



**Tandem Diabetes Care, Inc.**

**Three and Nine Months Ended September 30, 2019 and 2018**

**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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP net loss	\$ (2,901)	\$ (34,245)	\$ (27,405)	\$ (126,299)
Income tax expense	72	—	72	—
Change in fair value of stock warrants	(2,321)	12,265	10,849	69,042
Other (income) expense, net <sup>(1)</sup>	(854)	6,271	(2,382)	12,065
Depreciation and amortization	1,484	1,455	4,430	4,353
EBITDA	(4,520)	(14,254)	(14,436)	(40,839)
Stock-based compensation expense	17,230	9,537	39,386	13,427
Adjusted EBITDA	\$ 12,710	\$ (4,717)	\$ 24,950	\$ (27,412)

(1) Includes \$5.3 million loss on extinguishment of debt in the three and nine month periods ended September 30, 2018.