

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 5, 2020**

**XTANT MEDICAL HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-34951**  
(Commission  
File Number)

**20-5313323**  
(IRS Employer  
Identification No.)

**664 Cruiser Lane**  
**Belgrade, Montana**  
(Address of principal executive offices)

**59714**  
(Zip Code)

**(406) 388-0480**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.000001 per share	XTNT	NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Item 2.02 Results of Operations and Financial Condition.

On March 5, 2020, Xtant Medical Holdings, Inc. (the “Company”) announced its financial results for the fourth quarter and year ended December 31, 2019. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this report (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly provided by specific reference in such a filing.

To supplement its consolidated financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”), the Company uses certain non-GAAP financial measures, such as non-GAAP adjusted EBITDA, net income, excluding non-cash impairment charges and inventory reserve charges; operating expenses, excluding non-cash impairment charges; and gross profit, excluding non-cash inventory reserve charges, which are included in the press release furnished as Exhibit 99.1 to this report. The Company’s non-GAAP adjusted EBITDA is calculated by adding back to net loss the charges for other expense, depreciation and amortization expense, interest expense and tax expense and further adjusted by adding back in or excluding, as appropriate, impairment of goodwill and intangible assets, provision for losses on accounts receivable and inventory, non-cash compensation expense, change in warrant derivative liability, separation-related expenses, field action expenses, litigation reserve, facility consolidation costs, transition costs related to our Dayton, Ohio, facility and restructuring expenses.

The Company uses adjusted EBITDA and the other non-GAAP measures in making operating decisions because it believes these measures provide meaningful supplemental information regarding its core operational performance. Additionally, these measures give the Company a better understanding of how it should invest in sales and marketing and research and development activities and how it should allocate resources to both ongoing and prospective business initiatives. The Company also uses these measures to help make budgeting and spending decisions, for example, among sales and marketing expenses, general and administrative expenses and research and development expenses. Additionally, the Company believes its use of non-GAAP adjusted EBITDA and other non-GAAP measures facilitates management’s internal comparisons to historical operating results by factoring out potential differences caused by charges not related to its regular, ongoing business, including, without limitation, non-cash charges and certain large and unpredictable charges.

As described above, the Company excludes the following items from its non-GAAP financial measures for the following reasons:

*Impairment of goodwill and intangible assets.* The Company excludes impairment of goodwill and intangible assets primarily because such item is not reflective of its ongoing operating results and is not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Non-cash provision for losses on accounts receivable and inventory.* The Company excludes non-cash provision for losses on accounts receivable and inventory primarily because such item is not reflective of its ongoing operating results and is not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

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*Stock-based compensation.* The Company excludes stock-based compensation expense, which is a non-cash charge related to equity awards granted by the Company. Although stock-based compensation expense is a recurring charge to the Company's operations, management has excluded it because it relies on valuations based on future events, such as the market price of the Company's common stock, that are difficult to predict and are affected by market factors that are largely not within the control of the Company. Thus, management believes that excluding stock-based compensation expense facilitates comparisons of the Company's operational performance in different periods, as well as with similarly determined non-GAAP financial measures of comparable companies.

*Change in warrant derivative liability.* The Company excludes the change in fair market value of its warrants that are accounted for as liabilities from non-GAAP adjusted EBITDA primarily because it is a non-cash charge, it is not reflective of the Company's ongoing operating results, and it is not used by management to assess the core profitability of the Company's business operations. Because it is a non-cash expense, it does not impact the Company's operational performance, liquidity, or ability to invest in sales and marketing, research and development or fund acquisitions and capital expenditures. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Separation-related expenses.* The Company excludes separation-related expenses from non-GAAP adjusted EBITDA primarily because such expenses are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Remediation expenses.* The Company excludes expenses associated with remediation of nonconformance with CE Mark requirements as well as those incurred in connection with the December 2018 recall of the Company's Calix Lumbar Spine Implant System because such expenses are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Litigation reserve.* The Company excludes litigation reserve from non-GAAP adjusted EBITDA primarily because it is not reflective of its ongoing operating results and is not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Facility consolidation costs.* The Company excludes costs incurred in connection with the consolidation of its facilities and the transition of certain business activities from Dayton, Ohio to Belgrade, Montana from non-GAAP adjusted EBITDA primarily because such costs are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*Restructuring expenses.* The Company excludes restructuring expenses from non-GAAP adjusted EBITDA primarily because such expenses are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

