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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 September 30, 2026

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 October 22, 2026, there were 155,139,824 shares of the registrant's common stock outstanding.

ALPHATEC HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
September 30, 2026

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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)

	September 30, 2026	December 31, 2025
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 79,936	$ 160,806
Accounts receivable, net of allowances of $11,672 and $12,685, respectively	110,803	97,304
Inventories	206,873	169,444
Prepaid expenses and other current assets	29,553	23,322
Total current assets	427,165	450,876
Property and equipment, net	139,698	135,324
Right-of-use assets	47,723	31,225
Goodwill	73,963	75,208
Intangible assets, net	96,455	93,454
Other assets	11,741	5,121
Total assets	$ 796,745	$ 791,208
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	$ 61,626	$ 40,893
Accrued expenses and other current liabilities	98,855	97,019
Contract liabilities	11,643	10,439
Short-term debt	5,303	64,526
Current portion of operating lease liabilities	3,340	6,298
Total current liabilities	180,767	219,175
Long-term debt	541,696	501,412
Operating lease liabilities, less current portion	43,607	23,856
Other long-term liabilities	9,374	10,736
Commitments and contingencies (Note 8)		
Redeemable preferred stock, $0.0001 par value; 20,000 shares authorized at September 30, 2026 and December 31, 2025; 3,319 shares issued and outstanding at September 30, 2026 and December 31, 2025	23,603	23,603
Stockholders' (deficit) equity:		
Common stock, $0.0001 par value; 400,000 authorized; 155,220 shares issued and outstanding at September 30, 2026; and 150,257 shares issued and outstanding at December 31, 2025	17	15
Treasury stock, 1,808 shares, at cost at September 30, 2026 and December 31, 2025	(25,097)	(25,097)
Additional paid-in capital	1,519,493	1,466,377
Accumulated other comprehensive loss	(7,114)	(4,426)
Accumulated deficit	(1,489,601)	(1,424,443)
Total stockholders' (deficit) equity	(2,302)	12,426
Total liabilities and stockholders' (deficit) equity	$ 796,745	$ 791,208

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue from products and services	$ 221,172	$ 196,503	$ 626,793	$ 551,227
Cost of sales	62,926	59,203	177,973	168,830
Gross profit	158,246	137,300	448,820	382,397
Operating expenses:				
Research and development	18,004	18,679	53,738	53,987
Sales, general and administrative	132,505	124,303	403,563	369,827
Litigation-related expenses	593	6,520	1,032	20,327
Amortization of acquired intangible assets	3,899	3,731	11,731	11,187
Restructuring expenses	—	—	—	378
Total operating expenses	155,001	153,233	470,064	455,706
Operating income (loss)	3,245	(15,933)	(21,244)	(73,309)
Other expense, net:				
Interest expense, net	(10,615)	(12,878)	(33,300)	(33,028)
Loss on debt extinguishment	—	—	(11,883)	(17,576)
Gain on derivative liability	—	—	—	620
Other (expense) income, net	(95)	307	(519)	1,637
Total other expense, net	(10,710)	(12,571)	(45,702)	(48,347)
Net loss before taxes	(7,465)	(28,504)	(66,946)	(121,656)
Income tax (benefit) provision	(1,994)	74	(1,788)	(27)
Net loss	$ (5,471)	$ (28,578)	$ (65,158)	$ (121,629)
Net loss per share, basic and diluted	$ (0.03)	$ (0.19)	$ (0.42)	$ (0.81)
Weighted average shares outstanding, basic and diluted	157,376	151,401	156,021	149,373

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (5,471)	$ (28,578)	$ (65,158)	$ (121,629)
Foreign currency translation adjustments	(440)	(91)	(2,688)	9,332
Comprehensive loss	$ (5,911)	$ (28,669)	$ (67,846)	$ (112,297)

See accompanying notes to unaudited condensed consolidated financial statements.

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' (deficit)
	Shares	Par Value	capital	stock	loss	deficit	equity
Balance at December 31, 2025	150,257	$ 15	$ 1,466,377	$ (25,097)	$ (4,426)	$ (1,424,443)	$ 12,426
Stock-based compensation	—	—	23,659	—	—	—	23,659
Common stock issued for stock option exercises	245	—	97	—	—	—	97
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	3,292	1	(5,604)	—	—	—	(5,603)
Foreign currency translation adjustments	—	—	—	—	(2,020)	—	(2,020)
Net loss	—	—	—	—	—	(33,906)	(33,906)
Balance at March 31, 2026	153,794	$ 16	$ 1,484,529	$ (25,097)	$ (6,446)	$ (1,458,349)	$ (5,347)
Stock-based compensation	—	—	18,147	—	—	—	18,147
Common stock issued for employee stock purchase plan and stock option exercises	330	—	1,525	—	—	—	1,525
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	367	—	(385)	—	—	—	(385)
Foreign currency translation adjustments	—	—	—	—	(228)	—	(228)
Net loss	—	—	—	—	—	(25,781)	(25,781)
Balance at June 30, 2026	154,491	$ 16	$ 1,503,816	$ (25,097)	$ (6,674)	$ (1,484,130)	$ (12,069)
Stock-based compensation	—	—	13,953	—	—	—	13,953
Common stock issued for stock option exercises	10	—	43	—	—	—	43
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	495	1	(455)	—	—	—	(454)
Common stock issued for asset acquisition	224	—	2,136	—	—	—	2,136
Foreign currency translation adjustments	—	—	—	—	(440)	—	(440)
Net loss	—	—	—	—	—	(5,471)	(5,471)
Balance at September 30, 2026	155,220	$ 17	$ 1,519,493	$ (25,097)	$ (7,114)	$ (1,489,601)	$ (2,302)

