% spine focus and deep, collective industry know-how, we aim to revolutionize the approach to spine surgery through clinical distinction. The sophisticated approaches that we create from the ground up are designed to integrate with our expanding Alpha InformatiX™ product platform to objectively inform surgery and achieve the goals of spine surgery more predictably and more reproducibly. We have a comprehensive product portfolio designed to address the spine's various pathologies, and are perpetually innovating to accomplish our ultimate vision, which is to be the standard bearer in spine.

The application of our team's deep spine know-how, coupled with a willingness to invest holistically in the technologies integrated into our procedural approaches continues to increasingly compel surgeons and sales talent to partner with us. That adoption-driven validation has been the source of industry-leading market share expansion, which has delivered an approximately 40% revenue compound annual growth rate since our transformation commenced in 2018.

We market and sell our products through a network of independent sales agents and direct sales representatives. To deliver consistent, predictable growth, we have added, and intend to continue to add, clinically astute and exclusive sales team members to reach untapped surgeons, hospitals, and national accounts and better penetrate existing accounts and territories.

Revenue and Expense Components

The following is a description of the primary components of our revenue and expenses:

Revenue. We derive our revenue primarily from the sale of spinal surgery implants used in the treatment of spine disorders as well as the sale of medical imaging equipment which is used for surgical planning and post-operative assessment. Spinal implant products include pedicle screws and complementary implants, interbody devices, plates, and tissue-based materials. Medical imaging equipment includes our EOS full-body and weight-bearing x-ray imaging devices, and related services. Our revenue is generated by our direct sales force and independent sales agents. Our products are shipped and invoiced to hospitals and surgical centers. Currently, most of our business is conducted with customers within markets in which we have experience and with payment terms that are customary to our business. We may defer revenue until the time of collection if circumstances related to payment terms, regional market risk or customer history indicate that collectability is not certain.

Cost of sales. Cost of sales consists primarily of direct product costs, royalties, service labor hours, and parts. Our product costs consist primarily of raw materials, component parts, direct labor, and overhead. The product costs of certain of our biologics products include the cost of procuring and processing human tissue. We incur royalties related to the technologies that we license from others and the products that are developed in part by surgeons with whom we collaborate in the product development process.

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Research and development expenses. Research and development expenses consist of costs associated with the design, development, testing, and enhancement of our products. Research and development expenses also include salaries and related employee benefits, research-related overhead expenses, and fees paid to external service providers and development consultants in the form of both cash and equity.

Sales, general and administrative expenses. Sales, general and administrative expenses consist primarily of salaries and related employee benefits, sales commissions and other variable costs, depreciation of our surgical instruments, regulatory affairs, quality assurance costs, professional service fees, travel, medical education, trade show and marketing costs, and insurance expenses.

Litigation-related expenses. Litigation-related expenses consist of costs incurred for our ongoing and settled litigation.

Amortization of acquired intangible assets. Amortization of acquired intangible assets consists of intangible assets acquired in business combinations and asset acquisitions.

Transaction-related expenses. Transaction-related expenses consist of one-time costs associated with business combinations and asset acquisitions. These items may include but are not limited to consulting and legal fees, and other related deal costs.

Restructuring expenses. Restructuring expenses are primarily associated with the realignment of our operations and geographical footprint to achieve synergies, in which we incur one-time costs related to exiting and/or relocating our facilities, and personnel related expenses including severance and other costs.

Total interest expense and other expense, net. Total interest expense and other expense, net includes interest income, interest expense, gains and losses from foreign currency exchanges and other non-operating gains and losses.

Income tax provision. Income tax provision primarily consists of an estimate of federal, state, and foreign income taxes based on enacted state and foreign tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. On an on-going basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowances for accounts receivable, inventories, intangible assets, stock-based compensation, and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumption conditions.

Critical accounting policies are those that, in management's view, are most important in the portrayal of our financial condition and results of operations. Management believes there have been no material changes during the three months ended June 30, 2024 September 30, 2024, to the critical accounting policies discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC.

Results of Operations

Total revenue

(in thousands, except %)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change $	Change %	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change $	Change %	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change $	Change %
Revenue from products and services	$ 145,573	$ 116,920	$ 28,653	25 %	$ 284,050	$ 226,030	$ 58,020	26 %	$ 150,719	$ 118,262	$ 32,457	27 %	$ 434,769	$ 344,292	$ 90,477	26

Revenue from products and services increased $28.6 million $32.5 million, or 25% 27%, and $58.0 million $90.5 million, or 26%, during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The increase was primarily due to an increase in product volume that was due to the increase in our surgeon user base, continued expansion of our new product portfolio, and increasing adoption of our technology.

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Cost of sales

(in thousands, except %)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change $	Change %	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change $	Change %	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change $	Change %
Cost of sales	$ 42,979	$ 52,379	$ (9,400)	(18)%	$ 84,105	$ 91,064	$ (6,959)	(8)%	$ 47,990	$ 38,215	$ 9,775	26 %	$ 132,095	$ 129,279	$ 2,816	2 %

Cost of sales decreased $9.4 million increased $9.8 million, or 18% 26%, and $7.0 million $2.8 million, or 8% 2%, for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The decrease increase was primarily due to an increase in product volume offset by a decrease in stock-based compensation offset by an increase in product volume. compensation. We have entered into Development Service Agreements for the development of a wide variety of potential products and intellectual property. Under these agreements, future royalty payments for product and/or intellectual property rights may be paid in either cash or restricted shares of our common stock at the election of the developer, depending on the terms of the agreement. Certain of these agreements were amended to remove the cash royalty option and require settlement in restricted shares of our common stock. During Stock-based compensation associated with these awards was higher during the three and six nine months ended June 30, 2023, September 30, 2023 than the other periods presented as the vesting conditions of certain of these amended awards were deemed probable. There were no such vesting conditions met during the three and six months ended June 30, 2024 resulting in a decrease in stock-based compensation for the period. probable at that time.