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Non-GAAP adjusted EBITDA is reconciled to net loss, the most directly comparable GAAP measure, in the press release. Non-GAAP operating expenses, excluding non-cash impairment charges, is reconciled to operating expenses, and gross profit, excluding non-cash inventory reserve charges, is reconciled to gross profit.

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP measures and may be different from non-GAAP financial measures used by other companies. In addition, non-GAAP financial measures are not based on any comprehensive or standard set of accounting rules or principles. Accordingly, the calculation of the Company's non-GAAP financial measures may differ from the definitions of other companies using the same or similar names, limiting, to some extent, the usefulness of such measures for comparison purposes. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with the Company's financial results as determined in accordance with GAAP. Non-GAAP financial measures should only be used to evaluate the Company's financial results in conjunction with the corresponding GAAP measures. Accordingly, the Company qualifies its use of non-GAAP financial information in a statement when non-GAAP financial information is presented.

#### **Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#"><u>Press Release of Xtant Medical Holdings, Inc. dated March 5, 2020 entitled "Xtant Medical Announces Fourth Quarter and Full Year 2019 Financial Results" (furnished herewith)</u></a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**XTANT MEDICAL HOLDINGS, INC.**

By: */s/ Greg Jensen*

Greg Jensen

*Vice President, Finance and Chief*

*Financial Officer*

Date: March 5, 2020

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## Xtant Medical Announces Fourth Quarter and Full Year 2019 Financial Results

BELGRADE, MT, March 5, 2020 – Xtant Medical Holdings, Inc. (NYSE American: XTNT), a global medical technology company focused on surgical solutions for the treatment of spinal disorders, today reported financial and operating results for the fourth quarter and year ended December 31, 2019.

### Fourth Quarter 2019 Financial Highlights and Recent Announcements:

- Revenue for the fourth quarter of 2019 was \$17.0 million, compared to \$18.3 million for the same prior-year period.
- Operating expenses in the fourth quarter of 2019 were \$11.6 million, compared to \$62.0 million for the same prior-year period. Excluding non-cash impairment charges, operating expenses were \$13.8 million in the fourth quarter of 2018.
- Net loss incurred in the fourth quarter of 2019 was \$1.6 million, compared to a net loss of \$56.7 million for the same prior-year period. Excluding non-cash impairment charges and inventory reserves, net loss in the fourth quarter of 2018 was \$3.9 million.
- Non-GAAP Adjusted EBITDA for the fourth quarter of 2019 was \$1.2 million, compared to \$1.7 million for the same prior-year period.

Sean Browne, President and CEO of Xtant Medical, said, “I am very pleased with the commitment and contributions made by each of our team members. It is their commitment that allowed us to execute numerous strategic and operational initiatives during the year and to fulfill our mission of ‘Honoring the gift of donation, by helping our patients live as full, and complete a life as possible.’ I am looking forward to 2020 to see what the team can accomplish as we roll out exciting new products that will update some current product lines and expand our product offerings. We understand our future success is tied to our ability to expand the breadth and depth of our product offerings, and these new products are a step in the right direction for our patients, surgeons, distribution network partners, and the Company.”

### Fourth Quarter and Full Year 2019 Financial Results

Fourth-quarter 2019 revenue was \$17.0 million, compared to \$18.3 million for the same period in 2018. Full-year 2019 revenue was \$64.7 million, compared to \$72.2 million for 2018. Fourth-quarter 2019 revenues benefitted from sales growth from the Company’s key biologics customers, which was offset by discontinued distributor arrangements related to the Company’s hardware business and lower demand for certain hardware products.