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'
	Shares	Par Value	capital	stock	loss	deficit	(deficit) equity
Balance at December 31, 2024	144,129	$ 14	$ 1,305,677	$ (25,097)	$ (13,678)	$ (1,281,085)	$ (14,169)
Stock-based compensation	—	—	22,318	—	—	—	22,318
Common stock issued for stock option exercises	150	—	505	—	—	—	505
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	2,627	1	(3,417)	—	—	—	(3,416)
Purchase of capped calls	—	—	(42,485)	—	—	—	(42,485)
Foreign currency translation adjustments	—	—	—	—	3,215	—	3,215
Net loss	—	—	—	—	—	(51,907)	(51,907)
Balance at March 31, 2025	146,906	$ 15	$ 1,282,598	$ (25,097)	$ (10,463)	$ (1,332,992)	$ (85,939)
Stock-based compensation	-	—	15,624	—	—	—	15,624
Common stock issued for warrant exercises	1,139	—	52	—	—	—	52
Common stock issued for employee stock purchase plan and stock option exercises	323	—	2,326	—	—	—	2,326
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	379	—	(98)	—	—	—	(98)
Common stock issued for asset acquisition	95	—	1,000	—	—	—	1,000
Warrant modification	—	—	2,301	—	—	—	2,301
Reclassification of equity-based liability	—	—	123,441	—	—	—	123,441
Foreign currency translation adjustments	—	—	—	—	6,208	—	6,208
Net loss	—	—	—	—	—	(41,144)	(41,144)
Balance at June 30, 2025	148,842	$ 15	$ 1,427,244	$ (25,097)	$ (4,255)	$ (1,374,136)	$ 23,771
Stock-based compensation	—	—	16,379	—	—	—	16,379
Common stock issued for stock option exercises	64	—	143	—	—	—	143
Common stock issued for vesting of performance and restricted stock awards, net of shares retained for tax liability	441	—	(118)	—	—	—	(118)
Foreign currency translation adjustments	—	—	—	—	(91)	—	(91)
Net loss	—	—	—	—	—	(28,578)	(28,578)
Balance at September 30, 2025	149,347	$ 15	$ 1,443,648	$ (25,097)	$ (4,346)	$ (1,402,714)	$ 11,506

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2026	2025
Operating activities:		
Net loss	$ (65,158)	$ (121,629)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	59,398	58,391
Stock-based compensation	55,759	54,321
Amortization of debt discount and debt issuance costs	21,519	15,626
Amortization of right-of-use assets	3,927	3,687
Write-down for excess and obsolete inventories	11,241	11,323
Loss on disposal of assets	1,905	2,295
Loss on debt extinguishment	11,883	17,576
Gain on derivative liability	—	(620)
Other	664	5,603
Changes in operating assets and liabilities:		
Accounts receivable	(16,514)	(18,505)
Inventories	(49,282)	(1,509)
Prepaid expenses and other current assets	(3,638)	710
Other assets	(449)	192
Accounts payable	14,130	(16,338)
Accrued expenses	(2,475)	19,314
Lease liabilities	(3,706)	(3,571)
Contract liabilities	1,277	(620)
Other long-term liabilities	178	(1,697)
Net cash provided by operating activities	40,659	24,549
Investing activities:		
Purchase of property and equipment	(45,311)	(29,491)
Note receivable	(5,000)	—
Purchase of intangible assets	(11,503)	(5,185)
Cash paid for equity investment	—	(3,000)
Other	(2,606)	—
Net cash used in investing activities	(64,420)	(37,676)
Financing activities:		
Repayment of term loan	(200,000)	—
Proceeds from issuance of term loan	172,385	—
Proceeds from revolving credit facility	72,747	11,160
Repayment of convertible notes	(63,250)	—
Repayment of revolving credit facility	(18,214)	(60,592)
Payment of debt extinguishment costs	(12,070)	—
Payments related to tax withholdings for share-based compensation	(6,085)	(3,735)
Payment of debt issuance costs	(1,868)	(706)
Proceeds from issuance of convertible notes, net	—	392,850
Repurchase of convertible notes	—	(268,231)
Purchase of capped calls	—	(42,485)
Other	(632)	1,551
Net cash (used in) provided by financing activities	(56,987)	29,812
Effect of exchange rate changes on cash	(122)	216
Net change in cash and cash equivalents	(80,870)	16,901
Cash and cash equivalents at beginning of period	160,806	138,840
Cash and cash equivalents at end of period	$ 79,936	$ 155,741
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 13,497	$ 18,766
Cash paid for income taxes	$ 425	$ 348
Supplemental disclosure of noncash activities:		
Purchases of property and equipment in accounts payable and accrued expenses	$ 14,393	$ 1,036
Purchase of intangible assets in accrued expenses and other long-term liabilities	$ 4,780	$ 4,780
Financed insurance	$ 1,020	$ 1,347
Recognition of lease liabilities	$ 20,820	$ 66
Recognition of derivative liability	$ —	$ 124,062
Common stock issued for asset acquisition	$ 2,136	$ 1,000

See accompanying notes to unaudited condensed consolidated financial statements.

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 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 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, 2025, which are included in the Company's Annual Report on Form 10-K that was filed with the SEC. Operating results for the nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the full year 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 financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

The carrying amount of financial instruments consisting of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, other 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.

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, biologics, and imaging equipment are determined by utilizing a standard cost method that includes capitalized variances, which approximates the weighted average cost. Component parts related to the imaging equipment 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 based upon its expected use of inventory on hand. The Company's inventory, which consists primarily of specialized implants, fixation products, and biologics, is at risk of obsolescence due to the need to maintain substantial levels of inventory. In order to market its products effectively and meet the demands of intraoperative 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 ("ASC") *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. 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.

Sales are derived primarily from the sale of spinal implant products, imaging equipment, and related services to hospitals and medical 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. In certain cases, the Company does offer the ability for customers to lease its imaging equipment, 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.

