



Tandem Diabetes Care, Inc.

Three Months Ended March 31, 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 March 31,	
	2019	2018
GAAP net loss	\$ (22,992)	\$ (32,693)
Income tax expense (benefit)	-	-
Other expense, net	11,995	17,208
Depreciation and amortization	1,438	1,493
EBITDA	(9,559)	(13,992)
Stock-based compensation expense	9,834	1,192
Adjusted EBITDA	<u>\$ 275</u>	<u>\$ (12,800)</u>