Gross profit for the fourth quarter of 2019 was 66.8%, compared to 39.7% for the same period in 2018 and was 65.7% for 2019, compared to 60.2% in 2018. In the fourth quarter of 2018, the Company increased its inventory reserve by \$4.6 million, primarily due to excess inventory in the spinal implant product line. Excluding the inventory reserve adjustment, gross profit in 2018 would have been 65.1% for the fourth quarter, and 67.1% for the full year.

Operating expenses for the fourth quarter of 2019 were \$11.6 million, compared to \$62.0 million for the fourth quarter of 2018, and were \$44.8 million in 2019 compared to \$103.6 million in 2018. In the fourth quarter of 2018, the Company incurred non-cash impairment charges to goodwill and intangibles attributed to the X-spine acquisition totaling \$48.1 million. Excluding the non-cash impairment charge, operating expenses were \$13.8 million in the fourth quarter of 2018 and \$55.4 million in 2018. These decreases in operating expenses were primarily attributable to lower sales commissions, reduced restructuring expenses, and a decrease in amortization expense as a result of the impairment of intangible assets that occurred in the fourth quarter of 2018, which were partially offset by higher general and administrative expenses.

Fourth-quarter 2019 net loss was \$1.6 million, or \$0.12 per share, compared to the fourth quarter 2018 net loss of \$56.7 million, or \$4.31 per share. Net loss for 2019 was \$8.2 million, or \$0.62 per share, compared to \$70.1 million, or \$5.97 per share, in 2018. Excluding the non-cash impairment charges and the inventory reserve charges, the net loss was \$3.9 million, or \$0.30 per share, in the fourth quarter of 2018, and \$17.0 million, or \$1.45 per share, in 2018.

Non-GAAP Adjusted EBITDA for the fourth quarter of 2019 was \$1.2 million compared to \$1.7 million for the same period of 2018. Non-GAAP Adjusted EBITDA for 2019 was \$3.9 million, compared to \$5.4 million for 2018. The Company defines non-GAAP Adjusted EBITDA as net income/loss from operations before depreciation, amortization, and interest expense, and as further adjusted to add back in or exclude, as applicable, impairment of goodwill and intangible assets, provision for losses on accounts receivable and inventory, stock-based compensation, changes in warrant derivative liability, remediation expenses, separation-related expenses, litigation reserves, facility consolidation costs, and restructuring expenses. A calculation and reconciliation of non-GAAP Adjusted EBITDA to net loss and the other non-GAAP financial measures included in this release to their respective most comparable GAAP measures can be found in the attached financial tables.

### **Conference Call**

Xtant Medical will host a webcast and conference call to discuss the fourth quarter and full-year 2019 financial results on Thursday, March 5, 2020, at 9:00 AM ET. To access the webcast, [Click Here](#). To access the conference call, dial 877-407-6184 within the U.S. or 201-389-0877 outside the U.S. A replay of the call will be available at [www.xtantmedical.com](http://www.xtantmedical.com), under “Investor Info.”

### **About Xtant Medical Holdings, Inc.**

Xtant Medical Holdings, Inc. ([www.xtantmedical.com](http://www.xtantmedical.com)) is a global medical technology company focused on the design, development, and commercialization of a comprehensive portfolio of orthobiologics and spinal implant systems to facilitate spinal fusion in complex spine, deformity and degenerative procedures. Xtant people are dedicated and talented, operating with the highest integrity to serve our customers.

The symbols <sup>™</sup> and <sup>®</sup> denote trademarks and registered trademarks of Xtant Medical Holdings, Inc. or its affiliates, registered as indicated in the United States and in other countries. All other trademarks and trade names referred to in this release are the property of their respective owners.