The Company records a contract asset when one or more performance obligations have been completed and revenue has been recognized, but the customer's payment is contingent on the satisfaction of additional performance obligations. 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. When the Company sells a product or service with a future performance obligation, revenue is deferred on the unfulfilled performance obligation and recognized over the related performance period. Generally, the Company estimates the selling price of promised services included in the equipment sales price using an expected cost plus a margin 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 November 2024, the FASB issued ASU No. 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Topic 220-40). Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard provides guidance to expand disclosures related to the disaggregation of income statement expenses. The standard requires, in the notes to the financial statements, disclosure of specified information about certain costs and expenses, which includes purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company is in the process of assessing the impact of this standard on its consolidated financial statements and related disclosures.

In December 2025, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2025-11 *Interim Reporting (Topic 270)*. ASU No. 2025-11 clarifies interim disclosure requirements and the applicability of Topic 270. The objective of the amendments is to provide clarity about the current requirements, rather than evaluate whether to expand or reduce interim disclosure requirements. This ASU clarifies the applicability of Topic 270, the types of interim reporting, and the form and content of interim financial statements in accordance with U.S. GAAP. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, and early adoption is permitted. Entities may apply the guidance prospectively or retrospectively. The Company is currently evaluating the impact the standard will have on its interim 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 September 30, 2026, and December 31, 2025 (in thousands):

	September 30, 2026			
Assets:	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 9,410	—	—	$ 9,410
Total cash equivalents	$ 9,410	$ —	$ —	$ 9,410

	December 31, 2025			
Assets:	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$ 23,625	—	—	$ 23,625
Total cash equivalents	$ 23,625	$ —	$ —	$ 23,625

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 Convertible Debt

The fair value, based on a quoted market price (Level 1), of the Company's outstanding 0.75% Convertible Senior Notes due 2030 (the "2030 Notes") was approximately $407.3 million at September 30, 2026 and approximately $618.0 million at December 31, 2025.

3. Inventories

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

	September 30, 2026	December 31, 2025
Raw materials	$ 16,831	$ 11,958
Finished goods	190,042	157,486
Inventories	$ 206,873	$ 169,444

4. Property and Equipment, net

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

	Useful lives (in years)	September 30, 2026	December 31, 2025
Surgical instruments	4	$ 339,319	$ 311,517
Machinery and equipment	7	13,310	13,123
Computer equipment	3	33,109	32,434
Office furniture and equipment	5	6,409	6,548
Leasehold improvements	various	4,500	4,402
Construction in progress	n/a	1,846	646
		398,493	368,670
Less: accumulated depreciation and amortization		(258,795)	(233,346)
Property and equipment, net		$ 139,698	$ 135,324

Total depreciation and amortization expense was $15.8 million and $45.6 million for the three and nine months ended September 30, 2026, respectively. Total depreciation and amortization expense was $14.9 million and $45.7 million for the three and nine months ended September 30, 2025, respectively. Construction in progress is not depreciated until placed in service. Property and equipment, net includes assets under financing leases and the related amortization of assets under financing leases is included in depreciation and amortization expense.

5. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill during the period ended September 30, 2026, includes the following (in thousands):

December 31, 2025	$ 75,208
Foreign currency fluctuation	(1,245)
September 30, 2026	$ 73,963

Intangible assets, net

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

September 30, 2026:	Remaining Avg. Useful lives (in years)	Gross Amount	Accumulated Amortization	Intangible Assets, net
Developed product technology	4	$ 108,380	$ (63,814)	$ 44,566
Internally developed software	6	20,126	(6,280)	13,846
Trademarks and trade names	5	5,741	(3,088)	2,653
Customer relationships	2	14,745	(12,719)	2,026
Distribution network	–	2,413	(2,413)	—
Total amortized intangible assets		151,405	(88,314)	63,091
Software in development	n/a	9,446	—	9,446
In-process research and development	n/a	23,918	—	23,918
Total intangible assets		$ 184,769	$ (88,314)	$ 96,455

December 31, 2025:	Remaining Avg. Useful lives (in years)	Gross Amount	Accumulated Amortization	Intangible Assets, net
Developed product technology	4	$ 109,336	$ (54,264)	$ 55,071
Internally developed software	6	16,402	(4,429)	11,973
Trademarks and trade names	5	5,938	(2,757)	3,181
Customer relationships	2	15,057	(11,973)	3,084
Distribution network	–	2,413	(2,413)	—
Total amortized intangible assets		149,146	(75,836)	73,309
Software in development	n/a	7,675	—	7,675
In-process research and development	n/a	12,470	—	12,470
Total intangible assets		$ 169,291	$ (75,836)	$ 93,454

Total amortization expense attributed to intangible assets was $4.7 million and $13.8 million for the three and nine months ended September 30, 2026, respectively. Total amortization expense attributed to intangible assets was $4.3 million and $12.7 million for the three and nine months ended September 30, 2025, 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.

In July 2026, the Company completed an asset acquisition of in-process research and development assets with alternative future use for fixed consideration of approximately $8.8 million, with additional contingent consideration of up to $14.5 million payable upon the achievement of certain future milestones.

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

Remainder of 2026	$ 4,359
2027	17,190
2028	13,476
2029	13,091
2030	9,124
Thereafter	5,851
	$ 63,091

6. 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):

	September 30, 2026	December 31, 2025
Contract assets	$ 10,111	$ 8,585

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):

	September 30, 2026	December 31, 2025
Contract liabilities	$ 12,969	$ 12,620
Less: Non-current portion of contract liabilities	1,326	2,181
Current portion of contract liabilities	$ 11,643	$ 10,439

The Company recognized $0.8 million and $8.2 million of revenue from the opening contract liabilities balance for the three and nine months ended September 30, 2026, respectively.

