



664 Cruiser Lane  
Belgrade, Montana 59714  
(406) 388-0480

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD OCTOBER 27, 2020**

To Our Stockholders:

You are invited to attend the Annual Meeting of Stockholders (“Annual Meeting”) of Xtant Medical Holdings, Inc. (the “Company”) on October 27, 2020 at 8:00 a.m., Central Time, at the offices of Fox Rothschild LLP, located at 222 South Ninth Street, Suite 2000, Minneapolis, Minnesota 55402, for the following purposes:

1. To elect the six nominees named in the accompanying proxy statement to serve as directors of the Company until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified;
2. To ratify the appointment of Plante & Moran, PLLC as the Company’s independent registered public accounting firm for the year ending December 31, 2020;
3. To approve the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan;
4. To approve, on an advisory basis, the compensation of the Company’s executive officers named in the accompanying proxy statement; and
5. To transact such other business as may properly be brought before the Annual Meeting and any adjournment or postponement thereof.

As part of our precautions regarding the COVID-19 pandemic, we are planning for the possibility that the Annual Meeting may be held at a different venue or solely by means of virtual communication. If we take this step, we will publicly announce the decision to do so in advance, and details on how to participate will be posted on our website at <https://www.xtantmedical.com/proxy> and filed with the Securities and Exchange Commission as additional proxy materials.

Stockholders of record at the close of business on September 1, 2020 shall be entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. A stockholder list will be available at our corporate offices beginning October 16, 2020 during normal business hours for examination by any stockholder registered on our stock ledger as of the record date for any purpose germane to the Annual Meeting.

**Your vote is important. Please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting.**

**By Order of the Board of Directors**

A handwritten signature in black ink, appearing to read 'JP' or similar initials.

Jeffrey Peters  
*Chairman of the Board*

A handwritten signature in black ink, appearing to read 'Sean E. Browne'.

Sean E. Browne  
*President and Chief Executive Officer*

Belgrade, Montana  
September 10, 2020



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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on October 27, 2020:** The proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as amended, are available at [www.xtantmedical.com](http://www.xtantmedical.com) (click “Investors” and “SEC Filings”).



**XTANT MEDICAL HOLDINGS, INC.**

664 Cruiser Lane  
Belgrade, Montana 59714  
(406) 388-0480

**PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON OCTOBER 27, 2020**

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS  
AND THE ANNUAL MEETING**

**Q: Why am I receiving these materials?**

**A:** We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors (the “Board”) for our 2020 Annual Meeting of Stockholders, which will take place on October 27, 2020. As a stockholder of record, you are invited to attend the Annual Meeting and are entitled and requested to vote on the items of business described in this proxy statement. This proxy statement and accompanying proxy card (or voting instruction card) are being sent on or about September 10, 2020 to all stockholders entitled to vote at the Annual Meeting.

**Q: When and where will the Annual Meeting be held?**

**A:** The Annual Meeting will be held on October 27, 2020 at 8:00 a.m., Central Time, at the offices of Fox Rothschild LLP, located at 222 South Ninth Street, Suite 2000, Minneapolis, Minnesota 55402. As part of our precautions regarding the COVID-19 pandemic, we are planning for the possibility that the Annual Meeting may be held at a different venue or solely by means of virtual communication. If we take this step, we will publicly announce the decision to do so in advance, and details on how to participate will be posted on our website at <https://www.xtantmedical.com/proxy> and filed with the Securities and Exchange Commission (“SEC”) as additional proxy materials.

**Q: How do I attend the Annual Meeting?**

**A:** Only stockholders of record on the record date of September 1, 2020 (the “Record Date”) are entitled to notice of, and to attend or vote at, the Annual Meeting. If you plan to attend the meeting in person, please bring the following:

- Photo identification; and
- Acceptable proof of ownership if your shares are held in “street name.”

*Street name* means your shares are held of record by brokers, banks, or other institutions. See below for additional information.

*Acceptable proof of ownership* is either (a) a letter from your broker confirming that you beneficially owned shares of our common stock on the Record Date or (b) an account statement showing that you beneficially owned shares of our common stock on the Record Date. If your shares are held in street name, you may attend the meeting with proof of ownership, but you may not vote your shares in person at the Annual Meeting unless you have obtained a “legal proxy” or other evidence from your broker giving you the right to vote your shares at the Annual Meeting.

**Q: What information is contained in this proxy statement?**

**A:** This proxy statement contains information regarding our corporate governance practices, the Board, our named executive officers, the compensation of our directors and named executive officers, the director nominees for election and other proposals to be voted on at the Annual Meeting, and certain other required information.

**Q: How may I obtain the Company's Annual Report on Form 10-K for the year ended December 31, 2019?**

**A:** We have enclosed with this proxy statement a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as amended. Our Annual Report on Form 10-K can also be accessed through our website at [www.xtantmedical.com](http://www.xtantmedical.com) (click "Investors" and "SEC Filings"). We filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 with the SEC on March 5, 2020. We sometimes refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 as our 2019 Annual Report.

**Q: What items of business will be voted on at the Annual Meeting?**

**A:** The items of business scheduled to be voted on at the Annual Meeting are:

1. To elect the six nominees named in this proxy statement to serve as directors of the Company until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified;
2. To ratify the appointment of Plante & Moran, PLLC as the Company's independent registered public accounting firm for the year ending December 31, 2020;
3. To approve the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan;
4. To approve, on an advisory basis, the compensation of the Company's executive officers named in this proxy statement; and
5. To transact such other business as may properly be brought before the Annual Meeting and any adjournment or postponement thereof.

**Q: How many votes must the nominees for director have to be elected?**

**A:** In order for a director to be elected at a meeting at which a quorum is present, the director must receive the affirmative vote of a plurality of the shares voted. There is no cumulative voting for our directors or otherwise.

**Q: What are the voting requirements to approve the other proposals?**

**A:** As noted above, with respect to Proposal One, the six director nominees receiving the highest number of affirmative votes will be elected. The affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy and entitled to vote on the proposal is required to approve Proposal Two and Proposal Four. The affirmative vote of a majority of votes cast on the proposal is required to approve Proposal Three.

**Q: How does the Board recommend that I vote?**

**A:** The Board recommends that you vote your shares "FOR" all six of the director nominees, "FOR" the ratification of the appointment of Plante & Moran, PLLC as our independent registered public accounting firm, "FOR" the approval of the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan, and "FOR" the approval, on an advisory basis, of the compensation of the executive officers named in this proxy statement.

If you return a properly completed proxy card, or vote your shares by telephone or Internet, your shares of common stock will be voted on your behalf as you direct. If not otherwise specified, the shares of common stock represented by the proxies will be voted in accordance with the Board's recommendations.

**Q: What shares may I vote?**

**A:** Each share of our common stock issued and outstanding as of the close of business on the Record Date is entitled to one vote on each of the matters to be voted upon at the Annual Meeting.

You may vote all shares owned by you as of the Record Date, including (a) shares held directly in your name as the stockholder of record and (b) shares held for you as the beneficial owner through a broker, trustee, or other nominee. We had 13,240,831 shares of common stock issued and outstanding on the Record Date.

**Q: What is the difference between being a stockholder of record and being the beneficial owner of shares held in street name?**

**A:** A stockholder of record owns shares that are registered in his or her own name. A beneficial owner owns shares that are held in street name through a third party, such as a broker. As summarized below, there are some distinctions between a stockholder of record and beneficial owner.

#### **Stockholder of Record**

You are the stockholder of record of any of your shares registered directly in your name with our transfer agent, EQ Shareowner Services. With respect to such shares, these proxy materials are being sent to you by the Company. As the stockholder of record, you have the right to grant your voting proxy directly to our designees, Sean E. Browne, the Company's President and Chief Executive Officer, Greg Jensen, the Company's Vice President, Finance and Chief Financial Officer, and Jeffrey Peters, the Company's Chairman of the Board, or to any other person you wish to designate, or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to grant your voting proxy to Mr. Jensen and Mr. Peters.

#### **Shares Beneficially Held in Street Name**

You are the beneficial owner of any of your shares held in street name. With respect to such shares registered through a broker, these proxy materials, together with a voting instruction card, are being forwarded to you by your broker. As the beneficial owner, you have the right to direct your broker how to vote. You may use the voting instruction card provided by your broker for this purpose. Even if you have directed your broker how to vote, you may also attend the Annual Meeting. However, you may not vote your shares in person at the Annual Meeting unless you obtain a "legal proxy" or other evidence from your broker giving you the right to vote the shares at the Annual Meeting.

**Q: Who is entitled to attend the Annual Meeting and what are the admission procedures?**

**A:** You are entitled to attend the Annual Meeting only if you were a stockholder as of the close of business on the Record Date or if you hold a valid proxy for the Annual Meeting. A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting. If you are a beneficial holder, you will need to provide proof of beneficial ownership as of the Record Date, such as a brokerage account statement showing that you owned shares of the Company's common stock as of the Record Date or the voting instruction card provided by your broker. The Annual Meeting will begin promptly at 8:00 a.m., Central Time. You should be prepared to present photo identification for admittance. Check-in will begin one-half hour prior to the meeting. Please allow ample time for the admission procedures.

**Q: May I vote my shares in person at the Annual Meeting?**

**A:** If you were a stockholder of record on the Record Date, you may vote your shares in person at the Annual Meeting or through a proxy. If you decide to vote your shares in person, you do not need to present your share certificate(s) at the Annual Meeting; your name will be on the list of stockholders eligible to vote. If you hold your shares beneficially in street name, you may vote your shares in person at the Annual Meeting only if you obtain a legal proxy or other evidence from your broker giving you the right to vote the shares. *Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.*

**Q: How can I vote my shares without attending the Annual Meeting?**

**A:** Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker. For directions on how to vote, please refer to the instructions on your proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker.

Stockholders of record may submit proxies by completing, signing, dating, and mailing their proxy cards to the address provided on the proxy card. Stockholders who hold shares beneficially in street name may vote by completing, signing, and dating the voting instruction cards provided and mailing them to the address provided on the voting instruction card. The proxy card and voting instruction card also include directions as to how you may submit your vote through the Internet. The

voting instruction card may also include directions for alternative methods of submitting your vote. We encourage you to vote early. If you choose to vote by mail, please allow sufficient time for your proxy or voting instruction card to reach our vote tabulator prior to the Annual Meeting.

**Q: Who will count the votes?**

**A:** Votes at the Annual Meeting will be counted by an inspector of election, who will be appointed by the Board.

**Q: What is the effect of not voting?**

**A:** If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the Annual Meeting. If you are a stockholder of record and you properly sign and return your proxy card, your shares will be voted as you direct. If no instructions are indicated on such proxy card and you are a stockholder of record, shares represented by the proxy will be voted in the manner recommended by the Board on all matters presented in this proxy statement, namely “FOR” all six of the director nominees, “FOR” the ratification of the appointment of Plante & Moran, PLLC as our independent registered public accounting firm, “FOR” the approval of the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan, and “FOR” the approval, on an advisory basis, of the compensation of the executive officers named in this proxy statement.

Generally, broker non-votes occur when shares held by a broker in “street name” for a beneficial owner are not voted with respect to a particular proposal because the broker (1) has not received voting instructions from the beneficial owner and (2) lacks discretionary voting power to vote those shares.