## **Non-GAAP Financial Measures**

To supplement the Company's consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures in this release, including Adjusted EBITDA, net loss excluding non-cash impairment charges and inventory reserve charges, operating expenses excluding non-cash impairment charges and gross profit excluding inventory reserve adjustment. Reconciliations of the non-GAAP financial measures used in this release to the most comparable GAAP measures for the respective periods can be found in tables later in this release. The Company's management believes that the presentation of these measures provides useful information to investors. These measures may assist investors in evaluating the Company's operations, period over period. Management uses the non-GAAP measures in this release internally for evaluation of the performance of the business, including the allocation of resources. Investors should consider non-GAAP financial measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP.

## **Important Cautions Regarding Forward-looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 "expects," "anticipates," "intends," "plans," "believes," "estimates," "continue," "future," "will," "potential" similar expressions or the negative thereof, and the use of future dates. The Company cautions that its forward-looking 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 Company's future operating results and financial performance; the ability to increase or maintain revenue, including the success of the Company's initiatives to stabilize and increase revenues; the ability to remain competitive; the ability to innovate and develop new products; the impact of certain current supply constraints; the effect of management changes and the ability to attract, engage and retain qualified personnel; the ability to obtain and maintain regulatory approvals and comply with government regulations; government and third-party coverage and reimbursement for Company products; the effect of product liability claims and other litigation to which the Company may be subject; the effect of future product recalls and defects; timing and results of clinical studies; the ability to obtain and protect Company intellectual property and proprietary rights and operate without infringing the rights of others; the ability to retain and recruit independent sales agents; the ability to service Company debt and comply with debt covenants; the ability to raise additional financing and other factors. Additional risk factors are contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission (SEC) on April 1, 2019 and subsequent SEC filings by the Company, including without limitation its most recent Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 filed with the SEC on November 7, 2019 and its Annual Report on Form 10-K for the year ended December 31, 2019 anticipated to be filed with the SEC. Investors are encouraged to read the Company's filings with the SEC, available at [www.sec.gov](http://www.sec.gov), for a discussion of these and other risks and uncertainties. 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 the Company or persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

## **Investor Relations Contact**

David Carey  
Lazar FINN Partners  
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Email: [david.carey@finnpartners.com](mailto:david.carey@finnpartners.com)



**XTANT MEDICAL HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except number of shares and par value)

	<u>As of December 31, 2019</u>	<u>As of December 31, 2018</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,237	\$ 6,797
Trade accounts receivable, net of allowance for doubtful accounts of \$500 and \$2,140, respectively	10,124	9,990
Inventories	16,101	17,301
Prepaid and other current assets	784	589
Total current assets	<u>32,246</u>	<u>34,677</u>
Property and equipment, net	4,695	7,174
Right-of -use asset, net	2,100	-
Goodwill	3,205	3,205
Intangible assets, net	515	573
Other assets	394	793
Total Assets	<u>\$ 43,155</u>	<u>\$ 46,422</u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts payable	\$ 2,188	\$ 6,465
Accrued liabilities	6,625	5,150
Warrant derivative liability	7	10
Current portion of lease liability	394	-
Current portion of financing lease obligations	176	426
Total current liabilities	<u>9,390</u>	<u>12,051</u>
Long-term Liabilities:		
Lease liability, less current portion	1,726	-
Financing lease obligation, less current portion	-	204
Long-term debt, less issuance costs	76,244	77,939
Total Liabilities	<u>87,360</u>	<u>90,194</u>
Stockholders' Equity (Deficit)		
Preferred stock	-	-
Common stock	-	-
Additional paid-in capital	179,061	171,273
Accumulated deficit	(223,266)	(215,045)
Total Stockholders' Equity (Deficit)	<u>(44,205)</u>	<u>(43,772)</u>
Total Liabilities & Stockholders' Equity (Deficit)	<u>\$ 43,155</u>	<u>\$ 46,422</u>

**XTANT MEDICAL HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited, in thousands, except number of shares and per share amounts)

