



Tandem Diabetes Care, Inc.

Years Ended December 31, 2018 and 2017

Use of Non-GAAP Financial Measure

EBITDA is a non-GAAP financial measure defined as net income (loss) excluding income taxes, interest and other non-operating items and depreciation and amortization. Adjusted EBITDA further adjusts for non-cash stock-based compensation expense. This definition of Adjusted EBITDA may differ from similar measures used by other companies, even when similar terms are used to identify such measures. Adjusted EBITDA is a key measure used by the Company to evaluate operating performance, generate future operating plans and make strategic decisions for the allocation of capital. The Company presents Adjusted EBITDA to provide information that may assist investors in understanding its financial results. However, Adjusted EBITDA is not intended to be a substitute for net (income) loss.

The principal limitation of non-GAAP financial measures is that they do not necessarily reflect, and may not be a good estimate of, the amount that will actually be recorded in the Company's financial statements in accordance with GAAP. The non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Following is a reconciliation of GAAP financial results to non-GAAP financial results.

Reconciliation of GAAP versus Non-GAAP Financial Results

	Three Months Ended				Year Ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
GAAP net income (loss)	\$ (32,693)	\$ (59,359)	\$ (34,245)	\$ 3,686	\$ (122,611)
Provision for income tax expense	-	-	-	51	51
Other (income) expense, net	17,208	45,362	18,536	(3,177)	77,929
Depreciation and amortization	1,493	1,405	1,455	1,468	5,821
EBITDA	(13,992)	(12,592)	(14,254)	2,028	(38,810)
Stock-based compensation expense	1,192	2,698	9,537	10,309	23,736
Adjusted EBITDA	<u>\$ (12,800)</u>	<u>\$ (9,894)</u>	<u>\$ (4,717)</u>	<u>\$ 12,337</u>	<u>\$ (15,074)</u>

	Three Months Ended				Year Ended
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017
GAAP net income (loss)	\$ (23,792)	\$ (21,800)	\$ (16,035)	\$ (11,406)	\$ (73,033)
Provision for income tax expense	-	-	-	8	8
Other expense, net	2,566	2,832	2,868	1,815	10,081
Depreciation and amortization	1,428	1,588	1,721	2,129	6,866
EBITDA	(19,798)	(17,380)	(11,446)	(7,454)	(56,078)
Stock-based compensation expense	2,964	5,146	2,392	2,126	12,628
Adjusted EBITDA	<u>\$ (16,834)</u>	<u>\$ (12,234)</u>	<u>\$ (9,054)</u>	<u>\$ (5,328)</u>	<u>\$ (43,450)</u>