

Alphatec Holdings, Inc.
Form 10-Q
August 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

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 (I.R.S. Employer

incorporation or organization) Identification No.)

5818 El Camino Real

Carlsbad, CA 92008

(Address of principal executive offices, including zip code)

(760) 431-9286

(Registrant's telephone number, including area code)

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

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

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

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

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

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

As of July 31, 2018, there were 42,396,066 shares of the registrant's common stock outstanding.

ALPHATEC HOLDINGS, INC.

QUARTERLY REPORT ON FORM 10-Q

June 30, 2018

Table of Contents

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	37
Item 4. <u>Controls and Procedures</u>	37
<u>PART II – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	39
Item 1A. <u>Risk Factors</u>	39
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
Item 6. <u>Exhibits</u>	40
<u>SIGNATURES</u>	41

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALPHATEC HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for par value data)

	June 30, 2018	December 31, 2017
Assets	(Unaudited)	
Current assets:		
Cash	\$ 44,912	\$ 22,466
Accounts receivable, net	11,405	14,822
Inventories, net	28,177	27,292
Prepaid expenses and other current assets	1,778	1,767
Current assets of discontinued operations	251	131
Total current assets	86,523	66,478
Property and equipment, net	12,060	12,670
Goodwill	14,250	—
Intangibles, net	26,382	5,248
Other assets	225	208
Noncurrent assets of discontinued operations	55	56
Total assets	\$ 139,495	\$ 84,660
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 3,354	\$ 3,878
Accrued expenses	24,607	22,246
Current portion of long-term debt	6,682	3,306
Current liabilities of discontinued operations	385	312
Total current liabilities	35,028	29,742
Long-term debt, less current portion	33,666	37,767
Other long-term liabilities	16,978	20,206
Redeemable preferred stock, \$0.0001 par value; 20,000 shares authorized at June 30, 2018 and December 31, 2017; 3,319 shares issued and outstanding at both June 30, 2018 and December 31, 2017	23,603	23,603
Commitments and contingencies		
Stockholders' equity (deficit):		
Series A convertible preferred stock, \$0.0001 par value; 15 shares authorized at June 30, 2018 and December 31, 2017, respectively; 4 shares issued and outstanding at June 30, 2018	—	—
Series B convertible preferred stock, \$0.0001 par value; 45 and 0 shares authorized at June 30, 2018 and December 31, 2017, respectively; 0 shares issued and outstanding at June 30, 2018	—	—

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Common stock, \$0.0001 par value; 200,000 shares authorized at June 30, 2018 and December 31, 2017; 42,382 and 19,857 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	4	2
Treasury stock, at cost, 2 shares at both June 30, 2018 and December 31, 2017	(97)	(97)
Additional paid-in capital	502,683	436,803
Shareholder note receivable	(5,000)	(5,000)
Accumulated other comprehensive income	1,081	1,093
Accumulated deficit	(468,451)	(459,459)
Total stockholders' equity (deficit)	30,220	(26,658)
Total liabilities and stockholders' equity (deficit)	\$ 139,495	\$ 84,660

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		Six Months Ended	
	Ended June 30, 2018	2017	June 30, 2018	2017
Revenues	\$22,042	\$24,379	\$43,349	\$52,357
Cost of revenues	7,772	8,631	15,509	19,830
Gross profit	14,270	15,748	27,840	32,527
Operating expenses:				
Research and development	2,009	990	3,795	2,439
Sales and marketing	10,673	10,298	20,733	21,401
General and administrative	7,815	5,351	14,257	11,574
Amortization of intangible assets	187	172	364	344
Transaction-related expenses	(62)	—		