A broker is entitled to vote shares held for a beneficial owner on routine matters. The ratification of the appointment of Plante & Moran, PLLC as our independent registered public accounting firm in Proposal Two is a routine matter; and, accordingly, a broker is entitled to vote shares held for a beneficial owner on this proposal without instructions from such beneficial owner. On the other hand, absent instructions from a beneficial owner, a broker is not entitled to vote shares held for such beneficial owner on non-routine matters. We believe, based on the rules of the New York Stock Exchange (“NYSE”), that the election of directors in Proposal One, the approval of the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan in Proposal Three, and the advisory vote on executive compensation in Proposal Four are non-routine matters; and, accordingly, brokers do not have authority to vote on such matters absent instructions from beneficial owners. Whether a voting proposal is ultimately determined routine or non-routine is determined by the NYSE. Accordingly, if beneficial owners desire not to have their shares voted by a broker in a certain manner, they should give instructions to their brokers as to how to vote their shares.

Broker non-votes count for purposes of determining whether a quorum is present.

**Q: How many votes are required for the approval of the proposals to be voted upon, and how will abstentions and broker non-votes be treated?**

<b>Proposal</b>	<b>Votes Required</b>	<b>Effect of Votes Withheld / Abstentions</b>	<b>Effect of Broker Non-Votes</b>
<u>Proposal One:</u> Election of Directors	Plurality of the votes cast. This means that the six nominees receiving the highest number of affirmative “FOR” votes will be elected as directors.	Votes withheld will have no effect.	Broker non-votes will have no effect.
<u>Proposal Two:</u> Ratification of Appointment of Independent Registered Public Accounting Firm	Affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy and entitled to vote thereon.	Abstentions will have the effect of a vote against the proposal.	We do not expect any broker non-votes on this proposal.



<b>Proposal</b>	<b>Votes Required</b>	<b>Effect of Votes Withheld / Abstentions</b>	<b>Effect of Broker Non-Votes</b>
<b>Proposal Three:</b> Approval of the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan	Affirmative vote of a majority of votes cast on the proposal.	Abstentions will have the effect of a vote against the proposal.	Broker non-votes will have no effect.
<b>Proposal Four:</b> Advisory Vote on Executive Compensation	Affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy and entitled to vote thereon.	Abstentions will have the effect of a vote against the proposal.	Broker non-votes will have no effect.

**Q: Can I revoke my proxy or change my vote after I have voted?**

**A:** You may revoke your proxy and change your vote by voting again or by attending the Annual Meeting and voting in person. Only your latest dated proxy card received at or prior to the Annual Meeting will be counted. However, your attendance at the Annual Meeting will not have the effect of revoking your proxy unless you forward written notice to the Corporate Secretary at Xtant Medical Holdings, Inc., 664 Cruiser Lane, Belgrade, Montana 59714, or you vote by ballot at the Annual Meeting. If you are a beneficial owner, you will need to request a legal proxy from your broker and bring it with you to vote at the Annual Meeting.

**Q: How many votes are required to hold the Annual Meeting?**

**A:** The presence, in person or by proxy, of the holders of one-third of the shares of our common stock outstanding and entitled to vote on the Record Date is necessary to hold the Annual Meeting and conduct business. This is called a quorum. Abstentions and broker non-votes will be considered as present at the Annual Meeting for purposes of establishing a quorum.

**Q: Who will bear the cost of soliciting votes for the Annual Meeting?**

**A:** The Company is making this solicitation and will pay the entire cost of preparing, printing, assembling, mailing, and distributing these proxy materials. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, electronic mail, and facsimile by directors, officers, and regular employees of the Company. None of the Company's directors, officers, or employees will receive any additional compensation for soliciting proxies on behalf of the Board. The Company may also make arrangements with brokerage firms and other custodians, nominees, and fiduciaries for the forwarding of soliciting material to the beneficial owners of common stock held of record by those owners. The Company will reimburse those brokers, custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses incurred in connection with that service.

**Q: Where can I find the voting results of the Annual Meeting?**

**A:** We intend to announce preliminary voting results at the Annual Meeting and will disclose final voting results in a Current Report on Form 8-K that will be filed with the SEC not more than four business days following the Annual Meeting.

## PROPOSAL ONE—ELECTION OF DIRECTORS

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### Board Size and Structure

Our Second Amended and Restated Bylaws provide that the Board will consist of at least one member or such other number as may be determined by the Board from time to time or by the stockholders at an annual meeting. The Board has fixed the number of directors at six, and we currently have six directors serving on the Board. Each director holds office for a term of one year or until his successor is duly elected and qualified, subject to his earlier death, resignation, disqualification, or removal.

### Current Directors and Nominees for Director

The Board has nominated the following six individuals to serve as our directors until the next annual meeting of stockholders or until their respective successors are elected and qualified. All of the nominees named below are current members of the Board.

The names, ages, and positions of our nominees for director as of September 1, 2020 are as follows:

Name	Age	Position
John Bakewell <sup>(1)</sup>	59	Director
Sean E. Browne	54	Director
Michael Eggenberg <sup>(2)</sup>	50	Director
Robert McNamara <sup>(1)(2)</sup>	63	Director
Jeffrey Peters	52	Chairman of the Board and Director
Matthew Rizzo <sup>(2)</sup>	48	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

Each director elected at the Annual Meeting will serve a one-year term until the Company's next annual meeting and until his successor is duly elected and qualified or until his earlier death, resignation, disqualification, or removal. Unless otherwise instructed, the proxy-holders will vote the proxies received by them for the six nominees. If any nominee should become unavailable for election prior to the Annual Meeting, an event that currently is not anticipated by the Board, the proxies will be voted in favor of the election of a substitute nominee or nominees proposed by the Board. Each nominee has agreed to serve if elected, and the Board has no reason to believe that any nominee will be unable to serve.

### Board Nomination Rights

Pursuant to an Investor Rights Agreement, dated as of February 14, 2018 ("Investor Rights Agreement"), by and among the Company and certain stockholders, including without limitation, OrbiMed Royalty Opportunities II, LP ("Royalty Opportunities") and ROS Acquisition Offshore LP ("ROS" and, together with Royalty Opportunities, the "Investors"), for so long as the Ownership Threshold (as defined in the Investor Rights Agreement and below) is met, the Investors are entitled to nominate such individuals to the Board constituting a majority of the directors. The Investors have nominated Michael Eggenberg, Matthew Rizzo, and Jeffrey Peters to the Board.

### Additional Information About Director Nominees

The Board believes that our current six directors collectively have the experience, qualifications, attributes, and skills to effectively oversee the management of the Company, including a high degree of personal and professional integrity, an ability to exercise sound business judgment on a broad range of issues, sufficient experience and background to have an appreciation of the issues facing the Company, a willingness to devote the necessary time to Board duties, a commitment to representing the best interests of the Company and our stockholders, and a dedication to enhancing stockholder value.

The business experience of each nominee for director is summarized below.

**John Bakewell** has served as a member of our Board since February 2018. Mr. Bakewell was initially elected to the Board in connection with our restructuring in February 2018. Mr. Bakewell is an independent board member and consultant to the medical technology industry. He also serves on the board of directors of Neuronetics, Inc. (STIM). Mr. Bakewell served as the Chief Financial Officer of Exact Sciences Corporation, a molecular diagnostics company, from January 2016 to November 2016. Mr. Bakewell previously served as the Chief Financial Officer of Lantheus Holdings, Inc., a diagnostic medical imaging company, from June 2014 to December 2015, as the Chief Financial Officer of Interline Brands, Inc., a distributor and direct marketer of broad-line maintenance, repair and operations products, from June 2013 to May 2014, and as the Executive Vice President and Chief Financial Officer of RegionalCare Hospital Partners, an owner and operator of non-urban hospitals, from January 2010 to December 2011. In addition, Mr. Bakewell held the position of Chief Financial Officer with Wright Medical Group, Inc., an orthopaedic company, from 2000 to 2009, with Altra Energy Technologies, Inc. from 1998 to 2000, with Cyberonics, Inc. from 1993 to 1998 and with Zeos International, Ltd. from 1990 to 1993. Mr. Bakewell began his career in the public accounting profession, serving seven years, collectively, with Ernst & Young and KPMG Peat Marwick. Mr. Bakewell previously served on the board of directors of Entellus Medical, Inc., a public ENT-focused medical device company, until its acquisition by Stryker Corp.; ev3 Inc., a public endovascular medical device company, until its acquisition by Covidien plc; Keystone Dental, Inc., a private dental implant medical device company; and Corindus Vascular Robotics, Inc., a public cardiovascular robotics medical technology company. Mr. Bakewell holds a Bachelor of Arts in Accounting from the University of Northern Iowa and is a certified public accountant (current status inactive). Mr. Bakewell's extensive financial and managerial experience as a chief financial officer of several publicly traded medical technology companies and his background and sophistication in finance and accounting contributes valuable experience to our Board.

**Sean E. Browne** was appointed our President and Chief Executive Officer effective October 7, 2019 and has served as a member of our Board since October 30, 2019. Prior to this, Mr. Browne served as Chief Revenue Officer of CCS Medical, Inc., a provider of home delivery medical supplies, from September 2014 to June 2019. Prior to CCS Medical, Mr. Browne served as Chief Operating Officer of The Kini Group, an integrated cloud-based software analytics and advisory firm, from March 2013 to August 2014. From November 2007 to March 2016, Mr. Browne served as President and Chief Executive Officer and a director of Neuro Resource Group, a venture start-up medical device company that was sold to a strategic buyer. In other roles, Mr. Browne served as President, Miltex Surgical Instrument Division for Integra LifeSciences Holdings Corporation, a publicly held medical device company that acquired Miltex Holdings, Inc. Mr. Browne served as Vice President, Sales and Marketing of Esurg.com, an e-commerce company serving physician and ambulatory surgery markets. Prior to Esurg.com, Mr. Browne served as Senior Vice President, Health Systems Division of McKesson Corporation, a drug company, and prior to McKesson, served in various positions with increasing responsibility at Baxter Healthcare. Mr. Browne holds a Masters of Business Administration from the Kellogg School of Management at Northwestern University and a Bachelor of Science degree, with a major in Finance and minor in Statistics, from Boston University.

**Michael Eggenberg** has served as a member of our Board since February 2018. Mr. Eggenberg was initially elected to the Board in connection with our restructuring in February 2018. Mr. Eggenberg is a designee of the Investors under the Investor Rights Agreement. Since December 2016, Mr. Eggenberg has been a Managing Director with OrbiMed Advisors LLC, a private equity and venture capital firm, focusing on healthcare royalty and structured finance investments. From May 2005 to December 2016, Mr. Eggenberg was with Fortress Investment Group LLC, a global investment manager, most recently as a Managing Director focused on special opportunities funds. Mr. Eggenberg previously held positions at CIT Group Inc., Wells Fargo Bank, N.A. and Bank of America, formerly NationsBank. Mr. Eggenberg received his BS in Finance and General Business from Drexel University. Mr. Eggenberg brings valuable experience in the life science industry and finance experience to the Board.

**Robert McNamara** has served as a member of our Board since February 2018. Mr. McNamara was initially elected to the Board in connection with our restructuring in February 2018. He also serves as Audit Committee Chairman of Axonics Modulation Technologies (AXNX). From January 2013 to July 2016, Mr. McNamara served as Executive Vice President and from April 2012 to July 2016 as the Chief Financial Officer for LDR Holding Corporation, a publicly held medical device company acquired by Zimmer Biomet Holdings, Inc. In addition, Mr. McNamara has previously served as the Senior Vice President and Chief Financial Officer for publicly traded medical device companies including Accuray, Inc., Somnus Medical Technologies Inc. and Target Therapeutics, Inc., was a member of the board of directors of Northstar Neurosciences Inc. and is the former Mayor of Menlo Park, California. Mr. McNamara holds a Bachelor of Science in Accounting from the University of San Francisco and a Masters of Business Administration in Finance from The Wharton School at the University of Pennsylvania. Mr. McNamara brings valuable finance and accounting experience in the medical device industry to the Board.