Operating expenses

(in thousands, except %)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change $	Change %	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change $	Change %	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating expenses:														
Research and development	$ 19,105	$ 14,571	$ 4,534	31 %	$ 37,117	$ 27,831	$ 9,286	33 %	$ 20,357	$ 20,000	$ 357	2 %	$ 57,474	$ 47,831
Sales, general and administrative	112,731	87,287	25,444	29 %	226,458	178,549	47,909	27 %	109,200	91,411	17,789	19 %	335,658	269,960

Litigation-related expenses	2,090	6,908	(4,818)	(70)%	6,518	10,100	(3,582)	(35)%	2,093	2,715	(622)	(23)%	8,611	12,815
Amortization of acquired intangible assets	3,836	3,705	131	4%	7,690	6,588	1,102	17%	3,848	3,873	(25)	(1)%	11,538	10,461
Transaction-related expenses	—	1,900	(1,900)	(100)%	(117)	1,900	(2,017)	(106)%	—	278	(278)	(100)%	(117)	2,178
Restructuring expenses	139	29	110	379%	927	204	723	354%	934	129	805	624%	1,861	333
Total operating expenses	$ 137,901	$ 114,400	$ 23,501	21%	$ 278,593	$ 225,172	$ 53,421	24%	$ 136,432	$ 118,406	$ 18,026	15%	$ 415,025	$ 343,578

Research and development expenses. Research and development expenses increased $4.5 million $0.4 million, or 31% 2%, and $9.3 million $9.6 million, or 33% 20%, for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The increase during the nine months ended September 30, 2024 was primarily due to an increase in stock-based compensation related to our Development Service Agreements and due to an increase in personnel to support the expansion of our new product portfolio.

Sales, general and administrative expenses. Sales, general and administrative expenses increased $25.4 million $17.8 million, or 29% 19%, and $47.9 million $65.7 million, or 27% 24%, during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The increase was primarily due to higher compensation-related costs and variable selling expenses associated with the increase in revenue, and our continued investment in building our strategic distribution channel. Additionally, we continued to increase our investment in our sales and marketing functions by increasing headcount to support the growth of our business, as well as necessary administrative support.

Litigation-related expenses. Litigation expenses decreased $4.8 million $0.6 million, or 70% 23%, and $3.6 million $4.2 million, or 35% 33%, for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The decrease was primarily related to settled resolved litigation matters.

Amortization of acquired intangible assets. Amortization expense increased $1.1 million, or 17% 10%, during the six nine months ended June 30, 2024 September 30, 2024, compared to the same period in 2023. The increase in amortization of acquired intangible assets is primarily due to amortization of intangible assets acquired in the acquisition of the navigation-enabled robotics platform ("Valence") in April 2023.

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Transaction-related expenses. Transaction-related expense decreased $1.9 million $0.3 million, or 100%, and $2.0 million $2.3 million, or 106% 105%, during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The decrease in transaction-related expenses is due to the Valence acquisition in April 2023.

Restructuring expenses. Restructuring expenses increased $0.8 million, or 624%, and $1.5 million, or 459%, during the three and nine months ended September 30, 2024, respectively, compared to the same period in 2023. The increase in restructuring expenses for the three and six months ended June 30, 2024 is primarily due to costs associated with the relocation of office facilities in Paris, France. France and personnel related expenses.

Total interest expense and other expense, net

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change		Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**	**2024**	**2023**	**$**	**%**

Other expense, net:																
Interest expense, net	$ (5,815)	$ (3,892)	$ (1,923)	49 %	$ (11,156)	$ (7,766)	$ (3,390)	44 %	$ (6,572)	$ (4,459)	$ (2,113)	47 %	$ (17,728)	$ (12,225)	$ (5,503)	45 %
Other income, net	156	2,324	(2,168)	(93)%	274	3,030	(2,756)	(91)%	623	47	576	1,226 %	897	3,077	(2,180)	(71)%
Total other expense, net	$ (5,659)	$ (1,568)	$ (4,091)	261 %	$ (10,882)	$ (4,736)	$ (6,146)	130 %	$ (5,949)	$ (4,412)	$ (1,537)	35 %	$ (16,831)	$ (9,148)	$ (7,683)	84 %

Interest expense, net, increased $1.9 million $2.1 million, or 49% 47%, and $3.4 million $5.5 million, or 44% 45%, during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The increase in interest expense, net, was primarily due to drawing an additional $50.0 million on the Braidwell Term Loan in September 2023 and higher interest rates related to our Revolving Credit Facility and Braidwell Term Loan.

Other income, net, increased $0.6 million, or 1,226%, and decreased $2.2 million, or 93%, and $2.8 million, or 91% 71%, during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023. The change increase in other income, net, during the three months ended September 30, 2024, was primarily due to fluctuations in foreign currency rates. The decrease in other income, net, during the nine months ended September 30, 2024, was primarily due to an employee retention credit received during the three nine months ended June 30, 2023 September 30, 2023.

Income tax provision

	Three Months Ended		Change		Six Months Ended		Change		Three Months Ended		Change		Nine Months Ended		Change	
	June 30,				June 30,				September 30,				September 30,			
(in thousands, except %)	2024	2023	$	%	2024	2023	$	%	2024	2023	$	%	2024	2023	$	%
Income tax (benefit) provision	$ (286)	$ (50)	$ (236)	472 %	$ (355)	$ (36)	$ (319)	886 %	$ (36)	$ (117)	$ 81	(69)%	$ (391)	$ (153)	$ (238)	156 %

The change in the income tax provision benefit for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, compared to the same period in 2023, was primarily related to the recognition of income tax benefits in several jurisdictions.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents, our Revolving Credit Facility and cash from operations. On October 29, 2024, the Company entered into an amendment of the Braidwell Term Loan, which provides for an additional term loan of $50.0 million. Our liquidity and capital structure are evaluated regularly within the context of our annual operating and strategic planning process. We consider the liquidity necessary to fund our operations, which includes working capital needs, investments in research and development, investments in inventory and instrument sets to support our customers, as well as other operating costs. Our future capital requirements will depend on many factors including our rate of revenue growth, the timing and extent of spending to support development efforts, the expansion of sales, marketing and administrative activities, the timing of introductions of new products and enhancements to existing products, and the international expansions of our business.

As current borrowing sources become due, we may be required to access the capital markets for additional funding. If we are required to access the debt markets, we expect to be able to secure reasonable borrowing rates. As part of our liquidity strategy, we will continue to monitor our current level of spending and cash use as well as our ability to secure additional credit facilities, term loans, or other similar arrangements in light of our spending levels and general financial market conditions.

A substantial portion of our operations are in the United States ("U.S."), and most of our net sales have been made in the U.S. Accordingly, we do not have material exposures to foreign currency rate fluctuations from operations. However, as our business in markets outside of the U.S. continues to increase, we will be exposed to foreign currency exchange risk related to our foreign operations.

