

Alphatec Holdings, Inc.
Form 10-Q
May 06, 2016

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 March 31, 2016

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☒

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Non-accelerated filer ☐ (Do not check if a small reporting company) Smaller reporting company ☐
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 May 4, 2016, there were 102,174,878 shares of the registrant's common stock outstanding.

ALPHATEC HOLDINGS, INC.
 QUARTERLY REPORT ON FORM 10-Q
 March 31, 2016
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALPHATEC HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In thousands, except for par value data)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash	\$7,761	\$ 11,229
Restricted cash	1,250	2,350
Accounts receivable, net	39,436	38,319
Inventories, net	47,958	44,908
Prepaid expenses and other current assets	3,854	4,689
Total current assets	100,259	101,495
Property and equipment, net	22,673	21,945
Intangible assets, net	21,004	21,616
Other assets	1,454	1,285
Total assets	\$145,390	\$ 146,341
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$19,293	\$ 14,169
Accrued expenses	30,858	29,791
Deferred revenue	736	648
Common stock warrant liabilities	573	687
Current portion of long-term debt	78,105	79,742
Total current liabilities	129,565	125,037
Long-term debt, less current portion	314	480
Other long-term liabilities	34,251	33,797
Redeemable preferred stock, \$0.0001 par value; 20,000 authorized at March 31, 2016 and December 31, 2015; 3,319 shares issued and outstanding at both March 31, 2016 and December 31, 2015	23,603	23,603
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.0001 par value; 200,000 authorized at March 31, 2016 and December 31, 2015; 102,148 and 102,158 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	10	10
Treasury stock, at cost, 19 shares, at both March 31, 2016 and December 31, 2015	(97)	(97)
Additional paid-in capital	416,997	416,939
Shareholder note receivable	(5,000)	(5,000)
Accumulated other comprehensive loss	(20,396)	(21,188)
Accumulated deficit	(433,857)	(427,240)
Total stockholders' deficit	(42,343)	(36,576)
Total liabilities and stockholders' deficit	\$145,390	\$ 146,341

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	
	March 31,	
	2016	2015
Revenues	\$44,761	\$48,647
Cost of revenues	13,532	15,335
Amortization of acquired intangible assets	360	369
Gross profit	30,869	32,943
Operating expenses:		
Research and development	3,667	3,851
Sales and marketing	19,122	18,195
General and administrative	10,647	9,138
Amortization of acquired intangible assets	486	677
Restructuring expenses	686	(60)
Total operating expenses	34,608	31,801
Operating (loss) income	(3,739)	1,142
Other income (expense):		
Interest income	20	7
Interest expense	(3,357)	(3,371)
Other income (expense), net	1,045	(1,437)
Total other income (expense)	(2,292)	(4,801)
Pretax net loss	(6,031)	(3,659)
Income tax provision	586	902
Net loss	\$(6,617)	\$(4,561)