7. Debt

JP Morgan Credit Agreement

In May 2026, the Company entered into a senior secured credit agreement (the "Credit Agreement") with JP Morgan Chase Bank, N.A., as administrative agent, and the lenders and issuing banks party thereto. The Credit Agreement provides for (i) a $175.0 million term loan facility (the "JPM Term Loan") and (ii) a $125.0 million revolving credit facility (the "JPM Revolving Credit Facility" and, together with the JPM Term Loan, the "JPM Credit Facilities"). The JPM Credit Facilities mature on May 1, 2031, subject to a springing maturity if, as of December 14, 2029, the Company fails to maintain specified liquidity thresholds in relation to the Company's outstanding 2030 Notes. The Credit Agreement also provides for an incremental accordion feature that permits the Company to incur additional term loans or increase revolving commitments in an aggregate amount up to the greater of $150.0 million and 100% of Consolidated EBITDA (as defined in the Credit Agreement), subject to customary conditions. On May 1, 2026 (the "Closing Date"), the Company borrowed the full $175.0 million of the JPM Term Loan and $40.0 million under the JPM Revolving Credit Facility. Proceeds were used, together with cash on hand, to repay in full all outstanding obligations under the Company's prior revolving credit facility with MidCap Financial Trust ("MidCap Revolving Credit Facility") and term loan with Braidwell Transaction Holdings, LLC (the "Braidwell Term Loan"), which were concurrently terminated.

Borrowings under the JPM Credit Facilities bear interest at a rate equal to, at the Company's election, the Term SOFR Rate or the Alternate Base Rate (each as defined in the Credit Agreement), plus an applicable margin determined by reference to the Company's Senior Secured Net Leverage Ratio (as defined in the Credit Agreement). The applicable margin ranges from 1.00% to 2.50% for Alternate Base Rate loans and 2.00% to 3.50% for Term SOFR loans. The JPM Revolving Credit Facility also carries an unused commitment fee ranging from 0.20% to 0.35% per annum based on the Company's Senior Secured Net Leverage Ratio. As of September 30, 2026, the outstanding balance under the JPM Term Loan was $173.9 million and the outstanding balance under the JPM Revolving Credit Facility was $70 million. The JPM Credit Facilities are classified as long-term debt on the condensed consolidated balance sheets as of September 30, 2026.

The applicable and effective interest rates for the JPM Revolving Credit Facility and JPM Term Loan as of September 30, 2026 were 6.4% and 6.8%, respectively. During the three and nine months ended September 30, 2026, the Company recognized interest expense on the JPM Credit Facilities of $4.1 million and $6.5 million, respectively, which includes $0.1 million for the amortization of debt issuance costs in each period and $0.2 million and $0.3 million for the amortization of debt discount, during the three and nine months ended September 30, 2026, respectively. Upon the JPM Credit Facilities' maturity, any outstanding principal balance, unpaid accrued interest, and all other obligations under the JPM Credit Facilities will be due and payable.

The JPM Term Loan requires quarterly amortization payments equal to 0.625% of the original principal amount advanced on the Closing Date for the first eight full fiscal quarters following the Closing Date, 1.25% per quarter for the ninth through sixteenth full fiscal quarters, and 2.50% per quarter thereafter, with the remaining outstanding principal balance due at maturity.

In conjunction with obtaining the JPM Credit Facilities, the Company incurred $1.4 million in debt issuance costs. Costs attributable to the JPM Term Loan were recorded as a direct reduction of the carrying value of the debt on the condensed consolidated balance sheets and are being amortized over the life of the Credit Agreement using the effective interest method. Costs attributable to the JPM Revolving Credit Facility were capitalized to other assets on the condensed consolidated balance sheets and are also being amortized over the life of the Credit Agreement. As of September 30, 2026, debt issuance costs, net of accumulated amortization, associated with the JPM Credit Facilities were $1.3 million.

In conjunction with the issuance of the JPM Credit Facilities, the Company incurred $3.1 million in commitment fees. Commitment fees attributable to the JPM Term Loan were recorded as a direct reduction of the carrying value of the debt on the condensed consolidated balance sheets and are being amortized over the life of the Credit Agreement using the effective interest method. Commitment fees attributable to the JPM Revolving Credit Facility were capitalized to other assets on the condensed consolidated balance sheets and are also being amortized over the life of the Credit Agreement. As of September 30, 2026, debt discount, net of accumulated amortization, associated with the JPM Credit Facilities was $2.8 million.

The JPM Credit Facilities are secured by substantially all of the assets of the Company, subject to customary exclusions. The Credit Agreement contains representations, warranties, and affirmative and negative covenants customary for financings of this type. The Credit Agreement requires the Company to maintain (i) a Senior Secured Net Leverage Ratio not exceeding 3.00 to 1.00 (subject to a step-up to 3.50 to 1.00 following the completion of certain permitted acquisitions) and (ii) a Fixed Charge Coverage Ratio of at least 2.00 to 1.00, each tested quarterly commencing with the fiscal quarter ending September 30, 2026. Under the Credit Agreement, obligations may be accelerated upon the occurrence of certain customary events of default, including nonpayment of principal or interest, breach of covenants or representations, cross-default to other material indebtedness, bankruptcy or insolvency, and a change of control of the Company. The Company is in compliance with all required financial covenants as of September 30, 2026.

0.75% Convertible Senior Notes due 2030

In March 2025, the Company issued $405.0 million aggregate principal amount of senior unsecured 2030 Notes with a stated interest rate of 0.75% and a maturity date of March 15, 2030. The 2030 Notes began accruing interest immediately and are payable semi-annually in arrears on March 15 and September 15 of each year. The net proceeds from the sale of the 2030 Notes were approximately $392.9 million after deducting the initial purchasers' offering expenses and before cash use for the 2030 Capped Call Transactions, as described below, and the repayment of 80% of the 2026 Notes, as described below. The 2030 Notes do not contain any financial covenants.

The 2030 Notes are convertible into shares of the Company's common stock based upon an initial conversion rate of 64.3407 shares of the Company's common stock per $1,000 principal amount of 2030 Notes (equivalent to an initial conversion price of approximately $15.54 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 2030 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 2030 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 September 17, 2029, holders may convert all or a portion of their 2030 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 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 2030 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 or the calling of the 2030 Notes for redemption. From and after September 17, 2029, holders of the 2030 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 September 30, 2026, none of the conditions permitting the holders of the 2030 Notes to convert have been met. The 2030 Notes are classified as long-term debt on the condensed consolidated balance sheets as of September 30, 2026.