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We do not have any material financial exposure to one customer or one country, outside of the United States, that would significantly hinder our liquidity. We are and may become involved in various legal proceedings arising from our business activities. While we have no material, undisclosed accruals for pending litigation or claims, litigation is inherently unpredictable, and depending on the nature and timing of a proceeding, an unfavorable resolution could materially affect our future consolidated results of operations, cash flows or financial position in a particular period. We assess contingencies to determine the degree of probability and range of possible loss for potential accrual or disclosure in our condensed consolidated financial statements. An estimated loss contingency is accrued in our condensed consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Assessing contingencies is highly subjective and requires judgments about future events because litigation is inherently unpredictable, and unfavorable resolutions could occur. When evaluating contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to reasonably possible outcomes, and as such are not meaningful indicators of our potential liability. We have disclosed all material accruals for pending litigation or investigations in Note 9, Commitments and Contingencies, in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Cash and cash equivalents were $99.8 million $81.0 million and $221.0 million at June 30, 2024 September 30, 2024, and December 31, 2023, respectively. We believe that our existing funds, cash generated from our operations and our existing sources of and access to financing are adequate to satisfy our needs for working capital, capital expenditure and debt service requirements, and other business initiatives we plan to strategically pursue.

Summary of Cash Flows

	Six Months Ended June 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Cash (used in) provided by:				
Operating activities	$ (49,832)	$ (36,196)	$ (55,174)	$ (53,481)
Investing activities	(69,512)	(92,379)	(89,390)	(113,762)
Financing activities	(1,128)	145,023	5,566	205,348
Effect of exchange rate changes on cash	(670)	(124)	(996)	(275)
Net (decrease) increase in cash and cash equivalents	$ (121,142)	$ 16,324	$ (139,994)	$ 37,830

Operating Activities

We used cash of $49.8 million $55.2 million from operating activities for the six nine months ended June 30, 2024 September 30, 2024, which is primarily related to inventory purchases to support the growth of our business and commercial launch of new products, offset by the timing of cash payments and receipts.

Investing Activities

We used cash of $69.5 million $89.4 million in investing activities for the six nine months ended June 30, 2024 September 30, 2024, which is primarily related to the purchase of surgical instruments to support the growth of our business and commercial launch of new products.

Financing Activities

We used Financing activities provided cash of $1.1 million in financing activities $5.6 million for the six nine months ended June 30, 2024 September 30, 2024, which is primarily related to cash paid for net tax withholdings associated with employee stock awards offset by net draws on our revolving line of credit.

Debt and Commitments

As of June 30, 2024 September 30, 2024, we had $150.0 million outstanding under the Braidwell Term Loan. The outstanding loans under the Braidwell Term Loan bear interest at the sum of Term SOFR plus 5.75% per annum. The Braidwell Term Loan matures on January 6, 2028.

As of June 30, 2024 September 30, 2024, we had $54.9 million $63.2 million outstanding under the Revolving Credit Facility. The outstanding loans under the Revolving Credit Facility bear interest at the sum of Term SOFR plus 3.5% per annum. The Revolving Credit Facility matures on the earlier of September 29, 2027, or 90 days prior to the final maturity date of any of our 2026 Notes.

As of June 30, 2024 September 30, 2024, we had $316.3 million outstanding under the 2026 Notes. The 2026 Notes accrue interest at a rate of 0.75%, payable semi-annually in arrears on February 1 and August 1 of each year. Prior to maturity in August 2026, the holders of the 2026 Notes may, under certain circumstances, choose to convert their notes into shares of our common stock. Based on the terms we have the option to pay or deliver cash, shares of our common stock, or a combination thereof, when a conversion notice is received.

As of June 30, 2024 September 30, 2024, we had $4.0 million $3.6 million in other debts that are due in monthly and quarterly installments through maturity in 2027.

We have an inventory purchase commitment agreement with a third-party supplier, where we are obligated to meet certain minimum purchase commitment requirements through December 2026. As of June 30, 2024 September 30, 2024, the remaining minimum purchase commitment under the agreement was $9.8 million $8.9 million.

Contractual obligations and commercial commitments

As of June 30, 2024 September 30, 2024, there have been no material changes, outside the normal course of business, in our outstanding contractual obligations from those disclosed within the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

Aside from the changes disclosed in Note 1 to the Notes to Condensed Consolidated Financial Statements (Unaudited) under the heading “Recently Issued Accounting Pronouncements,” if any, there have been no new accounting pronouncements or changes to accounting pronouncements during the six nine months ended June 30, 2024 September 30, 2024, as compared to the recent accounting pronouncements described in our Annual Report on Form 10-K for the year ended December 31, 2023, that was filed with the SEC.

Forward Looking Statements

This Quarterly Report on Form 10-Q incorporates a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including statements regarding:

- our estimates regarding anticipated operating losses, future revenue, expenses, capital requirements, uses and sources of cash and liquidity, including our anti revenue growth and cost savings;
- our ability to achieve profitability, and the potential need to raise additional funding;
- our ability to ensure that we have effective disclosure controls and procedures;
- our ability to meet, and potential liability from not meeting, any outstanding commitments and contractual obligations;
- our ability to maintain compliance with the quality requirements of the U.S. Food and Drug Administration and similar foreign regulatory requirements;
- our ability to market, improve, grow, commercialize and achieve market acceptance of any of our products or any product candidates that we are developing or may c in the future;
- our ability to continue to enhance our product offerings, and to commercialize and achieve market acceptance of any of our products or product candidates;
- the effect of any existing or future federal, state or international regulations on our ability to effectively conduct our business;
- our business strategy and our underlying assumptions about market data, demographic trends, reimbursement trends and pricing trends;
- our ability to maintain an adequate global sales network for our products, including to attract and retain independent sales agents and direct sales representatives;
- our ability to increase the use and promotion of our products by training and educating spine surgeons and our global sales network;
- our ability to attract and retain a qualified management team, as well as other qualified personnel and advisors;

- our ability to enter into licensing and business combination agreements with third parties and to successfully integrate the acquired technology and/or businesses;
- the impact of global economic and political conditions and public health crises on our business and industry; and
- other factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 or any document incorporated by reference herein or therein.

Any or all of our forward-looking statements in this Quarterly Report on Form 10-Q may turn out to be wrong. They can be affected by inaccurate assumptions and/or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this Quarterly Report on Form 10-Q will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from expected results.