**Jeffrey Peters** has served as Chairman of our Board and a member of our Board since February 2018. Mr. Peters was initially elected to the Board in connection with our restructuring in February 2018. Mr. Peters has over 25 years of medical device experience. Mr. Peters is a designee of the Investors under the Investor Rights Agreement. Since December 2017, Mr. Peters has served as the President and Chief Executive Officer of Cardialen, Inc., a private medical device company developing low-energy therapy for

cardiac arrhythmias. Mr. Peters is also a Venture Partner for OrbiMed Advisors LLC, a private equity and venture capital firm, a position he has held since January 2018. Mr. Peters served as Executive Chairman of Neurovasc Technologies, Inc. an interventional neuroradiology ischemic stroke technology company, from December 2015 to May 2017, and served as Chief Executive Officer of Anulex Technologies Inc., a former privately held medical device manufacturer, from April 2011 until May 2016. From 2013 to December 2017, Mr. Peters also served as an independent medical device consultant. From 2001 to 2007, Mr. Peters served in various positions at ev3 Inc., an endovascular company now owned by Medtronic plc, and its predecessor companies, including Chief Technology Officer, Vice President, Research and Development, Cardio Peripheral Division and Vice President, Business Development. Mr. Peters' financial roles include portfolio manager at Black River Asset Management LLC from 2007 to 2008, an entrepreneur-in-residence at Foundation Medical Partners from 2009 to 2011, and an equity research analyst at Dain Rauscher Wessels from 1997 to 2001. Mr. Peters currently serves as a member of the board of directors of Children's Minnesota. Mr. Peters received his BS in Mechanical Engineering and MBA from the University of Minnesota. Mr. Peters brings substantial medical device experience, including having served in several executive roles with start-up and emerging medical device companies, and significant financial and operating experience to the Board.

**Matthew Rizzo** has served as a member of our Board since February 2018. Mr. Rizzo was initially elected to the Board in connection with our restructuring in February 2018. Mr. Rizzo is a designee of the Investors under the Investor Rights Agreement. Since April 2010, Mr. Rizzo has been a Partner with OrbiMed Advisors LLC, a private equity and venture capital firm, and is focused on healthcare royalty and structured finance investments. From 2009 to 2010, Mr. Rizzo was a Senior Director in Business Development at Ikaria, a biotherapeutics company. From 2006 to 2009, Mr. Rizzo was Vice President at Fortress Investment Group LLC, a global investment manager, focused on healthcare investments in the Drawbridge Special Opportunities Funds. From 2001 to 2006, Mr. Rizzo was at GlaxoSmithKline, where he worked in business and commercial analysis. Mr. Rizzo received his MBA from Duke University and his BS from University at Buffalo. Mr. Rizzo brings valuable experience in the life science industry and finance experience to the Board.

#### **Board Recommendation**

The Board unanimously recommends that you vote "FOR" the election of John Bakewell, Sean E. Browne, Michael Eggenberg, Robert McNamara, Jeffrey Peters, and Matthew Rizzo to serve as directors until the next annual meeting of stockholders and until their respective successors are duly elected and qualified.

## **GENERAL INFORMATION ABOUT THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

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### **Investor Rights Agreement**

In connection with our 2018 debt restructuring, we entered into an Investor Rights Agreement with Royalty Opportunities, ROS, and certain other stockholders at the time. Under the Investor Rights Agreement, ROS and Royalty Opportunities are permitted to nominate a majority of the directors and designate the chairperson of our Board at subsequent annual meetings, as long as they maintain an ownership threshold in our Company of at least 40% of our then outstanding common stock (the “Ownership Threshold”). If ROS and Royalty Opportunities are unable to maintain the Ownership Threshold, the Investor Rights Agreement contemplates a reduction of nomination rights commensurate with their ownership interests.

In addition, for so long as the Ownership Threshold is met, we must obtain the approval of a majority of our common stock held by ROS and Royalty Opportunities to proceed with the following actions: (i) issue new securities; (ii) incur over \$250,000 of debt in a fiscal year; (iii) sell or transfer over \$250,000 of our assets or businesses or our subsidiaries in a fiscal year; (iv) acquire over \$250,000 of assets or properties in a fiscal year; (v) make capital expenditures over \$125,000 individually, or \$1,500,000 in the aggregate during a fiscal year; (vi) approve our annual budget; (vii) hire or terminate our chief executive officer; (viii) appoint or remove the chairperson of our Board; and (ix) make loans to, investments in, or purchase, or permit any subsidiary to purchase, any stock or other securities in another entity in excess of \$250,000 in a fiscal year. As long as the Ownership Threshold is met, we may not increase the size of our Board or Directors beyond seven directors without the approval of a majority of the directors nominated by ROS and Royalty Opportunities.

The Investor Rights Agreement grants Royalty Opportunities and ROS the right to purchase from us a pro rata amount of any new securities that we may propose to issue and sell. The Investor Rights Agreement may be terminated (a) upon the mutual written agreement of all the parties, (b) upon our written notice or the written notice of ROS or Royalty Opportunities if ROS and Royalty Opportunities’s ownership percentage of our then outstanding common stock is less than 10%, or (c) upon written notice of ROS and Royalty Opportunities.

### **Director Independence**

The Board has affirmatively determined that the following two Board members are currently “independent directors,” as defined under the independence standards of the NYSE American: John Bakewell and Robert McNamara.

### **Board Leadership Structure**

Under the terms of the Investor Rights Agreement, the Investors have the right to designate the Chairman of the Board and have so designated Jeffrey Peters. Accordingly, Mr. Peters serves as Chairman of the Board. In October 2019, Sean E. Browne was appointed as our President and Chief Executive Officer. We believe this leadership structure is in the best interests of the Company and our stockholders and strikes the appropriate balance between the Chief Executive Officer’s responsibility for the strategic direction, day-to-day leadership, and performance of the Company and the Chairman of the Board’s responsibility to guide the overall strategic direction of the Company, to provide oversight of our corporate governance and guidance to our Chief Executive Officer, and to set the agenda for and preside over Board meetings. We recognize that different leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. We believe that we are currently well-served by this leadership structure.

### **Board Meetings**

The Board met 10 times during fiscal 2019. During fiscal 2019, each director attended at least 75% of the meetings of the Board and Board committees on which the director served during the last fiscal year.

We do not have a formal policy on Board member attendance at annual meetings of stockholders. All Board members serving at the time of the Company’s 2019 annual meeting of stockholders attended the annual meeting.

### **Board Committees**

We currently maintain three Board committees: an Audit Committee, a Compensation Committee, and a Special Restructuring Committee. We are a controlled company and have elected not to comply with the NYSE American corporate governance

requirements, which require an independent nomination and governance committee and an independent compensation committee. We currently do not maintain a nomination and governance committee. While we maintain a Compensation Committee, it is not independent according to NYSE American corporate governance requirements. Prior to the creation of the Special Restructuring Committee in July 2019, the Audit Committee and the Compensation Committee were our only standing Board committees during fiscal 2019.

The table below summarizes the current membership of each of our two board committees as of September 1, 2020.

<b>Director</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Special Restructuring Committee</b>
John Bakewell	Chair		•
Michael Eggenberg		•	
Robert McNamara	•	Chair	•
Jeffrey Peters			
Matthew Rizzo		•	

### ***Audit Committee***

The organization and primary responsibilities of the Audit Committee are set forth in its charter, posted on our website at [www.xtantmedical.com](http://www.xtantmedical.com) (click “Investors” and “Corporate Governance”), and include various matters with respect to the oversight of our accounting and financial reporting process and audits of our financial statements. The primary purposes of the Audit Committee include:

- overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;
- providing assistance to the Board with respect to its oversight of the following:
  - the integrity of the Company’s financial statements and internal controls;
  - the Company’s compliance with legal and regulatory requirements;
  - the qualifications and independence of the Company’s independent registered public accounting firm; and
  - the performance of the Company’s internal audit function, if any, and independent registered public accounting firm; and
- preparing the report required to be prepared by the Audit Committee pursuant to the rules of the Securities and Exchange Commission.

The Audit Committee currently consists of Mr. Bakewell (Chair) and Mr. McNamara. The Audit Committee met six times during fiscal 2019.

Under the NYSE American listing standards, all Audit Committee members must be independent directors and meet heightened independence requirements under the federal securities laws. In addition, all Audit Committee members must be financially literate, and at least one member must be financially sophisticated. Further, under SEC rules, the Board must determine whether at least one member of the Audit Committee is an “audit committee financial expert,” as defined by the SEC’s rules. The Board has determined that both Mr. Bakewell and Mr. McNamara are independent, financially literate, and sophisticated and qualify as “audit committee financial experts” in accordance with the applicable rules and regulations of the SEC.

### ***Compensation Committee***

The organization and responsibilities of the Compensation Committee are set forth in its charter, which is posted on our website at [www.xtantmedical.com](http://www.xtantmedical.com) (click “Investors” and “Corporate Governance”). The primary purposes of the Compensation Committee include:

- recommending to the Board all compensation for the Company’s Chief Executive Officer and other executive officers;

- administering the Company's equity-based compensation plans;
- reviewing, assessing, and approving overall strategies for attracting, developing, retaining, and motivating Company management and employees;
- overseeing the development and implementation of succession plans for the Chief Executive Officer and other key executive officers and employees;
- reviewing, assessing, and approving overall compensation structure on an annual basis; and
- recommending and leading a process for the determination of non-employee director compensation.

The Compensation Committee consists of Mr. McNamara (Chair), Mr. Eggenberg, and Mr. Rizzo. The Compensation Committee met five times during fiscal 2019.

As described above, the Compensation Committee is responsible for recommending to the Board all compensation for the Company's Chief Executive Officer and other executive officers. The Compensation Committee may delegate any or all of its responsibilities to a subcommittee of the Compensation Committee. Additionally, the Compensation Committee may engage and obtain advice and assistance from outside advisors as it deems necessary to carry out its duties. The Compensation Committee has engaged the services of Compensia, an independent compensation consultant, to assist the Compensation Committee in recommending, and the Board in determining, compensation levels for the Chief Executive Officer and other executive officers. The Compensation Committee anticipates continuing to utilize the advice and analysis of Compensia in setting compensation levels for these individuals.

### ***Special Restructuring Committee***

The Board created the Special Restructuring Committee in July 2019 to negotiate a possible restructuring under the Second Amended and Restated Credit Agreement, dated March 29, 2019 (the "Credit Agreement"), among the Company and its subsidiaries and ROS and Royalty Opportunities, of indebtedness outstanding thereunder, together with all accrued but unpaid interest accrued thereon and other obligations thereunder. In addition, the Special Restructuring Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board.

The Special Restructuring Committee consists of Mr. Bakewell and Mr. McNamara. The Special Restructuring Committee did not meet during fiscal 2019.

### **Director Nomination Process**

Since we are not required under the NYSE rules to maintain a nominating committee and we do not have a nominating committee, the Board oversees our director nomination process. In identifying and evaluating candidates for membership on the Board, the Board may take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity (including, but not limited to, gender, race, ethnicity, age, experience, and skills), and the extent to which the candidate would fill a present need on the Board. We do not have a formal diversity policy for directors. The Board identifies director candidates based on input provided by a number of sources, including Board members, stockholders, management, and third parties. The Board does not distinguish between nominees recommended by our stockholders and those recommended by other parties. Any stockholder recommendation must be sent to our Corporate Secretary at Xtant Medical Holdings, Inc., 664 Cruiser Lane, Belgrade, Montana 59714, and must include certain information concerning the nominee as specified in the Company's Second Amended and Restated Bylaws.

### **Risk Oversight**

The Board has overall responsibility for risk oversight with a focus on the most significant risks facing the Company. The Board relies upon management to supervise day-to-day risk management.