The 2030 Notes are redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after March 20, 2028 and on or before the 60th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2030 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 2030 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 2030 Notes for cash at a price equal to 100% of the principal amount of the 2030 Notes plus accrued and unpaid interest. No principal payments are otherwise due on the 2030 Notes prior to maturity.

At the time of issuance, the Company determined that the 2030 Notes had an embedded conversion option that met the criteria to be bifurcated and accounted for separately from the 2030 Notes. The Company initially recorded the fair value of the embedded conversion option as a derivative liability and the principal amount of the 2030 Notes as a long-term liability, net of debt discount and deferred issuance costs. In June 2025, conditions necessary for separate accounting of the conversion option as a derivative liability were not met. Accordingly, the conversion option derivative liability was remeasured as of the date of the change and subsequently reclassified to additional paid-in capital on the Company's condensed consolidated statements of shareholders' (deficit) equity. The annual effective interest rate for the 2030 Notes is 9.1%. The Company recognized interest expense on the 2030 Notes of $7.0 million and $20.4 million during the three and nine months ended September 30, 2026, respectively, which includes $6.2 million and $18.0 million for the amortization of debt discount costs, respectively. The Company recognized interest expense on the 2030 Notes of $6.5 million and $14.4 million during the three and nine months ended September 30, 2025, respectively, which includes $5.7 million and $12.7 million for the amortization of debt discount costs, respectively. The Company uses the if-converted method for assumed conversion of the 2030 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 2030 Notes consists of the following (in thousands):

	September 30, 2026	December 31, 2025
Principal	$ 405,000	$ 405,000
Unamortized debt discount and debt issuance costs	(100,429)	(118,438)
Net carrying value	$ 304,571	$ 286,562

2030 Capped Call Transactions

In connection with the offering of the 2030 Notes, the Company entered into privately negotiated capped call transactions (the "2030 Capped Call Transactions") with certain financial institutions. The 2030 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 2030 Notes upon conversion of the 2030 Notes in the event that the market price per share of the Company's common stock is greater than the strike price of the 2030 Capped Call Transactions with such reduction and/or offset subject to a cap. The 2030 Capped Call Transactions have an initial cap price of $23.46 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 March 4, 2025, and is subject to certain adjustments under the terms of the 2030 Capped Call Transactions. Collectively, the 2030 Capped Call Transactions cover, initially, the number of shares of the Company's common stock underlying the 2030 Notes, subject to anti-dilution adjustments substantially similar to those applicable to the 2030 Notes. The cost of the 2030 Capped Call Transactions was approximately $42.5 million.

The 2030 Capped Call Transactions are separate transactions and are not part of the terms of the 2030 Notes and will not affect any holder's rights under the 2030 Notes. Holders of the 2030 Notes will not have any rights with respect to the 2030 Capped Call Transactions.

The 2030 Capped Call Transactions meet all of the applicable criteria for equity classification, and as a result, the related $42.5 million cost was recorded as a reduction to additional paid-in capital on the Company's condensed consolidated statements of stockholders' (deficit) equity.

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 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"). 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.

On May 1, 2026, the Company repaid all obligations under its existing Braidwell Term Loan facility, including $200.0 million of principal, $6.5 million of exit fees and $1.6 million of accrued interest. As a result of the early termination of the Braidwell Term Loan, the Company recorded a $9.9 million loss on debt extinguishment, consisting of $5.9 million related to the write-off of unamortized debt issuance costs and exit fees and $4.0 million of prepayment fees. The loss is included in loss on debt extinguishment on the condensed consolidated statements of operations for the nine months ended September 30, 2026.

Revolving Credit Facility

In September 2022, the Company entered into a revolving credit facility with entities affiliated with MidCap Financial Trust. The MidCap Revolving Credit Facility 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 subsequently exercised the accordion feature and increased the borrowing capacity by $25.0 million up to the full $75.0 million borrowing capacity.

On May 1, 2026, the Company repaid all obligations under its existing MidCap Revolving Credit Facility, including $12.5 million of principal and $0.1 million of accrued interest. As a result of the early termination of the MidCap Revolving Credit Facility, the Company recorded a $2.0 million loss on debt extinguishment, consisting of $0.4 million related to the write-off of unamortized debt issuance costs and $1.6 million of prepayment fees. The loss is included in loss on debt extinguishment on the condensed consolidated statements of operations for the nine months ended September 30, 2026.

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 was 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 did not contain any financial covenants.

The 2026 Notes were 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 was 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 was received, the Company had the option to pay or deliver cash, shares of the Company's common stock, or a combination thereof.

Holders of the 2026 Notes had 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 could 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 was 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 could 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.

The 2026 Notes were 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 would have constituted 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 would have increased in certain circumstances if such note was converted after it was called for redemption. In March 2025, the Company repurchased 80% of the 2026 Notes for $268.4 million. The Company determined that the redemption of the 2026 Notes should be accounted for as a partial extinguishment of the 2026 Notes. As a result of the partial extinguishment, the Company wrote off $2.3 million of the unamortized debt issuance costs and debt discount. The Company recorded a loss on debt extinguishment of $17.6 million during the nine months ended September 30, 2025.

On July 30, 2026, the Company repaid the $63.3 million aggregate principal amount outstanding under the 2026 Notes in cash. As a result, no amounts remain outstanding under the 2026 Notes, and the Company has no further obligations under the 2026 Notes. The annual effective interest rate for the 2026 Notes was 1.4%. The Company recognized interest expense on the 2026 Notes of $0.1 million and $0.5 million during the three and nine months ended September 30, 2026, respectively, which includes an immaterial amount and $0.2 million for the amortization of debt issuance costs, respectively. The Company recognized interest expense on the 2026 Notes of $0.2 million and $1.3 million during the three and nine months ended September 30, 2025, respectively, which includes $0.1 million and $0.7 million for the amortization of debt issuance costs, respectively.