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>				
Orthopedic product sales	\$ 16,942	\$ 18,192	\$ 64,516	\$ 71,814
Other revenue	22	70	166	389
Total revenue	<u>16,964</u>	<u>18,262</u>	<u>64,682</u>	<u>72,203</u>
<b>Cost of sales</b>				
	5,639	11,006	22,166	28,717
Gross profit	<u>11,325</u>	<u>7,256</u>	<u>42,516</u>	<u>43,486</u>
Gross profit %	66.8%	39.7%	65.7%	60.2%
<b>Operating expenses</b>				
General and administrative	4,540	3,801	17,936	14,277
Sales and marketing	6,832	7,139	25,843	31,464
Research and development	257	523	932	1,702
Amortization	14	859	58	3,437
Impairment of goodwill and intangible assets	-	48,146	-	48,146
Restructuring expenses	-	435	-	2,970
Separation related expenses	-	1,078	-	1,568
Total operating expenses	<u>11,643</u>	<u>61,981</u>	<u>44,769</u>	<u>103,564</u>
Loss from operations	(318)	(54,725)	(2,253)	(60,078)
<b>Other (expense) income</b>				
Interest expense	(1,268)	(1,990)	(5,772)	(10,145)
Change in warrant derivative liability	11	38	3	121
Other (expense) income	-	(14)	(101)	3
Total Other (Expense) Income	<u>(1,257)</u>	<u>(1,966)</u>	<u>(5,870)</u>	<u>(10,021)</u>
Net Loss from Operations Before Provision for Income Taxes	<u>(1,575)</u>	<u>(56,691)</u>	<u>(8,123)</u>	<u>(70,099)</u>
<b>Provision for income taxes</b>				
Current and deferred	(30)	-	(98)	-
Net Loss from Operations	<u>\$ (1,605)</u>	<u>\$ (56,691)</u>	<u>\$ (8,221)</u>	<u>\$ (70,099)</u>
<b>Net loss per share:</b>				
Basic	\$ (0.12)	\$ (4.31)	\$ (0.62)	\$ (5.97)
Dilutive	\$ (0.12)	\$ (4.31)	\$ (0.62)	\$ (5.97)
<b>Shares used in the computation:</b>				
Basic	13,161,762	13,158,326	13,163,931	11,740,550
Dilutive	13,161,762	13,158,326	13,163,931	11,740,550

**XTANT MEDICAL HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	<b>Twelve Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities:</b>		
Net loss	\$ (8,221)	\$ (70,099)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>		
Depreciation and amortization	3,143	6,590
Goodwill and intangible impairment	-	48,146
(Gain) loss on disposal of fixed assets	(61)	103
Non-cash interest	5,726	9,848
Non-cash rent expense	20	-
Stock-based compensation	515	694
Change in warrant derivative liability	(3)	(121)
Provision for reserve on accounts receivable	513	188
Provision for excess and obsolete inventory	509	4,932
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(647)	2,536
Inventories	692	40
Prepaid and other assets	204	1,055
Accounts payable	(4,278)	(3,011)
Accrued liabilities	1,475	311
Net cash provided by (used in) operating activities	<u>(413)</u>	<u>1,212</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(879)	(624)
Proceeds from sale of fixed assets	335	257
Net cash used in investing activities	<u>(544)</u>	<u>(367)</u>
<b>Financing activities:</b>		
Payments on financing leases	(455)	(359)
Costs associated with Second Amended and Restated Credit Agreement	(148)	-
Costs associated with private placement and convertible debt exchange	-	(3,356)
Proceeds from equity private placement	-	6,810
Proceeds from issuance of stock	-	1
Net cash provided by (used in) financing activities	<u>(603)</u>	<u>3,096</u>
Net change in cash and cash equivalents	(1,560)	3,941
Cash and cash equivalents at beginning of period	6,797	2,856
Cash and cash equivalents at end of period	<u>\$ 5,237</u>	<u>\$ 6,797</u>

**XTANT MEDICAL HOLDINGS, INC.**  
**CALCULATION OF NON-GAAP CONSOLIDATED EBITDA AND ADJUSTED EBITDA**  
(Unaudited, in thousands)