Risk is inherent in every business. We face a number of risks, including regulatory, compliance, legal, competitive, financial (accounting, credit, interest rate, liquidity, and tax), operational, political, strategic, and reputational risks. Our management is responsible for the day-to-day management of risks faced by us, while the Board, as a whole and through the Audit Committee, has responsibility for the oversight of risk management. In its risk oversight role, the Board ensures that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board oversees risks through the

establishment of policies and procedures that are designed to guide daily operations in a manner consistent with applicable laws, regulations, and risks acceptable to the Company. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to stockholders, our processes for the management of business and financial risks, and compliance with significant applicable legal, ethical, and regulatory requirements. The Audit Committee, along with management, is also responsible for developing and participating in a process for the review of important financial and operating topics that present potential significant risks to the Company. Management regularly discusses with the Board the strategies and risks facing the Company. This current leadership structure, which includes separate Chairman and Chief Executive Officer roles, is appropriate and in the best interests of the Company and its stockholders at this time for a number of reasons, including (i) the extensive experience of the members of the Board and management, (ii) our status as a controlled company, and (iii) the appropriate balance of risks relating to the concentration of authority through the oversight of our Chairman.

## **Code of Ethics and Code of Conduct**

We have adopted a Code of Ethics for the CEO and Senior Financial Officers as well as a Code of Conduct that applies to all directors, officers, and employees. Our corporate governance materials, including our Code of Ethics for the CEO and Senior Financial Officers and Code of Conduct, are available on our website at [www.xtantmedical.com](http://www.xtantmedical.com) (click "Investors" and "Corporate Governance"). We intend to disclose on our corporate website any amendment to, or waiver from, a provision of our Code of Ethics for the CEO and Senior Financial Officers that applies to directors and executive officers and that is required to be disclosed pursuant to the rules of the SEC and the NYSE American.

## **Stockholder Communications**

The Board does not have a formal process for stockholders to send communications to the Board and does not feel that such a process is necessary at this time. If the Company receives stockholder communications that cannot be properly addressed by officers of the Company, the officers bring the matter to the attention of the Board.

## **Director Compensation**

### ***Director Compensation Program***

Our current director cash compensation consists of an annual cash retainer paid to each non-employee director and an additional annual cash retainer paid to the Chairman of the Board, Audit Committee Chair, and Compensation Committee Chair and equity grants every other year equal to two times their annual cash retainers.

The table below sets forth the current annual cash retainers:

<b>Description</b>	<b>Annual Cash Retainer</b>
Non-Employee Director	\$ 50,000
Chairman of the Board Premium	32,500
Audit Committee Chair Premium	32,500
Compensation Committee Chair Premium	32,500

The equity compensation component is intended to match the dollar value of the annual cash retainers. Because the Compensation Committee Chair position was a new position during 2019 and because the annual cash retainers for our Chairman of the Board, Audit Committee Chair and Compensation Committee Chair increased during 2019, each of these directors received an additional restricted stock unit award during 2019. Mr. McNamara, as Compensation Committee Chair, received a restricted stock unit award valued at \$23,109 for 9,027 shares of our common stock, and Mr. Peters, as Chairman of the Board, and Mr. Bakewell, as Audit Committee Chair, each received a restricted stock unit award valued at \$14,221 for 5,555 shares of our common stock. In addition, initially it was believed that the two investor designees who are employees of OrbiMed Advisors, LLC would not receive equity grants in consideration for their director services. This changed and on October 30, 2019, each of Messrs. Eggenberg and Rizzo received a restricted stock unit award covering 20,833 shares of our common stock, which is the same number of shares underlying the initial restricted stock or restricted stock unit awards received by our other directors in 2018. All of these restricted stock unit awards became fully vested on February 15, 2020.



In February 2020, the Board, upon the recommendation of the Compensation Committee, granted each director restricted stock units equal to two times their annual cash retainers. Each of Jeffrey Peters, John Bakewell, and Robert McNamara received restricted stock units valued at approximately \$165,000 for 116,197 shares of our common stock. Each of Michael Eggenberg and Matthew Rizzo received restricted stock units valued at approximately \$100,000 for 70,423 shares of our common stock. These awards, which were valued based on the fair market value of our common stock on February 5, 2020, will vest with respect to half on each of the first year and second year anniversary of the date of grant.

***Director Compensation Table for Fiscal 2019***

The table below describes the compensation earned by our directors during fiscal 2019, other than Sean E. Browne, our President and Chief Executive Officer, and Michael Mainelli, our former Interim Chief Executive Officer. Neither Mr. Browne nor Mr. Mainelli was compensated separately for his service as a director. Their compensation is discussed under “*Executive Compensation*.”

Name	Fees Earned or Paid in Cash	Stock Awards <sup>(1)(2)</sup>	Option Awards	All Other Compensation	Total
John Bakewell	\$ 75,925	\$ 14,221	\$ —	\$ —	\$ 90,146
Michael Eggenberg	50,000	43,333	—	—	93,333
Robert McNamara	75,925	23,109	—	—	99,034
Jeffrey Peters	75,925	14,221	—	—	90,146
Matthew Rizzo	50,000	43,333	—	—	93,333

- (1) The amount reported in the “Stock Awards” column represents the aggregate grant date fair value for the restricted stock unit awards granted to our non-employee directors in 2019. The grant date fair value for the restricted stock unit awards was determined based on the closing sale price of our common stock on the date immediately prior to the grant date.
- (2) As of December 31, 2019, each non-employee director held the following number of unvested stock awards (all of which are in the form of either restricted stock awards or restricted stock unit awards): Mr. Bakewell (18,576); Mr. Eggenberg (20,833); Mr. McNamara (19,444); Mr. Peters (18,576); and Mr. Rizzo (20,833).

## PROPOSAL TWO—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### Appointment of Independent Registered Public Accounting Firm

We are seeking stockholder ratification of the appointment of Plante & Moran, PLLC (“Plante Moran”) as our independent registered public accounting firm for the fiscal year ending December 31, 2020 as a matter of good corporate governance. If the stockholders fail to ratify the appointment of Plante Moran, the Audit Committee may reconsider its appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee feels that such a change would be in the best interests of the Company and our stockholders. We do not expect representatives from Plante Moran to attend the Annual Meeting.

### Change in Independent Registered Public Accounting Firm

As previously disclosed, effective October 1, 2018, EKS&H LLP (“EKS&H”) combined with Plante Moran. As a result, EKS&H resigned as the Company’s independent registered public accounting firm. Upon the resignation of EKS&H, the Audit Committee engaged Plante Moran as the Company’s new independent registered public accounting firm for the remainder of 2018.

The audit reports of EKS&H on the Company’s financial statements for the years ended December 31, 2017 and 2016 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles. During the two most recent fiscal years ended December 31, 2017 and 2016 and through the subsequent interim period preceding EKS&H’s resignation, there were no disagreements between the Company and EKS&H on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of EKS&H, would have caused them to make reference thereto in their reports on the Company’s financial statements for such years. During the two most recent fiscal years ended December 31, 2017 and 2016 and through the subsequent interim period preceding EKS&H’s resignation, there were no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

During the two most recent fiscal years ended December 31, 2017 and 2016 and through the subsequent interim period preceding Plante Moran’s engagement, the Company did not consult with Plante Moran on either (1) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that may be rendered on the Company’s financial statements, and Plante Moran did not provide either a written report or oral advise to the Company that Plante Moran concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing, or financial reporting issue; or (2) any matter that was either the subject of a disagreement, as defined in Item 304(a)(1)(iv) of Regulation S-K, or a reportable event, as defined in Item 304(a)(1)(v) of Regulation S-K.

The Company previously disclosed this information in its Current Report on Form 8-K filed with the SEC on October 9, 2018, provided EKS&H with a copy of the disclosures, and requested that EKS&H furnish it with a letter addressed to the SEC stating whether or not it agrees with the Company’s statements therein. A copy of the letter dated October 8, 2018 was filed as an exhibit to such Form 8-K.

### Audit and Non-Audit Fees

The table below presents the aggregate fees billed for professional services rendered by Plante Moran and EKS&H for the years ended December 31, 2019 and December 31, 2018.

	2019	2018
Audit fees	\$ 297,300	\$ 282,000
Audit-related fees	20,000	16,500
Tax fees	—	—
All other fees	9,357	28,203
Total fees	<u>\$ 326,657</u>	<u>\$ 326,703</u>

In the above table, “audit fees” are fees billed for services provided related to the audit of our annual financial statements, quarterly reviews of our interim financial statements, and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for those fiscal periods. “Audit-related fees” are fees not included in audit fees that are billed by the independent accountant for assurance and related services that are reasonably related to the performance of the audit or

review of our financial statements. “Tax fees” are fees billed by the independent accountant for professional services rendered for tax compliance, tax advice, and tax planning. “All other fees” are fees billed by the independent accountant for products and services not included in the foregoing categories.

### **Pre-Approval Policy**

It is the Audit Committee’s policy to approve in advance the types and amounts of audit, audit-related, tax, and any other services to be provided by our independent registered public accounting firm. In situations where it is not practicable to obtain full Audit Committee approval, the Audit Committee has delegated authority to the Chair of the Audit Committee to grant pre-approval of auditing, audit-related, tax, and all other services up to \$20,000. Any pre-approved decisions by the Chair are required to be reviewed with the Audit Committee at its next scheduled meeting. The Audit Committee approved 100% of all services provided by Plante Moran and EKS&H during 2019 and 2018.

### **Audit Committee Report**

The Audit Committee reviews the Company’s financial reporting process on behalf of the Board. Management has the primary responsibility for establishing and maintaining adequate internal financial control, for preparing the financial statements, and for the public reporting process. Plante & Moran, PLLC, our independent registered public accounting firm, is responsible for expressing opinions on the conformity of the Company’s audited financial statements with generally accepted accounting principles. In this context, the Audit Committee has (i) reviewed and discussed the audited financial statements with management and our independent registered public accounting firm, (ii) discussed with our independent auditor the matters that are required to be discussed by the applicable Public Company Accounting Oversight Board standards, and (iii) received written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the Audit Committee concerning independence and has discussed with the independent auditor the independent auditor’s independence. Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

This report is dated as of February 24, 2020.

Respectfully submitted,

John Bakewell  
Robert McNamara

### **Board Recommendation**

The Board unanimously recommends that stockholders vote “FOR” the ratification of the appointment of Plante Moran as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

**PROPOSAL THREE—APPROVAL OF THE  
XTANT MEDICAL HOLDINGS, INC. AMENDED AND RESTATED 2018 EQUITY INCENTIVE PLAN**

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**Background and Proposed Amendments**

On September 2, 2020, the Board, upon recommendation of the Compensation Committee, approved, subject to approval by our stockholders, the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan (the “Amended 2018 Plan”), which incorporates certain amendments to the existing plan (the “2018 Plan”). The Amended 2018 Plan incorporates an amendment to increase the number of shares of the Company’s common stock available for issuance under the plan by an additional 5,550,308 shares and an increase to the limit on incentive stock options commensurate with the overall share authorization. The Amended 2018 Plan also contains a new limit on overall non-employee director compensation of \$400,000 per year or \$600,000 in the case of a non-employee chairman, lead independent director, or non-employee director in the first year of service on the Board. This proposed limit on non-employee director compensation will be in lieu of the currently existing limit on the number of shares subject to awards granted to a non-employee director each year.

The Amended 2018 Plan permits the grant of non-statutory and incentive stock options, stock appreciation rights, or “SARs,” restricted stock awards, restricted stock units, or “RSUs,” deferred stock units, performance awards, non-employee director awards, and other stock-based awards. Our continuing ability to offer equity incentive awards under the 2018 Plan is critical to our ability to attract, motivate, and retain qualified personnel, particularly in light of the highly competitive market for employee talent in which we operate.