2026 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 were expected generally to reduce the potential dilution and/or offset the cash payments the Company was 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 was greater than the strike price of the Capped Call Transactions with such reduction and/or offset subject to a cap. The Capped Call Transactions had 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 were subject to certain adjustments under the terms of the Capped Call Transactions. Collectively, the Capped Call Transactions covered, 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. Following the repayment of the 2026 Notes, the Capped Call Transactions associated with the 2026 Notes have expired.

Total Indebtedness

Principal payments remaining on the Company's debt are as follows as of September 30, 2026 (in thousands):

Remainder of 2026	$	1,442
2027		3,861
2028		5,469
2029		8,750
2030		415,938
Thereafter		214,375
Total		649,835
Less: unamortized debt discount and debt issuance costs		(102,836)
Total		546,999
Less: Short-term debt		(5,303)
Long-term debt	$	541,696

8. 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.

On September 18, 2026, the Company entered into an amendment to the lease for its corporate headquarters in Carlsbad, California. The amendment extends the lease term from January 31, 2031 to July 31, 2039. The Company accounted for the amendment as a lease modification and remeasured the lease liability and related right-of-use asset as of the modification date.

Also on September 18, 2026, the Company entered into a lease for approximately 21,000 square feet of office, research and development, and warehouse space in Carlsbad, California, expiring July 31, 2039. As of September 30, 2026, the lease had not yet commenced. It will commence upon substantial completion of tenant improvements under the lease, no later than May 2027.

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 13 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 nine months ended September 30, 2026 were immaterial. The Company had an immaterial amount of financing leases as of September 30, 2026, 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.

Future minimum annual lease payments for all operating leases of the Company are as follows as of September 30, 2026 (in thousands):

Remainder of 2026	$ 1,469
2027	6,038
2028	6,249
2029	6,210
2030	6,323
Thereafter	41,182
Total undiscounted lease payments	67,471
Less: imputed interest	(20,524)
Operating lease liabilities	46,947
Less: current portion of operating lease liabilities	(3,340)
Operating lease liabilities, less current portion	$ 43,607

The Company's weighted average remaining lease term and weighted average discount rate as of September 30, 2026 and December 31, 2025 are as follows:

	September 30, 2026	December 31, 2025
Weighted-average remaining lease term (years)	11.1	5.5
Weighted-average discount rate	7.1%	7.0%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Rent expense	$ 1,963	$ 1,920	$ 5,807	$ 5,646
Cash paid for amounts included in measurement of lease liabilities	$ 1,725	$ 1,838	$ 5,453	$ 5,501

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.

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.

9. 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 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of sales	$ 643	$ 414	$ 2,172	$ 4,010
Research and development	2,842	3,307	10,448	11,110
Sales, general and administrative	10,468	12,658	43,139	39,201
Total	$ 13,953	$ 16,379	$ 55,759	$ 54,321

As of September 30, 2026, there was $77.8 million of unrecognized compensation expense for RSUs and PRSUs to be recognized over a weighted average period of 1.8 years.

Restricted Stock Units and Performance Based Restricted Stock Units Awards

The Company issued 530,925 and 5,268,287 shares of common stock, before net share settlement, upon vesting of RSUs and PRSUs during the three and nine months ended September 30, 2026, respectively. The Company issued 450,116 and 4,365,296 shares of common stock, before net share settlement, upon vesting of RSUs and PRSUs during the three and nine months ended September 30, 2025, respectively.

Employee Stock Purchase Plan

Employees are eligible to participate in the Employee Stock Purchase Plan ("ESPP") approved by its shareholders. During the three months ended September 30, 2026 and 2025, no shares were issued under the ESPP. During the nine months ended September 30, 2026 and 2025, approximately 222,100 shares and 319,000 shares, respectively, were 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 Nine Months Ended September 30,	
	2026	2025
Risk-free interest rate	3.77% - 3.81%	4.30% - 4.44%
Expected dividend yield	—	—
Expected term (years)	0.50	0.50
Volatility	55.85% - 84.62%	54.74% - 91.91%

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 or cashless exercise. No Squadron Medical Warrants have been exercised as of September 30, 2026.

Executive Warrants

The Company issued warrants to its Chairman and Chief Executive Officer (the "Executive Warrants"). The Executive Warrants had a nine-year term and are exercisable by cash or cashless exercise. In August 2026, the term of the Executive Warrants was extended to 13 years, resulting in a revised expiration date of December 2030. No Executive Warrants have been exercised as of September 30, 2026.

A summary of all outstanding warrants for common stock as of September 30, 2026, is as follows (in thousands, except for strike price data):

	Number of Warrants	Strike Price	Expiration
2018 Squadron Medical Warrants	845	$ 3.15	May 2027
2019 Squadron Medical Warrants	4,839	$ 2.17	May 2027
2020 Squadron Medical Warrants	1,076	$ 4.88	May 2027
Executive Warrants	1,327	$ 5.00	December 2030
Other[(1)]	90	$ 12.15	Various through December 2030
Total	8,177		

(1) Weighted-average strike price.

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

10. 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 CODM is the Chief Executive Officer. 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. Significant segment expenses regularly provided to the CODM are consolidated research and development expenses and consolidated sales, general and administrative expenses. Refer to the consolidated statements of operations for consolidated research and development expenses and consolidated sales, general and administrative expenses. The Company determined that consolidated net loss is the Company's measure of segment profit or loss.

