

# Xtant Medical Holdings

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NYSE: XTNT

First Quarter 2018 Results Conference Call

May 9<sup>th</sup>, 2018

# Important Cautions

## Regarding Forward Looking Statements

This presentation contains certain disclosures that may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to significant risks and uncertainties. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "goal," "target," "prospects," "potential," "optimistic," "confident," "likely," "probable" or similar expressions or the negative thereof. Statements of historical fact also may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: the ability to comply with covenants in the Company's senior credit facility; the ability to increase revenue; the ability to achieve expected results; the ability to remain competitive; government regulations; the ability to innovate and develop new products; the ability to obtain donor cadavers for products; the ability to engage and retain qualified technical personnel and members of the Company's management team; the availability of Company facilities; government and third-party coverage and reimbursement for Company products; the ability to obtain regulatory approvals; the ability to successfully integrate recent and future business combinations or acquisitions; the ability to use net operating loss carry-forwards to offset future taxable income; the ability to service Company debt; product liability claims and other litigation to which we may be subjected; product recalls and defects; timing and results of clinical studies; the ability to obtain and protect Company intellectual property and proprietary rights; infringement and ownership of intellectual property; the ability to remain accredited with the American Association of Tissue Banks; influence by Company management; the ability to pay dividends; and the ability to issue preferred stock; and other factors. Additional risk factors are listed in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors." You should carefully consider the trends, risks and uncertainties described in this document, the Form 10-K and other reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

# Continue Restructuring to Transform into a More Profitable Company

- Continue to shift away from unprofitable reseller and distributor relationships, reducing excessive commission rates
- Pursuing long-term better margin activities and generating more profitable growth opportunities
- Creating a sustainable platform for above-market growth in key product lines



# Key Areas of Focus

**1**

Operational Excellence:  
Improved Asset/Inventory  
Utilization

**2**

Sales Channel  
Optimization

**3**

Strategic Positioning  
For Market Leadership

# Improved Asset & Inventory Management

- » Increasing our cash through aggressively reducing non-productive inventory and instrument levels
- » Optimizing planning for existing and future inventory

# \$1.1M

Reduction in general &  
administrative expenses vs 1Q17  
– a 27% decline

- Successful transition from Dayton facility ahead of schedule
- No cases missed as a result of the consolidation
- Allows for streamlining of order processing going forward
- Cost savings initiatives developed as a result of the restructuring are being achieved

# 400+

**Independent  
Distribution Partners**

- Under contract with **10 GPO's**
- **15 new IDN** and health system agreements have been executed
- Renegotiated or renewed **70+ health system agreements** in 2017

# Focus on Our OUS Business

- **OUS revenue was 4.5% of total 1Q18 revenue**
- **Healthcare International Partners (HIP) agreement expected to drive revenue in Latin America**
- **OUS will be a key focus in 2018 & beyond**



# Financial Overview

# Financial Overview

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## Unaudited Summary

(000's)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2018
Revenue	\$ 17,934	\$ 22,083
Gross Profit	12,232	14,907
Gross Margin	68.2%	67.5%
Net Gain (Loss) From Operations	(1,657)	(2,567)
Net Income (Loss)	(5,253)	(5,785)
Adjusted EBITDA Gain (Loss)	\$ 1,138	\$ (114)

# Reconciliation of Adjusted EBITDA

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## Calculation of Adjusted EBITDA

(000's)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Net loss</b>	<b>\$ (5,253)</b>	<b>\$ (5,785)</b>
Other (income) expense	12	-
Depreciation & amortization	1,586	2,071
Interest expense	3,545	3,400
<b>EBITDA gain (loss)</b>	<b>\$ (110)</b>	<b>\$ (314)</b>
Restructuring expenses	733	-
Separation related expenses	-	224
Non-cash compensation	364	145
Dayton transition costs	113	-
Change in warrant derivative liability	38	(170)
<b>Adjusted EBITDA gain (loss)</b>	<b>\$ 1,138</b>	<b>\$ (114)</b>

# Balance Sheet; Cash Position

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Consolidated Balance Sheet, (\$000's)

	As of March 31, 2018 (Unaudited)	As of December 31, 2017 Audited
Cash & Cash Equivalents	\$ 6,172	\$ 2,856
Total Current Assets	40,131	39,505
Total Assets	104,782	105,705
Total Liabilities	89,172	164,404
Total Liabilities & Stockholders' Equity	\$ 104,782	\$ 105,705



# 2018 Initiatives

- » Continued focus on EBITDA growth through operational excellence
- » Improved asset/inventory management to improve cash position
- » Improved execution enhancing sales channel optimization



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# Thank You



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