We also provide a cautionary discussion of risks and uncertainties under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, and any updates to those risk factors filed from time to time in our subsequent periodic and current reports filed with the SEC. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed there could also adversely affect us.

Without limiting the foregoing, the words "believe," "anticipate," "plan," "expect," "estimate," "may," "will," "should," "could," "would," "seek," "intend," "continue," "project," and similar expressions are intended to identify forward-looking statements. There are a number of factors and uncertainties that could cause actual events or results to differ materially from those indicated by such forward-looking statements, many of which are beyond our control, including the factors set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 and any updates to those risk factors filed from time to time in our subsequent periodic and current reports filed with the SEC. In addition, the forward-looking statements contained herein represent our estimate only as of the date of this filing and should not be relied upon as representing our estimate as of any subsequent date. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have evaluated the information required under this item that was disclosed under Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2023, and there have been no significant changes to this information.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time lines specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in SEC Rules 13a - 15(e) and 15d - 15(e)) as of June 30, 2024 September 30, 2024. Based on such evaluation, our management has concluded that as of June 30, 2024 September 30, 2024, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2024 September 30, 2024, there have been no changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our material legal proceedings, refer to Note 9 of our Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors described under Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 27, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2024 September 30, 2024, we issued unregistered shares of common stock as consideration for the purchase of assets from a third party as described in the following table:

Date Issued	Number of Shares	Grant Date Fair Value per Share (1)	Number of Shares	Grant Date Fair Value per Share (2)
May 6, 2024	18,316	$ 13.28		
August 2, 2024	523,543(1)	$ 6.30		
September 9, 2024	107,500(1)	$ 5.65		
September 19, 2024	75,000(1)	$ 6.21		

(1) Pursuant to Development Services Agreements for the development of products and intellectual property.
(2) Based on the market price of common stock on the issuance date.

The issuances of the foregoing securities were made in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, as there was no general solicitation and the transactions did not involve a public offering.

Item 5. Other Information

During the quarter ended June 30, 2024, none of our directors or executive officers On adopted September 11, 2024, modified or terminated David P. Sponsel, the Company's Executive Vice President, Sales, entered any contract, instruction or into a written plan for the purchase or sale of our securities that was shares of common stock. The number of shares of common stock to potentially be sold pursuant to this written plan is intended to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable. The plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, and is scheduled to terminate no later than September 17, 2025.

On August 30, 2024, Scott Lish, the Company's Chief Operating Officer, entered into a written plan for the sale of shares of common stock. The number of shares of common stock to potentially be sold pursuant to this written plan is intended to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable. The plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, and is scheduled to terminate no later than March 15, 2025.

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Item 6. Exhibits

Exhibit	Number Exhibit Description
10.1	Vesting Acceleration Amendment No. 2, Dated April 23, 2024, to Credit Agreement, (1) dated as of September 29, 2022, by and among Alphatec Holdings, Inc., Alphatec Spine, Inc., and the other borrowers from time to time party thereto, the guarantors from time to time party thereto, Midcap Financial Trust and the other lenders from time to time party thereto, and MidCap Funding IV Trust, as administrative agent
10.2	Third Amended Amendment No. 3, Dated September 9, 2024, to Credit Agreement, dated as of September 29, 2022, by and Restated Warrant to Purchase Common Stock of among Alphatec Holdings, Inc. Issued , Alphatec Spine, Inc., and the other borrowers from time to Patrick S. Miles time party thereto, the guarantors from time to time party thereto, Midcap Financial Trust and the other lenders from time to time party thereto, and MidCap Funding IV Trust, as administrative agent
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from the Alphatec Holdings, Inc. Quarterly Report on Form 10-Q for the three and six nine months ended June 30, 2024 September 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (Unaudited) as of June 30, 2024 September 30, 2024 and December 31, 2023, (ii) Condensed Consolidated Statements of Operations (Unaudited) for the Three and Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023, (iii) Condensed Consolidated Statements of Comprehensive Loss (Unaudited) for the Three and Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023, (iv) Condensed Consolidated Statements of Stockholders' (Deficit) Equity (Unaudited) for the Three and Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023, (v) Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101.INS)

(1) Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on June 17, 2024.

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SIGNATURES

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

ALPHATEC HOLDINGS, INC.

By: /s/ Patrick S. Miles
Patrick S. Miles
Chairman and Chief Executive Officer
(principal executive officer)

By: /s/ J. Todd Koning
J. Todd Koning
Executive Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)

Date: July 31, 2024 October 30, 2024

Exhibit 10.2
EXECUTION VERSION
Exhibit 10.1

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR STATE SECURITIES LAWS AMENDMENT NO. 2 TO CREDIT, SECURITY AND NO TRANSFER OF THESE SECURITIES MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND THE RULES AND REGULATIONS THEREUNDER AND OF ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS, OR (B) PURSUANT TO AN EXEMPTION THEREFROM UNDER SAID ACT AND ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS WITH RESPECT TO WHICH THE COMPANY MAY, UPON REQUEST, REQUIRE A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER THAT SUCH TRANSFER IS EXEMPT FROM THE REQUIREMENTS OF THE ACT. GUARANTY AGREEMENT

amended and restated This

WARRANTAMENDMENT NO. 2 TO PURCHASE COMMON STOCK
OF
ALPHATEC HOLDINGS, INC.

Warrant Shares: 1,327,434 December 28, 2017

THIS WARRANT CERTIFIES THAT, for value received, Patrick S. Miles (the "Holder"), or its assigns, is entitled to purchase up to 1,327,434 shares of Common Stock (the CREDIT, SECURITY AND GUARANTY AGREEMENT (this "**Shares Agreement**") is made as of Alphatec Holdings, Inc. this 23rd of April, 2024, by and among ALPHATEC HOLDINGS, INC., a Delaware corporation (the "Company") at an exercise price equal to $5.00 per Share (the " ("**Exercise Price Holdings**"), all ALPHATEC SPINE, INC., a California corporation ("**ATEC**"), SAFEOP SURGICAL, INC., a Delaware corporation ("**Safeop**", and each of Holdings, ATEC and Safeop being referred to herein individually as a "**Borrower**", and collectively as "**Borrowers**"), MIDCAP FUNDING IV TRUST, a Delaware statutory trust, as agent (in such capacity and together with its permitted successors and assigns, the "**Agent**"), and the Lenders party hereto constituting the Required Lenders.