If our stockholders approve the Amended 2018 Plan, the Amended 2018 Plan will become effective as of the date of stockholder approval. If our stockholders do not approve the Amended 2018 Plan, the 2018 Plan, as currently in effect, will remain in effect until it terminates in accordance with its terms.

**Reasons Why You Should Vote in Favor of the Amended 2018 Plan**

The Board recommends a vote “FOR” approval of the Amended 2018 Plan because the Board believes the proposed Amended 2018 Plan is in the best interests of the Company and our stockholders for the following reasons:

- *Attracts and retains talent.* Talented and motivated employees, non-employee directors, and consultants are essential to executing our business strategies. Stock-based compensation is an important component of total compensation for our non-employee directors, executive officers and key employees because such compensation enables us to effectively recruit and retain qualified individuals while encouraging them to think and act like owners of Xtant.
- *Consistent with our pay-for-performance compensation philosophy to increase stockholder value.* We believe that stock-based compensation, by its very nature, is performance-based compensation. We use incentive compensation both to reinforce desired business results for our key employees and to motivate them to achieve those results.
- *Aligns director, employee, and stockholder interests.* We believe our stock-based compensation programs help align the interests of our non-employee directors and employees with those of our stockholders. We believe our long-term stock-based incentives help promote long-term retention of our non-employee directors, employees and encourage significant ownership of our common stock. If the Amended 2018 Plan is approved, we will be able to maintain these important means of aligning the interests of our non-employee directors and employees with those of our stockholders.
- *Protects stockholder interests and embraces sound equity-based compensation practices.* As described below under the heading “—Summary of Sound Governance Features of the Amended 2018 Plan,” the Amended 2018 Plan includes a number of features that are consistent with protecting the interests of our stockholders and sound corporate governance practices.

## Summary of Sound Governance Features of the Amended 2018 Plan

The Board and Compensation Committee believe that the Amended 2018 Plan contains several features that are consistent with protecting the interests of our stockholders and sound corporate governance practices, including the following:

✓ No automatic share replenishment or “evergreen” provision	✓ No re-pricing of “underwater” stock options or SARs without stockholder approval
✓ Will not be excessively dilutive to our stockholders	✓ No discounted or reload stock options or SARs
✓ Limit on non-employee director compensation	✓ No tax gross-ups
✓ No reload stock options or SARs	✓ “Clawback” provisions
✓ No liberal share counting or “recycling” of shares from exercised stock options, SARs, or other stock-based awards	✓ No liberal change in control definition

## Background for Shares Authorized for Issuance

If the Amended 2018 Plan is approved, the maximum number of shares of common stock available for issuance under the Amended 2018 Plan will be equal to the sum of 2,807,747 shares currently available under the 2018 Plan plus 5,550,308 shares. As of September 1, 2020, 1,808,061 shares of our common stock were subject to outstanding awards under the 2018 Plan and 894,575 shares of our common stock remained available for issuance under the 2018 Plan.

In determining the number of shares of common stock by which to increase the Amended 2018 Plan, the Board and Compensation Committee considered a number of factors, which are discussed further below, including:

- Shares available under the current 2018 Plan and total outstanding equity-based awards and how long the shares available are expected to last;
- Historical equity award granting practices, including our annual share usage rate (commonly referred to as “burn rate”);
- Effects of the then pending debt restructuring transaction described under *“Transactions with Related Persons, Promoters, and Certain Control Persons—Related Party Transactions—2020 Debt Restructuring”*; and
- Potential dilution.

While the Board and Compensation Committee considered the impact of then pending debt restructuring transaction described under *“Transactions with Related Persons, Promoters, and Certain Control Persons—Related Party Transactions—2020 Debt Restructuring”* in determining the number of shares by which to increase the Amended 2018 Plan, this proposed increase will not be changed or abandoned if the debt restructuring transaction is not completed.

## Shares Available and Outstanding Equity Awards

While the use of long-term incentives in the form of equity awards is an important part of our compensation program, we are mindful of our responsibility to our stockholders to exercise judgment in the granting of equity awards. In setting the number of shares of common stock available for issuance under the Amended 2018 Plan, the Board and Compensation Committee also considered shares available under the current 2018 Plan and total outstanding equity awards and how long the shares available under the 2018 Plan are expected to last. To facilitate approval of the Amended 2018 Plan, set forth below is information about our shares of common stock that may be issued under our equity compensation plans as of September 1, 2020.

As of September 1, 2020,

- we had 13,240,831 shares of common stock issued and outstanding (71,077,877 shares of common stock, on a pro forma basis, assuming the completion of the pending debt restructuring transaction described under *“Transactions with Related Persons, Promoters, and Certain Control Persons—Related Party Transactions—2020 Debt Restructuring”*);
- Stock options to purchase 707,413 shares of our common stock and restricted stock unit awards covering 1,100,648 shares were outstanding under the 2018 Plan and stock options to purchase 14,699 shares of our common stock were outstanding under our prior equity compensation plan; and
- 894,575 shares remained available for issuance under the 2018 Plan.

### Historical Equity Award Granting Practices

In setting the number of shares of common stock authorized for issuance under the Amended 2018 Plan, the Board and Compensation Committee also considered the historical number of equity awards granted under the 2018 Plan in the fiscal year ended December 31, 2019. The following table sets forth information regarding awards granted and earned and the annual burn rate for the last fiscal year.

	2019
Stock options granted	554,825
Restricted stock units awarded	459,914
Weighted average basic common shares outstanding during fiscal year	13,163,931
Burn rate	7.7%

Based on historical and anticipated granting practices and the recent trading price of our common stock, we expect the additional shares authorized for issuance by the Amended 2018 Plan to cover awards for approximately two to three years. However, we cannot predict our future equity grant practices, the future price of our shares, or future hiring activity with any degree of certainty at this time, and the share increase provided by the Amended 2018 Plan could last for a shorter or longer time.

### Potential Dilution

As of September 1, 2020, the Company's capital structure consisted of 13,240,831 shares of common stock outstanding (71,077,877 shares of common stock, on a pro forma basis, assuming the completion of the pending debt restructuring transaction described under "Transactions with Related Persons, Promoters, and Certain Control Persons—Related Party Transactions—2020 Debt Restructuring"). As described above, 1,808,061 shares have been granted under the 2018 Plan, and 894,575 shares remained available for grant as of September 1, 2020.

In setting the number of shares of common stock authorized for issuance under the Amended 2018 Plan, the Board and Compensation Committee also considered the potential dilution (often referred to as overhang) that would result by approval of the Amended 2018 Plan, including the policies of certain institutional investors and major proxy advisory firms. Potential dilution is as set forth in the table below, as of September 1, 2020, assuming the Amended 2018 Plan is approved and on pro forma basis assuming both approval of the Amended 2018 Plan and completion of the pending debt restructuring transaction.

The additional 5,550,803 shares represent approximately 25.8% of our fully diluted shares of common stock assuming the Amended 2018 Plan is approved and 7.0% of our fully diluted shares of common stock on a pro forma basis assuming both approval of the Amended 2018 Plan and completion of the pending debt restructuring transaction, as described in the table below.

	Assuming Approval of Amended 2018 Plan	Assuming Approval of Amended 2018 Plan and Pro Forma Assuming Completion of Debt Restructuring
Options Outstanding as of September 1, 2020	707,413	707,413
Weighted Average Exercise Price of Options Outstanding as of September 1, 2020	\$2.29	\$2.29
Weighted Average Remaining Term of Options Outstanding as of September 1, 2020	9.3 years	9.3 years
Outstanding Restricted Stock Units as of September 1, 2020	1,100,648	1,100,648
Total Equity Grants Outstanding as of September 1, 2020	1,808,061	1,808,061
Shares Available for Future Grant under the 2018 Plan as of September 1, 2020	894,575	894,575
Additional Shares Requested	5,550,308	5,550,308
Total Potential Overhang under the Amended 2018 Plan <sup>(1)</sup>	8,252,944	8,252,944
Common Stock Outstanding as of September 1, 2020	13,240,831	71,077,877
Fully Diluted Shares of Common Stock <sup>(2)</sup>	21,493,775	79,330,821
Potential Dilution of 5,550,308 Additional Shares as a Percentage of Fully Diluted Shares of Common Stock Outstanding	25.8%	7.0%

(1) Total Potential Overhang consists of (i) 1,808,061 total shares subject to outstanding awards as of September 1, 2020, plus (ii) 894,575 shares available for future grant under the 2018 Plan as of September 1, 2020, plus (iii) 5,550,308 additional shares requested under the Amended 2018 Plan.

(2) Fully Diluted Shares of Common Stock consists of the shares of common stock outstanding as of September 1, 2020, plus the Total Potential Overhang under the Amended 2018 Plan.

## Summary of the Amended 2018 Plan Features

The major features of the Amended 2018 Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the Amended 2018 Plan, a copy of which may be obtained upon request to our Corporate Secretary at 664 Cruiser Lane, Belgrade, Montana 59714, or by telephone at (406) 388-0480. A copy of the Amended 2018 Plan has also been filed electronically with the SEC as an appendix to this proxy statement and is available through the SEC's website at [www.sec.gov](http://www.sec.gov).

*Purpose.* The purpose of the Amended 2018 Plan is to advance the interests of the Company and our stockholders by enabling the Company and our subsidiaries to attract and retain qualified individuals to perform services, provide incentive compensation for such individuals in a form that is linked to the growth and profitability of the Company and increases in stockholder value, and provide opportunities for equity participation that align the interests of participants with those of our stockholders.

*Plan Administration.* The Board and the Compensation Committee will continue to administer the Amended 2018 Plan, although the Board currently grants all equity awards under the 2018 Plan. Subject to certain limitations, the plan administrator has broad authority under the terms of the Amended 2018 Plan to take certain actions under the plan.

*Delegation.* To the extent permitted by applicable law, the Board or Compensation Committee may delegate to one or more of its members or to one or more officers of the Company such administrative duties or powers as it may deem advisable. The Board or Compensation Committee may authorize one or more directors or officers of the Company to designate employees, other than officers, non-employee directors, or 10% stockholders of the Company, to receive awards under the plan and determine the size of any such awards, subject to certain limitations.

*No Re-pricing.* The Board may not, without prior approval of our stockholders, effect any re-pricing of any previously granted "underwater" option or SAR by: (i) amending or modifying the terms of the option or SAR to lower the exercise price or grant price; (ii) canceling the underwater option or SAR in exchange for (A) cash; (B) replacement options or SARs having a lower exercise price or grant price; or (C) other awards; or (iii) repurchasing the underwater options or SARs and granting new awards under the Amended 2018 Plan. An option or SAR will be deemed to be "underwater" at any time when the fair market value of the common stock is less than the exercise price of the option or the grant price of the SAR.

*Shares Authorized.* Subject to adjustment (as described below), the maximum number of shares of our common stock authorized for issuance under the Amended 2018 Plan will be 2,807,747 shares available under the current 2018 Plan plus an additional 5,550,308 shares. No more than 8,358,055 total shares may be granted as incentive stock options.

Shares that are issued under the Amended 2018 Plan or that are subject to outstanding awards will be applied to reduce the maximum number of shares remaining available for issuance under the Amended 2018 Plan only to the extent they are used; provided, however, that the full number of shares subject to a stock-settled SAR or other stock-based award will be counted against the shares authorized for issuance under the Amended 2018 Plan, regardless of the number of shares actually issued upon settlement of such SAR or other stock-based award. Any shares withheld to satisfy tax withholding obligations on awards issued under the Amended 2018 Plan, any shares withheld to pay the exercise price or grant price of awards under the Amended 2018 Plan, and any shares not issued or delivered as a result of the "net exercise" of an outstanding option or settlement of a SAR in shares will be counted against the shares authorized for issuance under the Amended 2018 Plan and will not be available again for grant under the Amended 2018 Plan. Shares subject to awards settled in cash will again be available for issuance pursuant to awards granted under the Amended 2018 Plan. Any shares repurchased by the Company on the open market using the proceeds from the exercise of an award will not increase the number of shares available for future grant of awards. Any shares related to awards granted under the Amended 2018 Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of the shares will be available again for grant under the Amended 2018 Plan. To the extent permitted by applicable law, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or a subsidiary or otherwise will not be counted against shares available for issuance pursuant to the Amended 2018 Plan. The shares available for issuance under the Amended 2018 Plan may be authorized and unissued shares or treasury shares.