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net Loss	\$ (1,605)	\$ (56,691)	\$ (8,221)	\$ (70,099)
Other expense	-	14	101	(3)
Depreciation and amortization	807	1,646	3,143	6,589
Interest expense	1,268	1,990	5,772	10,145
Tax expense	30	-	98	-
<b>Non-GAAP EBITDA</b>	<b>500</b>	<b>(53,041)</b>	<b>893</b>	<b>(53,368)</b>
Non-GAAP EBITDA/Total revenue	2.9%	-290.4%	1.4%	-73.9%

**NON-GAAP ADJUSTED EBITDA  
CALCULATION**

Impairment of goodwill and intangible assets	-	48,146	-	48,146
Provision for reserve on accounts receivable	60	185	513	188
Provision for excess and obsolete inventory	(8)	4,636	509	4,932
Stock-based compensation	259	108	515	694
Change in warrant derivative liability	(11)	(38)	(3)	(121)
Separation-related expenses	-	1,078	(37)	1,568
Remediation expenses	253	-	560	-
Litigation reserve	119	195	919	195
Facility consolidation costs	-	1	-	241
Restructuring expenses	-	435	-	2,970
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 1,172</b>	<b>\$ 1,705</b>	<b>\$ 3,869</b>	<b>\$ 5,445</b>
Non-GAAP Adjusted EBITDA/Total revenue	6.9%	9.3%	6.0%	7.5%

XTANT MEDICAL HOLDINGS, INC.

**CALCULATION ON NON-GAAP ADJUSTED NET INCOME, NON-GAAP ADJUSTED GROSS PROFIT AND NON-GAAP ADJUSTED OPERATING EXPENSES AND RECONCILIATION TO GAAP NET INCOME, GAAP GROSS PROFIT AND GAAP OPERATING EXPENSES**

(Unaudited, in thousands, except number of shares and per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
<b>Revenue</b>				
Orthopedic product sales	\$ 16,942	\$ 18,192	\$ 64,516	\$ 71,814
Other revenue	22	70	166	389
Total revenue	16,964	18,262	64,682	72,203
<b>Cost of Sales</b>				
Cost of Sales	5,639	11,006	22,166	28,717
Reverse Inventory Reserve	8	(4,636)	(509)	(4,932)
Adjusted Total Cost of sales	5,647	6,370	21,657	23,785
Adjusted Gross profit	11,317	11,892	43,025	48,418
Gross profit %	66.7%	65.1%	66.5%	67.1%
<b>Operating expenses</b>				
General and administrative	4,540	3,801	17,936	14,277
Sales and marketing	6,832	7,139	25,843	31,464
Research and development	257	523	932	1,702
Amortization	14	859	58	3,437
Goodwill & Intangible Asset impairment	-	48,146	-	48,146
Reverse impairment charges	-	(48,146)	-	(48,146)
Restructuring expenses	-	435	-	2,970
Separation related expenses	-	1,078	-	1,568
Total Adjusted Operating Expenses	11,643	13,835	44,769	55,418
Loss from operations	(326)	(1,943)	(1,744)	(7,000)
<b>Other Income (Expense)</b>				
Interest expense	(1,268)	(1,990)	(5,772)	(10,145)
Change in warrant derivative liability	11	38	3	121
Other (expense) income	-	(14)	(101)	3
Total Other (Expense) Income	(1,257)	(1,966)	(5,870)	(10,021)
Net Loss from Operations Before Provision for Income Taxes	(1,583)	(3,909)	(7,614)	(17,021)
<b>Provision for Income Taxes</b>				
Current and Deferred	(30)	-	(98)	-
Adjusted Net Loss	\$ (1,613)	\$ (3,909)	\$ (7,712)	\$ (17,021)
<b>Net loss per share:</b>				
Basic	\$ (0.12)	\$ (0.30)	\$ (0.59)	\$ (1.45)
Dilutive	\$ (0.12)	\$ (0.30)	\$ (0.59)	\$ (1.45)
<b>Shares used in the computation:</b>				
Basic	13,161,762	13,158,326	13,163,931	11,740,550
Dilutive	13,161,762	13,158,326	13,163,931	11,740,550