RECITALS

A. Agent, Lenders and Borrowers are parties to that certain Credit, Security and Guaranty Agreement, dated as of September 29, 2022 (as amended by that certain Omnibus Joinder and Amendment No. 1 to Credit, Security and Guaranty Agreement, dated as of January 6, 2023 and as further amended, modified, supplemented and restated from time to time prior to the date hereof, the "**Original Credit Agreement**" and as the Original Credit Agreement is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to the Borrowers in the amounts and manner set forth in the Credit Agreement.

B. Borrowers have requested, and Agent and Lenders constituting at least the Required Lenders have agreed, on the terms and subject to the terms and conditions set forth in this Agreement, to, among other things, amend certain terms of the Original Credit Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, the Lenders, and Borrowers hereby agree as follows:

1. **Recitals**. This Agreement shall constitute a Financing Document. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Amendments to Original Credit Agreement**. Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 5 below, the Original Credit Agreement is hereby amended as follows:

(a) The definition of "**Additional Tranche**" as set forth herein. in Section 1.1 of the Original Credit Agreement is hereby amended by replacing each reference therein to "$25,000,000" with "$20,000,000".

(b) The proviso in the definition of "**Borrowing Base**" set forth in Section 1.1 of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

"*provided* that the portion of the Borrowing Base constituting Eligible Inventory shall be adjusted down, if necessary, such that availability attributable to Eligible Inventory shall never exceed an amount equal to the lesser of (x) $20,000,000 or (y) fifty percent (50%) of the Revolving Loan Limit."

MidCap / ATEC / Amendment No. 2
|US-DOCS\150074168.5||

(c) Clause (i) of the definition of "**Permitted Investments**" set forth in Section 1.1 of the Original Credit Agreement is hereby amended by deleting "$5,000,000" where it appears therein and replacing it with "$15,000,000".

(d) The last sentence of the definition of "**Revolving Loan Commitment Amount**" set forth in Section 1.1 of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

"For the avoidance of doubt, the aggregate Revolving Loan Commitment Amount of all Lenders on the Second Amendment Effective Date shall be $55,000,000 and if the Additional Tranche is fully activated by Borrowers pursuant to the terms of the Agreement such amount shall increase to

$75,000,000."

(e) The following defined term is hereby added to Section 1.1 of the Original Credit Agreement in alphabetical order therein:

"**Second Amendment Effective Date**" means April 23, 2024.

I. (f) EXERCISE

Holder may exercise this Warrant in whole or in part, at any time and from time to time following June 28, 2018, in each case, by delivering a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 to the principal office Annex A of the Company Existing Credit Agreement is hereby amended by replacing such annex in its entirety with the new Annex A attached hereto.

3. **Reaffirmation of Security Interest**. Each Borrower confirms and a check agrees that all security interests and Liens granted to Agent under the Security Documents continue in full force and effect, and all Collateral remains free and clear of any Liens, other than Permitted Liens. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral.

4. **Costs and Fees.** In consideration of Agent and the Lenders' agreement to enter into this Agreement on the date hereof:

(a) Credit Parties shall pay, or cause to be paid, to Agent, for the aggregate Exercise Price benefit of all Lenders, an amendment fee (the "**Amendment Fee**") in an amount equal to $50,000 on the date hereof. Such Amendment Fee shall be due and payable on the date hereof and, once paid, is non-refundable.

(b) Borrowers shall pay, or cause to be paid, to Agent, for the Shares being purchased. Promptly after Holder exercises benefit of all Lenders, an origination fee equal to $75,000, representing 1.50% of the Additional Tranche (as defined in the Original Credit Agreement) contemplated by this Warrant, Agreement pursuant to Section 2.1(c) of the Company shall deliver to Holder certificates for the Shares acquired, and, if this Warrant has not been fully exercised, a new Warrant representing the Shares not so acquired Original Credit Agreement (the "**Additional Tranche Fee**"). Such Additional Tranche Fee shall be delivered due and payable on the date hereof and, once paid, is non-refundable.

(c) In accordance with Section 2.1(b)(i) of the Credit Agreement, each Borrower and each Revolving Lender hereby authorize Agent to Holder. Subject make Revolving Loans on behalf of the Revolving Lenders to Article 4 pay (i) the Amendment Fee, (ii) Additional Tranche Fee, and Section 5.2 below, (iii) the Company agrees that any Shares acquired by exercise legal expenses of Agent's counsel due and payable in connection with this Warrant Agreement in accordance with Section 13.14(a).

(d) Credit Parties shall be responsible for the payment of all reasonable and documented out-of-pocket costs and fees of Hogan Lovells LLP incurred in connection with the preparation of this Article 1 Agreement and any related documents.

5. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which each of the following conditions precedent have been satisfied, as determined or waived by Agent in its sole discretion:

(a) Credit Parties shall have delivered to Agent this Agreement, duly executed by a Responsible Officer of such Credit Party;

(b) all of the representations and warranties of Credit Parties set forth herein and in the other Financing Documents are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Credit Party as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) on and as of such date (and such parties' delivery of their respective signatures hereto shall be deemed to be issued to the Holder as the record holder its certification thereof);

(c) no Default or Event of such Shares as Default shall exist under any of the close Financing Documents (and such parties' delivery of business on the date on which the Notice of Exercise shall have been delivered and payment made for the Exercise Price as aforesaid.

Net Issue via Cashless Exercise. In lieu of exercising this Warrant by delivering a check for the aggregate Exercise Price for the Shares being purchased, this Warrant may also be exercised, in whole or in part, by means of a "cashless exercise" in which the Holder their respective signatures hereto shall be entitled deemed to receive a number of Shares equal be its certification thereof); and

(d) payment by the Credit Parties to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date Agent of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed costs and delivered pursuant to Article 1 hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Article 1 hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, (y) the VWAP on the Trading Day immediately preceding the date the applicable Notice of Exercise is delivered or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter pursuant to Article 1 hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Article 1 hereof after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

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(X) = the number of Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this provision.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

The Holder may elect net issue via cashless exercise by delivering a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 to the principal office of the Company which affirmatively sets forth Holder's election to elect net issue via cashless exercise. Notwithstanding anything herein to the contrary, on the termination date, as set forth in Article 3, Section 4 hereof, including, without limitation, the Amendment Fee and the Additional Tranche Fee.

6. **No Waiver or Novation.** The execution, delivery and effectiveness of this Warrant Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be automatically exercised via cashless exercise construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

7. **Affirmation.** Except as specifically amended pursuant to this Article 1.