*Non-Employee Director Compensation Limit.* The Amended 2018 Plan will contain a new limit on total non-employee director compensation. Under this new limit, the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, or any successor thereto) of awards granted to a non-employee director as compensation for services as a non-employee director during any fiscal year of the Company may not exceed \$400,000 (increased to \$600,000 with respect to any non-employee director serving as chairman of the Board or lead independent director or in the fiscal year of a non-employee director's initial service as a non-employee director). Any compensation that is deferred will count towards this limit for the year in which the compensation is first earned, and not a later year of settlement.

*Adjustments.* In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin off), or other similar change in the corporate structure or shares of our common stock, the Board will make the appropriate adjustment or substitution. These adjustments or substitutions may be to the number and kind of securities and property that may be available for issuance under the Amended 2018 Plan. In order to prevent dilution or enlargement of the rights of participants, the Board may also adjust the number, kind, and exercise price of securities or other property subject to outstanding awards.

*Eligible Participants.* Awards may be granted to employees, non-employee directors, and consultants of the Company or any of our subsidiaries. A “consultant” for purposes of the Amended 2018 Plan is one who renders services to the Company or its subsidiaries that are not in connection with the offer and sale of our securities in a capital raising transaction and do not directly or indirectly promote or maintain a market for our securities. As of September 1, 2020, 98 employees and five non-employee directors would have been eligible to participate in the Amended 2018 Plan had it been approved by our stockholders at such time.

*Types of Awards.* The Amended 2018 Plan permits the grant of non-statutory and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, deferred stock units, performance awards, non-employee director awards, and other stock-based awards. Awards may be granted either alone or in addition to or in tandem with any other type of award.

*Stock Options.* Stock options entitle the holder to purchase a specified number of shares of our common stock at a specified price, which is called the exercise price, subject to the terms and conditions of the stock option grant. The Amended 2018 Plan permits the grant of both non-statutory and incentive stock options. Incentive stock options may be granted solely to eligible employees of the Company or its subsidiary. Each stock option granted under the Amended 2018 Plan must be evidenced by an award agreement that specifies the exercise price, the term, the number of shares underlying the stock option, the vesting, and any other conditions. The exercise price of each stock option granted under the Amended 2018 Plan must be at least 100% of the fair market value of a share of our common stock as of the date the award is granted to a participant. Fair market value under the plan means, unless otherwise determined by the Committee, the closing price of our common stock, as reported on the NYSE American, on the immediately prior trading day. The closing price of our common stock, as reported on the NYSE American on September 1, 2020, was \$0.94 per share. The Board fixes the terms and conditions of each stock option, subject to certain restrictions, such as a ten-year maximum term.

*Stock Appreciation Rights.* A stock appreciation right, or SAR, is a right granted to receive payment of cash, stock, or a combination of both equal to the difference between the fair market value of shares of our common stock and the grant price of such shares. Each SAR granted must be evidenced by an award agreement that specifies the grant price, the term, and such other provisions as the Board may determine. The grant price of a SAR must be at least 100% of the fair market value of our common stock on the date of grant. The Board fixes the term of each SAR, but SARs granted under the Amended 2018 Plan will not be exercisable more than 10 years after the date the SAR is granted.

*Restricted Stock Awards, Restricted Stock Units, and Deferred Stock Units.* Restricted stock awards, restricted stock units, or RSUs, and/or deferred stock units may be granted under the Amended 2018 Plan. A restricted stock award is an award of common stock that is subject to restrictions on transfer and risk of forfeiture upon certain events, typically including termination of service. RSUs or deferred stock units are similar to restricted stock awards except that no shares are actually awarded to the participant on the grant date. Deferred stock units permit the holder to receive shares of common stock or the equivalent value in cash or other property at a future time as determined by the Board. The Board will determine, and set forth in an award agreement, the period of restriction, the number of shares of restricted stock awards or the number of RSUs or deferred stock units granted, and other such conditions or restrictions.

*Performance Awards.* Performance awards, in the form of cash, shares of common stock, other awards, or a combination of both, may be granted under the Amended 2018 Plan in such amounts and upon such terms as the Board may determine. The Board will determine, and set forth in an award agreement, the amount of cash and/or number of shares or other awards, the performance goals, the performance periods, and other terms and conditions. The extent to which the participant achieves his or her performance goals during the applicable performance period will determine the amount of cash and/or number of shares or other awards earned by the participant.

*Non-Employee Director Awards.* The Board at any time and from time to time may approve resolutions providing for the automatic or other grant of awards under the Amended 2018 Plan to non-employee directors. Such awards may be granted singly, in combination, or in tandem, and may be granted pursuant to such terms, conditions, and limitations as the Board may establish in its sole discretion consistent with the provisions of the Amended 2018 Plan. The Board may permit non-employee directors to elect to receive all or any portion of their annual retainers, meeting fees, or other fees in restricted stock, RSUs, deferred stock units, or other stock-based awards in lieu of cash.



*Other Stock-Based Awards.* Consistent with the terms of the plan, other stock-based awards may be granted to participants in such amounts and upon such terms as the Board may determine.

*Dividend Equivalents.* With the exception of stock options, SARs, and unvested performance awards, awards under the Amended 2018 Plan may, in the Board's discretion, earn dividend equivalents with respect to the cash or stock dividends or other distributions that would have been paid on the shares of our common stock covered by such award had such shares been issued and outstanding on the dividend payment date. However, no dividends may be paid on unvested awards. Such dividend equivalents will be converted to cash or additional shares of our common stock by such formula and at such time and subject to such limitations as determined by the Board.

*Termination of Employment or Other Service.* The Amended 2018 Plan provides for certain default rules in the event of a termination of a participant's employment or other service. These default rules may be modified in an award agreement or an individual agreement between the Company and a participant. If a participant's employment or other service with the Company is terminated for cause, then all outstanding awards held by such participant will be terminated and forfeited. In the event a participant's employment or other service with the Company is terminated by reason of death, disability, or retirement, then:

- All outstanding stock options (excluding non-employee director options in the case of retirement) and SARs held by the participant will, to the extent exercisable, remain exercisable for a period of one year after such termination, but not later than the date the stock options or SARs expire;
- All outstanding stock options and SARs that are not exercisable and all outstanding restricted stock will be terminated and forfeited; and
- All outstanding unvested RSUs, performance awards, and other stock-based awards held by the participant will terminate and be forfeited. However, with respect to any awards that vest based on the achievement of performance goals, if a participant's employment or other service with the Company or any subsidiary is terminated prior to the end of the performance period of such award, but after the conclusion of a portion of the performance period (but in no event less than one year), the Board may, in its sole discretion, cause shares to be delivered or payment made with respect to the participant's award, but only if otherwise earned for the entire performance period and only with respect to the portion of the applicable performance period completed at the date of such event, with proration based on the number of months or years that the participant was employed or performed services during the performance period.

In the event a participant's employment or other service with the Company is terminated by reason other than for cause, death, disability, or retirement, then:

- All outstanding stock options (including non-employee director options) and SARs held by the participant that then are exercisable will remain exercisable for three months after the date of such termination, but will not be exercisable later than the date the stock options or SARs expire;
- All outstanding restricted stock will be terminated and forfeited; and
- All outstanding unvested RSUs, performance awards, and other stock-based awards will be terminated and forfeited. However, with respect to any awards that vest based on the achievement of performance goals, if a participant's employment or other service with the Company or any subsidiary is terminated prior to the end of the performance period of such award, but after the conclusion of a portion of the performance period (but in no event less than one year), the Board may, in its sole discretion, cause shares to be delivered or payment made with respect to the participant's award, but only if otherwise earned for the entire performance period and only with respect to the portion of the applicable performance period completed at the date of such event, with proration based on the number of months or years that the participant was employed or performed services during the performance period.

*Modification of Rights upon Termination.* Upon a participant's termination of employment or other service with the Company or any subsidiary, the Board may, in its sole discretion (which may be exercised at any time on or after the grant date, including following such termination) cause stock options or SARs (or any part thereof) held by such participant as of the effective date of such termination to terminate, become, or continue to become exercisable or remain exercisable following such termination of employment or service, and restricted stock, RSUs, deferred stock units, performance awards, non-employee director awards and other stock-based awards held by such participant as of the effective date of such termination to terminate, vest, or become free of restrictions and conditions to payment, as the case may be, following such termination of employment or service, in each case in the manner

determined by the Board; provided, however, that no stock option or SAR may remain exercisable beyond its expiration date. Any such action by the Board adversely affecting any outstanding award will not be effective without the consent of the affected participant, except to the extent the Board is authorized by the Amended 2018 Plan to take such action.

*Forfeiture and Recoupment.* If a participant is determined by the Board to have taken any action while providing services to the Company or within one year after termination of such services that would constitute “cause” or an “adverse action,” as such terms are defined in the Amended 2018 Plan, all rights of the participant under the Amended 2018 Plan and any agreements evidencing an award then held by the participant will terminate and be forfeited. The Board has the authority to rescind the exercise, vesting, issuance, or payment in respect of any awards of the participant that were exercised, vested, issued, or paid and require the participant to pay to the Company, within 10 days of receipt of notice, any amount received or the amount gained as a result of any such rescinded exercise, vesting, issuance, or payment. The Company may defer the exercise of any stock option or SAR for up to six months after receipt of notice of exercise in order for the Board to determine whether “cause” or “adverse action” exists. The Company is entitled to withhold and deduct future wages or make other arrangements to collect any amount due.

In addition, if the Company is required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, then any participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 will reimburse the Company for the amount of any award received by such individual under the Amended 2018 Plan during the 12 month period following the first public issuance or filing with the SEC, as the case may be, of the financial document embodying such financial reporting requirement. The Company also may seek to recover any award made as required by the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other clawback, forfeiture, or recoupment provision required by applicable law or under the requirements of any stock exchange or market upon which our common stock is then listed or traded or any policy adopted by the Company.

*Effect of Change in Control.* Generally, a change in control will mean:

- The acquisition, other than from the Company, by any individual, entity, or group of beneficial ownership of 50% or more of the then outstanding shares of common stock;
- The consummation of a reorganization, merger, or consolidation of the Company with respect to which all or substantially all of the individuals or entities who were the beneficial owners of common stock and voting securities immediately prior to the transaction do not, following the transaction, beneficially own more than 50% of the outstanding shares of common stock of the corporation resulting from the transaction; or
- A complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

Subject to the terms of the applicable award agreement or an individual agreement between the Company and a participant, upon a change in control, the Board may, in its discretion, determine whether some or all outstanding options shall become exercisable in full or in part, whether the restriction period and performance period applicable to some or all outstanding restricted stock awards and RSUs shall lapse in full or in part, and whether the performance measures applicable to some or all outstanding awards shall be deemed to be satisfied. The Board may further require that shares of stock of the corporation resulting from such a change in control, or a parent corporation thereof, be substituted for some or all of our shares of common stock subject to an outstanding award and that any outstanding awards, in whole or in part, be surrendered to us by the holder, to be immediately cancelled by us, in exchange for a cash payment, shares of capital stock of the corporation resulting from or succeeding us, or a combination of both cash and such shares of stock.