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

	Revenue				Property and equipment, net	
	Three Months Ended September 30,		Nine Months Ended September 30,			
(in thousands)	2026	2025	2026	2025	September 30, 2026	December 31, 2025
United States	$ 206,257	$ 184,376	$ 587,783	$ 518,514	$ 138,690	$ 134,007
International	14,915	12,127	39,010	32,713	1,008	1,317
Total	$ 221,172	$ 196,503	$ 626,793	$ 551,227	$ 139,698	$ 135,324

11. 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss	$ (5,471)	$ (28,578)	$ (65,158)	$ (121,629)
Denominator:				
Weighted average common shares outstanding	157,376	151,401	156,021	149,373
Net loss per share, basic and diluted:	$ (0.03)	$ (0.19)	$ (0.42)	$ (0.81)

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 September 30,	
	2026	2025
Options to purchase common stock and employee stock purchase plan	1,636	2,051
Unvested restricted stock unit awards	10,457	9,798
Warrants to purchase common stock	8,177	8,177
2026 Notes	—	3,449
2030 Notes	34,527	34,527
Total	54,797	58,002

12. 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 26.71% and 2.67% for the three and nine months ended September 30, 2026, respectively. The Company's effective tax rate from operations was (0.26%) and 0.02% for the three and nine months ended September 30, 2025, 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.

13. 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 nine months ended September 30, 2026, the Company purchased inventory in the amounts of $6.7 million and $18.1 million, respectively, from the Squadron Supplier Affiliate. For the three and nine months ended September 30, 2025, the Company purchased inventory in the amounts of $3.1 million and $8.2 million, respectively, from the Squadron Supplier Affiliate. As of September 30, 2026, and December 31, 2025, the Company had $7.3 million and $2.6 million, respectively, due to the Squadron Supplier Affiliate, for inventory purchases.

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, 2025, 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 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 35% 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.

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.

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, loss on debt extinguishment, gain on derivative liability, and other non-operating gains and losses.

Income tax provision (benefit). Income tax provision (benefit) 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 ongoing 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 September 30, 2026, 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, 2025, filed with the SEC.

Results of Operations

Total revenue

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	2026	2025	$	%	2026	2025	$	%
Revenue from products and services	$ 221,172	$ 196,503	$ 24,669	13%	$ 626,793	$ 551,227	$ 75,566	14%

Revenue from products and services increased $24.7 million, or 13%, and $75.6 million, or 14%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. 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.

Cost of sales

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	2026	2025	$	%	2026	2025	$	%
Cost of sales	$ 62,926	$ 59,203	$ 3,723	6%	$ 177,973	$ 168,830	$ 9,143	5%

Cost of sales increased $3.7 million, or 6%, and $9.1 million, or 5% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The increase was primarily due to an increase in product volume.

Operating expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	2026	2025	$	%	2026	2025	$	%
Operating expenses:								
Research and development	$ 18,004	$ 18,679	$ (675)	(4)%	$ 53,738	$ 53,987	$ (249)	—
Sales, general and administrative	132,505	124,303	8,202	7%	403,563	369,827	33,736	9%
Litigation-related expenses	593	6,520	(5,927)	(91)%	1,032	20,327	(19,295)	(95)%
Amortization of acquired intangible assets	3,899	3,731	168	5%	11,731	11,187	544	5%
Restructuring expenses	—	—	—	—	—	378	(378)	(100)%
Total operating expenses	$ 155,001	$ 153,233	$ 1,768	1%	$ 470,064	$ 455,706	$ 14,358	3%

Research and development expenses. Research and development expenses decreased $0.7 million, or 4%, for the three months ended September 30, 2026, compared to the same period in 2025. The decrease during the three months ended September 30, 2026 was primarily due to a decrease in stock-based compensation.

Sales, general and administrative expenses. Sales, general and administrative expenses increased $8.2 million, or 7%, and $33.7 million, or 9%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. 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.

Litigation-related expenses. Litigation-related expenses decreased $5.9 million, or 91%, and $19.3 million, or 95%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The decrease was primarily related to a litigation settlement during the nine months ended September 30, 2025.

Amortization of acquired intangible assets. Amortization of acquired intangible assets remained consistent for the three and nine months ended September 30, 2026, compared to the same periods in 2025.

Restructuring expenses. Restructuring expenses decreased $0.4 million, or 100%, for the nine months ended September 30, 2026, compared to the same period in 2025. The decrease in restructuring expenses is primarily due to personnel related expenses in the prior period that did not recur.

Total interest expense and other expense, net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	2026	2025	$	%	2026	2025	$	%
Other expense, net:								
Interest expense, net	$ (10,615)	$ (12,878)	$ 2,263	(18)%	$ (33,300)	$ (33,028)	$ (272)	1%
Loss on debt extinguishment	—	—	—	—	(11,883)	(17,576)	$ 5,693	(32)%
Gain on derivative liability	—	—	—	—	—	620	$ (620)	(100)%
Other (expense) income, net	(95)	307	(402)	(131)%	(519)	1,637	(2,156)	(132)%
Total other expense, net	$ (10,710)	$ (12,571)	$ 1,861	(15)%	$ (45,702)	$ (48,347)	$ 2,645	(5)%

Interest expense, net, decreased $2.3 million, or 18%, and increased $0.3 million, or 1%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The decrease in interest expense, net, for the three months ended September 30, 2026, was primarily due to a decrease in cash interest expense. The increase in interest expense, net, for the nine months ended September 30, 2026 was primarily due to the amortization of debt discount associated with the 2030 Notes. Net cash interest was $4.1 million and $13.5 million for the three and nine months ended September 30, 2026, respectively. Net non-cash interest was $6.5 million and $19.8 million for the three and nine months ended September 30, 2026, respectively.

Loss on debt extinguishment decreased $5.7 million, or 32%, for the nine months ended September 30, 2026, compared to the same period in 2025. The decrease in loss on debt extinguishment relates to the redemption of 80% of the 2026 Notes in March 2025 compared to the extinguishment of the Braidwell Term Loan and MidCap Revolving Credit Facility during the nine months ended September 30, 2026.

Gain on derivative liability decreased $0.6 million, or 100%, for the nine months ended September 30, 2026, compared to the same period in 2025. The decrease in gain on derivative liability relates to the change in the valuation of the derivative liability associated with 2030 Notes from inception to June 30, 2025. As of June 12, 2025, the conditions necessary for separate accounting of the conversion option as a derivative liability were no longer met.