II. THE TERMS HEREOF, EACH BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT THE CREDIT AGREEMENT AND ALL OTHER FINANCING DOCUMENTS (AND ALL COVENANTS, TERMS, CONDITIONS AND AGREEMENTS THEREIN) SHALL REMAIN IN FULL FORCE AND EFFECT, AND ARE HEREBY RATIFIED AND CONFIRMED IN ALL RESPECTS BY SUCH BORROWER. EACH BORROWER COVENANTS AND AGREES TO COMPLY WITH ALL OF THE TERMS, COVENANTS AND CONDITIONS OF THE CREDIT AGREEMENT AND THE FINANCING DOCUMENTS, NOTWITHSTANDING ANY PRIOR COURSE OF CONDUCT, WAIVERS, RELEASES OR OTHER ACTIONS OR INACTIONS ON AGENT'S OR ANY LENDER'S PART WHICH MIGHT OTHERWISE CONSTITUTE OR BE CONSTRU A WAIVER OF OR AMENDMENT TO SUCH TERMS, COVENANTS AND CONDITIONS.

ADJUSTMENTS TO THE SHARES

A. 8. **Split, Subdivision or Combination of Shares Miscellaneous.**

(a) Reference to the Effect on the Credit Agreement. Upon any subdivision of the Shares, by split or otherwise, or combination of the Shares, the number of Shares issuable upon the exercise effectiveness of this Warrant shall forthwith be proportionately increased, Agreement, each reference in the case Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a subdivision, or proportionately decreased reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in the case of a combination, full force and the Exercise Price shall forthwith be proportionately decreased effect, and are hereby ratified and confirmed in the case of a subdivision, or proportionately increased in the case of a combination. all respects by each Borrower.

B. (b) Reclassification, Merger, Exchange or Substitution GOVERNING LAW. Upon any reclassification, merger, exchange, substitution, or other event that results THIS AGREEMENT AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

(c) Incorporation of Credit Agreement Provisions. The provisions contained in a change Section 11.6 (Indemnification), Section 13.8(b) (Submission to Jurisdiction) and Section 13.9 (Waiver of the number and/or class Jury Trial) of the securities issuable upon exercise of this Warrant, the Holder shall be entitled to receive, upon exercise of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, merger, exchange, substitution, or other event. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article

MidCap / ATEC / Amendment No. 2 to Credit Agreement

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2 including, without limitation, adjustments the Credit Agreement are incorporated herein by reference to the Exercise Price and to the number of securities or property issuable upon exercise or conversion of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, mergers, exchanges, substitutions, or other events. same extent as if reproduced herein in their entirety.

C. Notice of Adjustments. Whenever the number of Shares or Exercise Price is adjusted or there is any other adjustment of this Warrant as herein provided, the Company shall provide notice to the Holder of such adjustment or adjustments setting forth in reasonable detail the adjustments so made, a brief statement of the facts requiring such adjustment, and the computation by which such adjustment was made.

D. No Impairment. The Company shall not, through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2. The Company shall at all times reserve and keep available out of the aggregate of its authorized but unissued Shares, free of preemptive rights, such number of its duly authorized Shares, or other stock or securities deliverable pursuant to this Article 2, as shall be sufficient to enable the Company at any time to fulfill all of its obligations under this Warrant. The Company covenants that all Shares that may be delivered upon exercise of this Warrant, assuming full payment of the Exercise Price, shall upon delivery by the Company be duly authorized and validly issued, fully paid and nonassessable, free from all stamp taxes, liens and charges with respect to the issue or delivery thereof and otherwise free of all other security interests, encumbrances and claims of any nature whatsoever other than those created by Holder.

III. DURATION

This Warrant shall expire and no longer be exercisable, and its provisions shall have no further force or effect upon the earlier of (a) the date which this Warrant has been exercised for the maximum amount of Shares available for issuance upon an exercise of this Warrant and (b) December 31, 2026.

IV. TRANSFER

This Warrant (as if this Warrant were the Common Stock issuable upon the exercise hereof) and the Shares issued upon the exercise thereof may be transferred in whole or in part only in compliance with all applicable securities laws related to the transfer of this Warrant or the Shares issuable upon the exercise hereof. Subject to such restrictions, the Company shall transfer all or portion of this Warrant from time to time upon the books to be maintained by the Company for that purpose, upon surrender hereof for transfer, properly endorsed or accompanied by appropriate instructions for transfer and such other documents as may be reasonably required by the Company, including, if required by the Company, an opinion of its counsel reasonably satisfactory to the Company to the effect that such transfer is exempt from the registration requirements of the Act, to establish that such transfer is being made in accordance with the terms hereof, and a new Warrant shall be issued to the transferee for the portion of this Warrant so transferred (and, if applicable, a new Warrant shall be issued to the Holder for any portion not transferred) and the surrendered Warrant shall be canceled by the Company.

V. HOLDER REPRESENTATION

The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Shares or any part thereof in violation of the Act or any applicable state securities law, except pursuant to sales registered or exempted under the Act. The Holder acknowledges that the Shares acquired upon the exercise of this Warrant will have restrictions upon resale imposed by state and federal securities laws.

VI. MISCELLANEOUS

A. No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company with respect to the Shares issuable upon exercise hereof prior to such exercise as set forth in Section 1.

B. Loss or Destruction of this Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction)

of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company will execute and deliver, without charge, a new Warrant of like tenor.

C. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder. This Warrant also may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

D. Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder.

E. Ownership of this Warrant and Shares. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing thereon made by anyone other than the Company) for all purposes.

F. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Warrant shall be in writing and shall be deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by email as set forth on the signature page hereto if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day, or on the next business day if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day; (c) three business days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other party as set forth on the signature page hereto; or (d) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth on the signature page hereto with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. A party may change or supplement the addresses applicable hereunder, or designate additional addresses, for purposes of this Section 6.6 by giving the other party written notice of the new address in the manner set forth above.

G. Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Holder and their respective heirs, legal representatives, successors and permitted assigns; provided however, that neither this Warrant nor any rights or obligations hereunder shall be assigned by the Holder other than pursuant to a transfer permitted in accordance with Article 4. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any person other than the Company and the Holder, or their respective heirs, legal representatives, successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

H. Severability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

I. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California.