*Term, Termination, and Amendment.* Unless sooner terminated by the Board, the Amended 2018 Plan will terminate at midnight on July 31, 2028. No award will be granted after termination of the Amended 2018 Plan, but awards outstanding upon termination of the Amended 2018 Plan will remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Amended 2018 Plan.

Subject to certain exceptions, the Board has the authority to suspend or terminate the Amended 2018 Plan or terminate any outstanding award agreement and the Board has the authority to amend the Amended 2018 Plan or amend or modify the terms of any outstanding award at any time and from time to time. No amendments to the Amended 2018 Plan will be effective without approval of the Company’s stockholders if: (a) stockholder approval of the amendment is then required pursuant to Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), the rules of the primary stock exchange on which the common stock is then traded, applicable U.S. state and federal laws or regulations, and the applicable laws of any foreign country or jurisdiction where awards are, or will be, granted under the Amended 2018 Plan; or (b) such amendment would: (i) modify the re-pricing provisions of the Amended

2018 Plan; (ii) materially increase benefits accruing to participants; (iii) increase the aggregate number of shares of common stock issued or issuable under the Amended 2018 Plan; (iv) increase any limitation set forth in the Amended 2018 Plan on the number of shares of common stock which may be issued or the aggregate value of awards which may be made, in respect of any type of award to any single participant during any specified period; (v) modify the eligibility requirements for participants in the Amended 2018 Plan; or (vi) reduce the minimum exercise price or grant price as set forth in the Amended 2018 Plan. No termination, suspension, or amendment of the Amended 2018 Plan shall adversely affect any outstanding award previously granted under the Amended 2018 Plan without the written consent of the participant holding such award.

## **Federal Income Tax Information**

The following is a general summary, as of the date of this proxy statement, of the federal income tax consequences to participants and the Company of transactions under the Amended 2018 Plan. This summary is intended for the information of stockholders considering how to vote at the Annual Meeting and not as tax guidance to participants in the Amended 2018 Plan, as the consequences may vary with the types of grants made, the identity of the participant, and the method of payment or settlement. The summary does not address the effects of other federal taxes or taxes imposed under state, local, or foreign tax laws. Participants are encouraged to seek the advice of a qualified tax advisor regarding the tax consequences of participation in the Amended 2018 Plan.

*Incentive Stock Options.* With respect to incentive stock options, generally, the participant is not taxed, and we are not entitled to a deduction, on either the grant or the exercise of an incentive stock option so long as the requirements of Section 422 of the Code continue to be met. While no ordinary taxable income is recognized at exercise (unless there is a “disqualifying disposition”, see below), the excess of the fair market value of the shares over the option exercise price is a preference item that is recognized for alternative minimum tax purposes. If the participant meets the employment requirements and does not dispose of the shares of our common stock acquired upon exercise of an incentive stock option until at least one year after date of the exercise of the stock option and at least two years after the date the stock option was granted, gain or loss realized on sale of the shares will be treated as long-term capital gain or loss. If the shares of our common stock are disposed of before those periods expire, which is called a disqualifying disposition, the participant will be required to recognize ordinary income in an amount equal to the lesser of (i) the excess, if any, of the fair market value of our common stock on the date of exercise over the exercise price, or (ii) if the disposition is a taxable sale or exchange, the amount of gain realized. Upon a disqualifying disposition, we will generally be entitled, in the same tax year, to a deduction equal to the amount of ordinary income recognized by the participant, assuming that a deduction is allowed under Section 162(m) of the Code.

*Non-Statutory Stock Options.* The grant of a stock option that does not qualify for treatment as an incentive stock option, which is generally referred to as a non-statutory stock option, is generally not a taxable event for the participant. Upon exercise of the stock option, the participant will generally be required to recognize ordinary income in an amount equal to the excess of the fair market value of our common stock acquired upon exercise (determined as of the date of exercise) over the exercise price of the stock option, and we will be entitled to a deduction in an equal amount in the same tax year, assuming that a deduction is allowed under Section 162(m) of the Code. At the time of a subsequent sale or disposition of shares obtained upon exercise of a non-statutory stock option, any gain or loss will be a capital gain or loss, which will be either a long-term or short-term capital gain or loss, depending on how long the shares have been held.

*SARs.* The grant of a SAR will not cause the participant to recognize ordinary income or entitle us to a deduction for federal income tax purposes. Upon the exercise of a SAR, the participant will recognize ordinary income in the amount of the cash or the value of shares payable to the participant (before reduction for any withholding taxes), and we will receive a corresponding deduction in an amount equal to the ordinary income recognized by the participant, assuming that a deduction is allowed under Section 162(m) of the Code.

*Restricted Stock, RSUs, Deferred Stock Units, and Other Stock-Based Awards.* The federal income tax consequences with respect to restricted stock, RSUs, deferred stock units, performance shares and performance stock units, and other stock unit and stock-based awards depend on the facts and circumstances of each award, including, in particular, the nature of any restrictions imposed with respect to the awards. In general, if an award of stock granted to the participant is subject to a “substantial risk of forfeiture” (e.g., the award is conditioned upon the future performance of substantial services by the participant) and is nontransferable, a taxable event occurs when the risk of forfeiture ceases or the awards become transferable, whichever first occurs. At such time, the participant will recognize ordinary income to the extent of the excess of the fair market value of the stock on such date over the participant’s cost for such stock (if any), and the same amount is deductible by us, assuming that a deduction is allowed under Section 162(m) of the Code. Under certain circumstances, the participant, by making an election under Section 83(b) of the Code, can accelerate federal income tax recognition with respect to an award of stock that is subject to a substantial risk of forfeiture and transferability restrictions, in which event the ordinary income amount and our deduction will be measured and timed as of the grant date of the award. If the stock award granted to the participant is not subject to a substantial risk of forfeiture or transferability restrictions, the participant will recognize

ordinary income with respect to the award to the extent of the excess of the fair market value of the stock at the time of grant over the participant's cost, if any, and the same amount is deductible by us, assuming that a deduction is allowed under Section 162(m) of the Code. If a stock unit award or other stock-based award is granted but no stock is actually issued to the participant at the time the award is granted, the participant will recognize ordinary income at the time the participant receives the stock free of any substantial risk of forfeiture (or receives cash in lieu of such stock) and the amount of such income will be equal to the fair market value of the stock at such time over the participant's cost, if any, and the same amount is then deductible by us, assuming that a deduction is allowed under Section 162(m) of the Code.

*Withholding Obligations.* We are entitled to withhold and deduct from future wages of the participant, to make other arrangements for the collection of, or to require the participant to pay to us an amount necessary for us to satisfy the participant's federal, state, or local tax withholding obligations with respect to awards granted under the Amended 2018 Plan. Withholding for taxes may be calculated based on the maximum applicable tax rate for the participant's jurisdiction or such other rate that will not trigger a negative accounting impact on Xtant. The Compensation Committee may permit a participant to satisfy a tax withholding obligation by withholding shares of common stock underlying an award, tendering previously acquired shares, delivery of a broker exercise notice, or a combination of these methods.

*Code Section 409A.* A participant may be subject to a 20% penalty tax, in addition to ordinary income tax, at the time a grant becomes vested, plus an interest penalty tax, if the grant constitutes deferred compensation under Section 409A of the Code and the requirements of Section 409A of the Code are not satisfied.

*Code Section 162(m).* Pursuant to Section 162(m) of the Code, the annual compensation paid to an individual who is a "covered employee" is not deductible by us to the extent it exceeds \$1 million. The Tax Cut and Jobs Act, signed into law on December 22, 2017, amended Section 162(m), effective for tax years beginning after December 31, 2017, (i) to expand the definition of a "covered employee" to include any person who was the Chief Executive Officer or the Chief Financial Officer at any time during the year and the three most highly compensated officers (other than the Chief Executive Officer or the Chief Financial Officer) who were employed at any time during the year whether or not the compensation is reported in the Summary Compensation Table included in our proxy statement for our Annual Meeting; (ii) to treat any individual who is considered a covered employee at any time during a tax year beginning after December 31, 2016 as remaining a covered employee permanently; and (iii) to eliminate the performance-based compensation exception to the \$1 million deduction limit (with a transition provision continuing the performance-based exception for certain compensation covered by a written binding contract in existence on November 2, 2017).

*Excise Tax on Parachute Payments.* Unless otherwise provided in a separate agreement between a participant and Xtant, if, with respect to a participant, the acceleration of the vesting of an award or the payment of cash in exchange for all or part of an award, together with any other payments that such participant has the right to receive from Xtant, would constitute a "parachute payment," then the payments to such participant will be reduced to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code. Such reduction, however, will only be made if the aggregate amount of the payments after such reduction exceeds the difference between the amount of such payments absent such reduction minus the aggregate amount of the excise tax imposed under Section 4999 of the Code attributable to any such excess parachute payments. If such provisions are applicable and if an employee will be subject to a 20% excise tax on any "excess parachute payment" pursuant to Section 4999 of the Code, we will be denied a deduction with respect to such excess parachute payment pursuant to Section 280G of the Code.

## Securities Authorized for Issuance under Equity Compensation Plans

The table below provides information about our common stock that may be issued under our equity compensation plans as of December 31, 2019.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	1,102,880 <sup>(1)</sup>	\$ 6.07 <sup>(2)</sup>	1,650,005 <sup>(3)</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,102,880</b>	<b>\$ 6.07</b>	<b>1,650,005</b>

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- (1) Amount includes shares of our common stock issuable upon the exercise of stock options granted under the 2018 Plan and the Prior Plan and shares of our common stock issuable upon the vesting of restricted stock unit awards granted under the 2018 Plan.
  - (2) Not included in the weighted-average exercise price calculation are 499,914 restricted stock unit awards.
  - (3) Amount includes 1,650,005 shares of our common stock remaining available for future issuance under the 2018 Plan. No shares remain available for grant under the Prior Plan since such plan has been terminated with respect to future grants.

### **New Plan Benefits**

The New Plan Benefits table is not required since the Amended 2018 Plan does not have set benefits or amounts and no grant or awards have been made by the Board subject to stockholder approval.

However, if the debt restructuring described under “*Transactions with Related Persons, Promoters, and Certain Control Persons—Related Party Transactions—2020 Debt Restructuring*” is completed, it is anticipated that Sean E. Browne will be granted an option to purchase 1,445,926 shares of common stock and a restricted stock unit award covering 1,445,926 shares of common stock since his employment agreement entitles him to receive an additional equity grant, 50% in the form of stock options and 50% in the form of restricted stock units, in the event OrbiMed Advisors LLC (including its affiliates) converts any of the outstanding indebtedness of the Company into equity of the Company prior to October 7, 2024.

### **Board Recommendation**

The Board unanimously recommends that our stockholders vote “FOR” approval of the Xtant Medical Holdings, Inc. Amended and Restated 2018 Equity Incentive Plan.

## PROPOSAL FOUR—ADVISORY VOTE ON EXECUTIVE COMPENSATION

### Background

The Board is providing our stockholders with an advisory vote on our executive compensation pursuant to the Dodd-Frank Wall Street Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, as amended. This advisory vote, commonly known as a say-on-pay vote, is a non-binding vote on the compensation paid to our named executive officers as set forth in this proxy statement.

At our 2019 Annual Meeting of Stockholders, our stockholders had the opportunity to vote on an advisory say-on-pay proposal. Over 94% of the votes cast were in favor of our say-on-pay proposal. At our 2019 Annual Meeting of Stockholders, the Company submitted to stockholders a frequency of say-on-pay vote, recommending that a say-on-pay proposal be submitted annually. Our stockholders voted overwhelmingly in favor of an annual say-on-pay vote. Accordingly, stockholders are being provided with a say-on-pay vote at this year's Annual Meeting.