Other (expense) income, net, increased $0.4 million, or 131%, and $2.2 million, or 132%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The increase in other (expense) income, net, during the nine months ended September 30, 2026, was primarily due to fluctuations in foreign currency rates.

Income tax provision

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(in thousands, except %)	2026	2025	$	%	2026	2025	$	%
Income tax (benefit) provision	$ (1,994)	$ 74	$ (2,068)	(2,795)%	$ (1,788)	$ (27)	$ (1,761)	6,522%

The change in the income tax (benefit) provision for the three and nine months ended September 30, 2026, compared to the same periods in 2025, was primarily related to a partial valuation allowance release as a result of the aforementioned asset acquisition and the recognition of income taxes in several jurisdictions.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents, our JPM Revolving Credit Facility and cash from operations. 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 expansion 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.

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 8, 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 $79.9 million and $160.8 million at September 30, 2026, and December 31, 2025, 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 working capital, capital expenditure, debt service, and other strategic business requirements.

Summary of Cash Flows

(in thousands)	Nine Months Ended September 30, 2026	2025
Cash (used in) provided by:		
Operating activities	$ 40,659	$ 24,549
Investing activities	(64,420)	(37,676)
Financing activities	(56,987)	29,812
Effect of exchange rate changes on cash	(122)	216
Net change in cash and cash equivalents	$ (80,870)	$ 16,901

Operating Activities

Operating activities provided net cash of $40.7 million for the nine months ended September 30, 2026, which is primarily related to cash collections offset by costs associated with the continued expansion of our business and inventory purchases.

Investing Activities

We used cash of $64.4 million in investing activities for the nine months ended September 30, 2026, which is primarily related to the purchase of surgical instruments to support the growth of our business and commercial launch of new products, the acquisition of intangible assets and a $5.0 million note receivable.

Financing Activities

We used cash of $57.0 million in financing activities for the nine months ended September 30, 2026, primarily due to the repayment of our 2026 Notes and previously existing credit facilities, partially offset by proceeds from the new term loan and revolving credit facilities.

Debt and Commitments

As of September 30, 2026, we had $173.9 million outstanding under the JPM Term Loan. The outstanding loans under the JPM Term Loan bear interest at the sum of Term SOFR plus an applicable margin determined by reference to the Company's Senior Secured Net Leverage Ratio. The JPM Term Loan matures on May 1, 2031.

As of September 30, 2026, we had $70.0 million outstanding under the JPM Revolving Credit Facility. The outstanding loans under the JPM Revolving Credit Facility bear interest at the sum of Term SOFR plus an applicable margin determined by reference to the Company's Senior Secured Net Leverage Ratio. The JPM Revolving Credit Facility matures on May 1, 2031.

As of September 30, 2026, we had $405.0 million outstanding under the 2030 Notes. The 2030 Notes accrue interest at a rate of 0.75%, payable semi-annually in arrears on March 15 and September 15 of each year. Prior to maturity in March 2030, the holders of the 2030 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.

Contractual obligations and commercial commitments

Except as described in Notes 7 and 8 of our Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, as of September 30, 2026, 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, 2025.

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 nine months ended September 30, 2026, as compared to the recent accounting pronouncements described in our Annual Report on Form 10-K for the year ended December 31, 2025, 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 income or losses, future revenue, expenses, capital requirements, uses and sources of cash and liquidity, including our anticipated 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 develop 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, 2025 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, 2025, 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, 2025 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, 2025, 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 timelines 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 September 30, 2026. Based on such evaluation, our management has concluded that as of September 30, 2026, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2026, 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our material legal proceedings, refer to Note 8 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, 2025, filed with the SEC on February 24, 2026.

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

During the three months ended September 30, 2026, we issued unregistered shares of common stock as described in the following table:

Date Issued	Number of Shares	Grant Date Fair Value per Share [4]
July 1, 2026	2,745[1]	$ 8.86
July 1, 2026	5,489[2]	$ 8.86
July 31, 2026	224,322[3]	$ 9.52
August 6, 2026	3,334[2]	$ 9.21
September 21, 2026	58,334[2]	$ 10.17
September 30, 2026	1,000[1]	$ 10.32

(1) Pursuant to consulting services rendered to the Company.
(2) Pursuant to Development Services Agreements for the development of products and intellectual property.
(3) Pursuant to purchase of assets from a third party.
(4) 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

Adoption, Modification or Termination of Trading Arrangements

A portion of the compensation of our directors and officers is in the form of equity awards, and, from time to time, directors and officers engage in open-market transactions with respect to the securities they acquire pursuant to such equity awards we have issued.

Transactions in our securities by directors and officers are required to be made in accordance with our insider trading policy, which requires that the transactions comply with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in our securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information.

The following table describes the contracts, instructions or written plans for the purchase or sale of securities adopted by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the three months ended September 30, 2026, that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). No other Rule 10b5-1 trading arrangements or "non-Rule 10b5-1 trading arrangements" (as defined by S-K item 408(c)) were entered into or terminated by our directors or officers during such period:

Name	Title of Director or Officer	Action	Date	Total Shares to be Sold	Expiration Date
David Sponsel	Executive Vice President, Sales	Adopt	8/19/2026	159,879	11/15/2027

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Item 6. Exhibits

Exhibit Number	Exhibit Description
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 Nine Months Ended September 30, 2026, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2026 and December 31, 2025, (ii) Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2026 and 2025, (iii) Condensed Consolidated Statements of Comprehensive Loss (Unaudited) for the Three and Nine Months Ended September 30, 2026 and 2025, (iv) Condensed Consolidated Statements of Stockholders' (Deficit) Equity (Unaudited) for the Three and Nine months ended September 30, 2026 and 2025, (v) Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2026 and 2025, 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)

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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: October 29, 2026