J. Headings. The Section headings used in this Warrant Agreement are included for the convenience of reference only and shall not for any purpose, be deemed constitute a part of this Warrant. Agreement for any other purpose.

K. (e) Further Assurances Counterparts. Each This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if such signatures were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. In furtherance of the Company foregoing, the words "execution", "signed", "signature", "delivery" and the Holder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and documents as the Company words of like import in or the Holder may, at relating to any time and from time document to time, reasonably request be signed in connection with this Agreement and the performance transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. As used herein, "**Electronic Signature**" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or other record. This Agreement constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(f) Entire Agreement. The Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of this Warrant. the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Alphatec Holdings, Inc. has caused this Warrant intending to be legally bound, and intending that this document constitute an agreement executed by its officer thereunto duly authorized. under seal, the undersigned have executed this Agreement under seal as of the day and year first hereinabove set forth.

Alphatec Holdings, Inc. AGENT: **MIDCAP FUNDING IV TRUST**

By:

Name: J. Todd Koning By: Apollo Capital Management, L.P.,

its investment manager

By: Apollo Capital Management GP, LLC,

its general partner

By: ______________________

Name: Maurice Amsellem

Title: Authorized Signatory

LENDER: **MIDCAP FUNDING IV TRUST**

By: Apollo Capital Management, L.P.,

its investment manager

By: Apollo Capital Management GP, LLC,

its general partner

By: ______________________

Name: Maurice Amsellem

Title: Authorized Signatory

BORROWERS: ALPHATEC HOLDINGS, INC.

ALPHATEC SPINE, INC.

By: ______________________

Name:

Title: E V P & C F O

Address: 1950 Camino Vida Roble, Carlsbad CA 92008

Email: tkoning@atecspine.com

SAFEOP SURGICAL, INC.

By:

Name:

Title:

[Signatures Continue on Following Page]

APPENDIX ANNEX A

ANNEX A TO CREDIT AGREEMENT (COMMITMENT ANNEX)

Lender	Revolving Loan Commitment Amount	Revolving Loan Commitment Percentage
MidCap Funding IV Trust	$55,000,000	100%
TOTALS	$55,000,000	100%

Execution Version

Exhibit 10.2

AMENDMENT NO. 3 TO CREDIT, SECURITY AND GUARANTY AGREEMENT

This AMENDMENT NO. 3 TO CREDIT, SECURITY AND GUARANTY AGREEMENT (this "**Agreement**") is made as of this 9th of September, 2024, by and among ALPHATEC HOLDINGS, INC., a Delaware corporation ("**Holdings**"), ALPHATEC SPINE, INC., a California corporation ("**ATEC**"), SAFEOP SURGICAL, INC., a Delaware corporation ("**Safeop**", and each of Holdings, ATEC and Safeop being referred to herein individually as a "**Borrower**", and collectively as "**Borrowers**"), MIDCAP FUNDING IV TRUST, a Delaware statutory trust, as agent (in such capacity and together with its permitted successors and assigns, the "**Agent**"), and the Lenders party hereto constituting the Required Lenders.

RECITALS

A. Agent, Lenders and Borrowers are parties to that certain Credit, Security and Guaranty Agreement, dated as of September 29, 2022 (as amended by that certain Omnibus Joinder and Amendment No. 1 to Credit, Security and Guaranty Agreement, dated as of January 6, 2023, as amended by that certain Amendment No. 2 to Credit, Security and Guaranty Agreement, dated as of April 23, 2024 and as further amended, modified, supplemented and restated from time to time prior to the date hereof, the "**Original Credit Agreement**" and as the Original Credit Agreement is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to the Borrowers in the amounts and manner set forth in the Credit Agreement.

B. Borrowers have requested, and Agent and Lenders constituting at least the Required Lenders have agreed, on and subject to the terms and conditions set forth in this Agreement, to, among other things, amend certain terms of the Original Credit Agreement.

AGREEMENT

NOTICE OF EXERCISE NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, the Lenders, and Borrowers hereby agree as follows:

1. **Recitals**. This Agreement shall constitute a Financing Document. The undersigned Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Amendments to Original Credit Agreement**. Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 5 below, the Original Credit Agreement is hereby elects amended as follows:

(a) The definition of "**Additional Tranche**" as set forth in Section 1.1 of the Original Credit Agreement is hereby deleted in its entirety;

(b) Clause (u) of the definition of "**Permitted Debt**" set forth in Section 1.1 of the Original Credit Agreement is hereby amended by replacing the reference therein to purchase _____ shares "$2,500,000" with "$5,000,000";

(c) The definition of Common Stock "**Revolving Loan Commitment Amount**" set forth in Section 1.1 of Alphatec Holdings, Inc. the Original Credit Agreement is hereby amended and restated in its entirety as follows:

""**Revolving Loan Commitment Amount**" means, as to any Lender, the dollar amount set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Amount" (if such Lender's name is not so set forth thereon, then the dollar amount on the Commitment Annex for the Revolving Loan Commitment Amount for such Lender shall be deemed to be $0), as such amount may be adjusted from time to time by any amounts assigned (with respect to such Lender's portion of Revolving Loans outstanding and its commitment to make Revolving Loans) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party. For the avoidance of doubt, the aggregate Revolving Loan Commitment Amount of all Lenders on the Third Amendment Effective Date shall be $75,000,000."

(d) The following defined term is hereby added to Section 1.1 of the Original Credit Agreement in alphabetical order therein:

""**Third Amendment Effective Date**" means September 9, 2024."

(e) Section 2.1(c) of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

"(c) [Reserved]."

(f) Section 2.3 of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

"**Section 2.3Notes**. The portion of the Loans made by each Lender shall be evidenced, if so requested by such Lender, by one or more promissory notes executed by Borrowers on a joint and several basis (each, a "**Note**") in an original principal amount equal to such Lender's Revolving Loan Commitment Amount."

(g) Section 6.1 of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

"**Section 6.1Minimum Liquidity**. Commencing on the Third Amendment Effective Date and at all times thereafter, Credit Parties shall not permit Liquidity to be less than $25,000,000."

(h) Annex A of the Original Credit Agreement is hereby amended by replacing such annex in its entirety with the new Annex A attached Warrant, hereto.

3. **Reaffirmation of Security Interest**. Each Borrower confirms and tenders herewith agrees that all security interests and Liens granted to Agent under the Security Documents continue in full force and effect, and all Collateral remains free and clear of any Liens, other than Permitted Liens. Nothing herein is

intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral.

4. **Costs and Fees.** In consideration of Agent and the Lenders' agreement to enter into this Agreement on the date hereof:

(a) Borrowers shall pay, or cause to be paid, to Agent, for the benefit of all Lenders, an origination fee equal to $300,000, representing 1.50% of the Additional Tranche (as defined in the Original Credit Agreement) contemplated by this Agreement pursuant to Section 2.1(c) of the Original

Credit Agreement (the "**Additional Tranche Fee**"). Such Additional Tranche Fee shall be due and payable on the date hereof and, once paid, is non-refundable.

(b) In accordance with Section 2.1(b)(i) of the Credit Agreement, each Borrower and each Revolving Lender hereby authorize Agent to make Revolving Loans on behalf of the Revolving Lenders to pay (i) Additional Tranche Fee and (ii) the legal expenses of Agent's counsel due and payable in connection with this Agreement in accordance with Section 13.14(a).

(c) Credit Parties shall be responsible for the payment of all reasonable and documented out-of-pocket costs and fees of Hogan Lovells LLP incurred in connection with the purchase price preparation of this Agreement and any related documents.

5. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which each of the following conditions precedent have been satisfied, as determined or waived by Agent in its sole discretion:

(a) Credit Parties shall have delivered to Agent this Agreement, duly executed by a Responsible Officer of such shares in full. Credit Party;

2. (b) Please issue Agent shall have received a certificate from a Responsible Officer of each Credit Party certifying as to (i) the names and signatures of each officer or authorized signatory of such Credit Party authorized to execute and deliver this Agreement and the other Financing Documents, (ii)the fact that (1) the Organizational Documents of such Credit Party attached to such certificate are complete and correct copies of such Organizational Documents as in effect on the date of such certification, or (2) the Organizational Documents have not changed since the last date of delivery to the Agent, (iii) the resolutions of such Credit Party's board of directors or other appropriate governing body approving and authorizing the execution, delivery and performance of this Agreement and the other Financing Documents to which such Credit Party is a party, and (iv) certificates representing said shares attesting to the good standing of such Credit Party in its jurisdiction of organization, together with, if applicable, related tax certificates;

(c) Agent shall have received an updated Perfection Certificate with respect to the Credit Parties, in form and substance reasonably satisfactory to Agent;

(d) Agent shall have received a duly executed legal opinion of Credit Parties' counsel, addressed to Agent and Lenders, addressing matters Agent may reasonably request;

(e) all of the representations and warranties of Credit Parties set forth herein and in the name other Financing Documents are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Credit Party as of the undersigned date hereof except to the extent that any such representation or warranty relates to a specific date in which case such other name representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) on and as is specified below: of such date (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

____

____

____

3. (f) no Default or Event of Default shall exist under any of the Financing Documents (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof); and

(g) payment by the Credit Parties to Agent of the costs and fees set forth in Section 4 hereof, including, without limitation, the Additional Tranche Fee.

6. **No Waiver or Novation.** The undersigned represents it is acquiring the shares execution, delivery and effectiveness of Common Stock solely for its own account and this Agreement shall not, except as expressly provided in this Agreement, operate as a nominee waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or

any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

7. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Borrower hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Borrower. Each Borrower covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

8. **Miscellaneous.**

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Borrower.

(b) GOVERNING LAW. THIS AGREEMENT AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

(c) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (Indemnification), Section 13.8(b) (Submission to Jurisdiction) and Section 13.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other party purpose.

(e) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if such signatures were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. In furtherance of the foregoing, the words "execution", "signed", "signature", "delivery" and not words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. As used herein, "**Electronic Signature**" means an electronic sound, symbol,

or process attached to, or associated with, a view toward contract or other record and adopted by a Person with the resale intent to sign, authenticate or distribution thereof except accept such contract or other record. ThisAgreement constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(f) Entire Agreement. The Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in compliance with any applicable securities laws. jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

MidCap / ATEC / Amendment No. 3 to Credit Agreement

MACROBUTTON DocID \\4135-4237-1410 v7

IN WITNESS WHEREOF, intending to be legally bound, and intending that this document constitute an agreement executed under seal, the undersigned have executed this Agreement under seal as of the day and year first hereinabove set forth.

____

(Signature) AGENT:

MIDCAP FUNDING IV TRUST
By: Apollo Capital Management, L.P.,
its investment manager
By: Apollo Capital Management GP, LLC,
its general partner
By: ______________________________
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING IV TRUST
By: Apollo Capital Management, L.P.,
its investment manager
By: Apollo Capital Management GP, LLC,
its general partner
By: ______________________________
Name: Maurice Amsellem
Title: Authorized Signatory

____
(Date)

[Signatures Continue on Following Page]

MidCap / ATEC / Amendment No. 3 to Credit Agreement

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BORROWERS:

ALPHATEC HOLDINGS, INC.
ALPHATEC SPINE, INC.
By:______________________________
Name: ______________________________
Title: ______________________________

SAFEOP SURGICAL, INC.

By:________________________________

Name: ____________________________

Title: ______________________________

MidCap / ATEC / Amendment No. 3 to Credit Agreement

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ANNEX A

ANNEX A TO CREDIT AGREEMENT (COMMITMENT ANNEX)

Lender	Revolving Loan Commitment Amount	Revolving Loan Commitment Percentage
MidCap Funding IV Trust	$75,000,000	100%
TOTALS	$75,000,000	100%

MidCap / ATEC / Amendment No. 3 to Credit Agreement

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Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick S. Miles, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alphatec Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: /s/ Patrick S. Miles

Patrick S. Miles
Chairman and Chief Executive Officer
(principal executive officer)
July 31, October 30, 2024

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Todd Koning, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alphatec Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ J. Todd Koning

J. Todd Koning

Executive Vice President and Chief Financial Officer

(principal financial and accounting officer)

July 31, October 30, 2024

Exhibit 32

CERTIFICATION UNDER

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Alphatec Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick S. Miles, Chairman and Chief Executive Officer, certify, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, October 30, 2024

/s/ Patrick S. Miles

Patrick S. Miles

Chairman and Chief Executive Officer

(principal executive officer of the Company)

In connection with the Quarterly Report of Alphatec Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Todd Koning, Chief Financial Officer, certify, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, October 30, 2024

/s/ J. Todd Koning

J. Todd Koning

Executive Vice President and Chief Financial Officer

(principal financial and accounting officer of the Company)

DISCLAIMER

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