### Why You Should Vote in Favor of Our Say-On-Pay Proposal

Our executive compensation program is generally designed to attract, retain, motivate, and reward highly qualified and talented executive officers that will enable us to drive long-term stockholder value.

Our compensation practices include many best pay practices that support our executive compensation objectives and principles and benefit our stockholders.

#### *What We Do:*

- Structure our executive officer compensation so that a significant portion of pay is at risk
- Emphasize long-term performance in our equity-based incentive awards
- Use a mix of performance measures and caps on payouts
- Require minimum vesting periods on equity awards
- Require double-trigger for equity acceleration upon a change of control
- Maintain competitive compensation packages

#### *What We Don't Do:*

- No repricing of stock options unless approved by stockholders
- No excessive perquisites
- No guaranteed salary increases or bonuses
- No tax or excise tax gross-ups
- No short sales or derivative transactions in Xtant stock, including hedges
- No pledging of Xtant securities

We encourage our stockholders to read the “*Executive Compensation*” section beginning on page 28, which describes in detail our executive compensation program and the executive compensation decisions made by the Compensation Committee in 2019, as well as the accompanying executive compensation tables and narratives that provide detailed information on the compensation of our named executive officers.

We believe that our executive compensation program is competitive, focused on pay for performance, and strongly aligned with the long-term interests of our stockholders. The Board believes that executive compensation for 2019 was reasonable, appropriate, and justified by the performance of the Company and the result of a carefully considered approach.

### **Proposed Resolution**

The Board recommends that our stockholders vote in favor of the say-on-pay vote as set forth in the following resolution:

RESOLVED, that our stockholders approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including in the “*Executive Compensation*” section, the accompanying compensation tables and the corresponding narrative discussion and footnotes, and any related material disclosed in this proxy statement.

Stockholders are not voting to approve or disapprove the Board’s recommendation. As this is an advisory vote, the outcome of the vote is not binding on us with respect to future executive compensation decisions, including those relating to our named executive officers, or otherwise. The Compensation Committee and Board expect to take into account the outcome of the vote when considering future executive compensation decisions.

### **Next Say-On-Pay Vote**

The next say-on-pay vote will occur at our 2021 Annual Meeting of Stockholders.

### **Board Recommendation**

The Board unanimously recommends that our stockholders vote “FOR” approval, on an advisory basis, of our executive compensation, or say-on-pay vote.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The table below provides summary information concerning all compensation awarded to, earned by, or paid to the individuals that served as a principal executive officer of the Company during the year ended December 31, 2019, and the two most highly compensated executives for the year ended December 31, 2019.

Name and Principal Position	Year	Salary	Bonus <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation <sup>(4)</sup>	All Other Compensation <sup>(5)</sup>	Total
Sean E. Browne <sup>(6)</sup> <i>President and Chief Executive Officer</i>	2019	\$ 115,745	\$ —	\$ 888,419	\$ 688,130	\$ 150,000	\$ 9,970	\$ 1,852,264
Michael Mainelli <sup>(7)</sup> <i>Former Interim Chief Executive Officer</i>	2019	184,050	—	—	—	—	10,859	194,909
	2018	92,885	—	153,331	670,560	90,865	89,889	1,097,530
Greg Jensen <sup>(8)</sup> <i>Vice President, Finance and Chief Financial Officer</i>	2019	336,032	—	93,558	82,056	114,375	63,173	689,194
Kevin D. Brandt <sup>(9)</sup> <i>Chief Commercial Officer</i>	2019	398,113	90,000	97,066	85,546	124,125	17,416	812,266
	2018	176,923	—	248,000	165,186	76,154	—	666,263
Ronald G. Berlin <sup>(10)</sup> <i>Vice President, Chief Operations Officer and General Manager</i>	2019	362,709	50,000	—	121,517	109,875	11,873	655,974

- (1) We generally do not pay any discretionary bonuses or bonuses that are subjectively determined and did not pay any such bonuses to any named executive officers in 2019, other than signing bonuses paid to Messrs. Brandt and Berlin as part of their offer packages. Annual cash incentive bonus payouts based on performance against pre-established performance goals are reported in the “Non-equity incentive plan compensation” column.
- (2) Amounts reported represent the aggregate grant date fair value for restricted stock unit awards computed in accordance with FASB ASC Topic 718. The grant date fair value is determined based on the per share closing sale price of our common stock on the date immediately prior to the grant date.
- (3) Amounts reported represent the aggregate grant date fair value for option awards granted to each named executive officer computed in accordance with FASB ASC Topic 718. The grant date fair value is determined based on our Black-Scholes option pricing model. The table below sets forth the specific assumptions used in the valuation of each such option award:

Grant Date	Grant Date Fair Value Per Share	Risk Free Interest Rate	Expected Life	Expected Volatility	Expected Dividend Yield
10/15/2019	\$ 2.09	1.65%	6.50 years	92.55%	—
08/15/2019	2.11	1.45%	6.25 years	92.76%	—
01/15/2019	1.95	2.70%	10.00 years	90.90%	—
08/15/2018	5.37	2.84%	10.00 years	89.92%	—

- (4) Amounts reported represent payouts under our annual bonus plan and for each year reflect the amounts earned for that year but paid during the following year.



- (5) The table below provides information concerning amounts reported in the “All Other Compensation” column of the Summary Compensation Table for 2019 with respect to each named executive officer. Additional detail on these amounts is provided in the table below.

Name	401(k) Match	Reimbursement of Health Benefits	Commuting Expenses	Total
Sean E. Browne	\$ 1,851	\$ —	\$ 8,119	\$ 9,970
Michael Mainelli	—	4,500	6,359	10,859
Greg Jensen	10,581	—	52,592	63,173
Kevin D. Brandt	17,416	—	—	17,416
Ronald G. Berlin	11,873	—	—	11,873

- (6) Mr. Browne was appointed our President and Chief Executive Officer effective October 7, 2019.
- (7) Mr. Mainelli resigned as Interim Chief Executive Officer and a director effective March 18, 2019.
- (8) Mr. Jensen was appointed our Vice President, Finance and Chief Financial Officer effective August 8, 2019. From February 2019 to August 2019, Mr. Jensen served as our Vice President, Finance and Interim Chief Financial Officer. Upon the resignation of Mr. Mainelli effective March 18, 2019 until the appointment of Mr. Browne as President and Chief Executive Officer effective October 7, 2019, Mr. Jensen served in the capacity as our principal executive officer.
- (9) Mr. Brandt was appointed our Chief Commercial Officer effective July 9, 2018.
- (10) Mr. Berlin was appointed our Vice President and Chief Operations Officer effective January 1, 2019 and our General Manager in March 2019.

#### Employment Agreements with Current Officers

Effective October 7, 2019, we entered into an employment agreement with Sean E. Browne, our President and Chief Executive Officer, which provides for an annual base salary \$600,000 and a target annual bonus opportunity equal to 100% of his annual base salary, which was prorated for 2019. We agreed to reimburse his reasonable travel and business expenses. In addition, we agreed to grant him an option to purchase 329,044 shares of our common stock and a restricted stock unit award covering 329,044 shares of our common stock under the 2018 Plan, effective as of October 15, 2019, consistent with our equity grant policy. The total number of shares subject to these equity awards represented 5% of our then outstanding common stock. The stock option has a 10-year term and a per share exercise price equal to the “fair market value” (as defined in the 2018 Plan) of our common stock on the grant date. The option and restricted stock unit award will vest in equal annual installments over five years or earlier in the event the award is not continued, assumed or substituted with an equivalent award in connection with a “change in control” of the Company or Mr. Browne’s employment is terminated by the Company without “cause” or by Mr. Browne for “good reason” within one year of a “change in control” of the Company (as such terms are defined in the stock option or restricted stock unit award agreement or Plan). We also agreed to grant Mr. Browne additional stock options and restricted stock unit awards, in the same proportionate split, in the event OrbiMed Advisors LLC (including its affiliates) converts any of our outstanding indebtedness into equity of the Company prior to October 7, 2024. The employment agreement contains standard confidentiality, non-competition, non-solicitation and assignment of intellectual property provisions. The agreement also contains standard severance and change in control provisions, which are described under “—Potential Payments upon Termination or Change in Control.”

In connection with Mr. Jensen’s appointment as Vice President, Finance and Interim Chief Financial Officer in February 2019, we entered into an employment agreement with him which provided for an annual base salary of \$325,000 and a target annual bonus opportunity equal to 50% of his annual base salary. The employment agreement also contained standard confidentiality, non-competition, non-solicitation and assignment of intellectual property provisions. In April 2019, the Board increased Mr. Jensen’s annual base salary to \$400,000. Effective with the release of our second quarter 2019 financial results, the Board approved the appointment of Mr. Jensen as a non-interim Chief Financial Officer, and on August 8, 2019, the Company and Mr. Jensen executed an amended and restated employment agreement pursuant to which Mr. Jensen serves as Vice President, Finance and Chief Financial Officer. This agreement provides for an annual base salary of \$400,000, a target annual bonus opportunity equal to 50% of his annual base salary and certain severance and change in control benefits, which are described under “—Potential Payments upon Termination or Change in Control.”

Effective July 9, 2018, we entered into an employment agreement with Kevin D. Brandt, our Chief Commercial Officer, which provided for an initial annual base salary of \$400,000 (which was subsequently increased to \$415,000 in April 2019) with a target annual bonus of 50% of his annual base salary, subject to proration based on his start date, and a \$90,000 signing bonus, which was required to be paid back if Mr. Brandt terminated his employment with Xtant prior to the one-year anniversary of his hire date. In addition, the agreement provided for the grant of a restricted stock unit award covering 40,000 shares of our common stock, which will vest in full on July 9, 2021, the three-year anniversary date of Mr. Brandt’s hire date, assuming continued employment. The agreement also provides that Mr. Brandt is eligible to receive an annual equity award, subject to the approval of the Board, provided

that the grant value of such equity award shall not be less than 50% of his annual base salary. The agreement contains standard confidentiality, non-competition, non-solicitation, and assignment of intellectual property provisions. The agreement also contains standard severance and change in control provisions, which are described under “—Potential Payments upon Termination or Change in Control.”

In response to the COVID-19 pandemic, on April 13, 2020, we announced the implementation of a series of cost-savings actions intended to preserve capital to support our operations. These temporary cost-saving actions included the institution of a temporary 20% base salary reduction for all executive officers. On July 1, 2020, we terminated the temporary 20% base salary reductions and reinstated the full base salaries of all executive officers.

### **Agreements with Former Officers**

We entered into an interim executive employment agreement with Michael Mainelli, our former Interim Chief Executive Officer, on October 12, 2018. This agreement provided for an annual base salary of \$525,000 with a target annual bonus opportunity of 75% of his annual base salary, subject to proration based on his start date, and reimbursement of monthly individual family health insurance policy premiums incurred, which reimbursement was capped at \$1,500 per month. We also agreed to pay or promptly reimburse Mr. Mainelli for reasonable out-of-pocket business expenses incurred by him in connection with his employment, including all reasonable travel, lodging and meal expenses incurred by him on account of his performance of his duties and responsibilities. In addition, we agreed to grant Mr. Mainelli an option to purchase 240,000 shares of our common stock, which option was scheduled to vest monthly over 24 months, commencing on November 15, 2018, assuming continued employment as Interim Chief Executive Officer through the vesting date. The agreement also contained standard confidentiality, non-competition, non-solicitation, and assignment of intellectual property provisions.

Effective January 1, 2019, we entered into an Employment Agreement with Ronald G. Berlin, our former Vice President, Chief Operations Officer and General Manager, which provided for an annual base salary of \$265,000 (which was subsequently increased to \$400,000 in April 2019), target annual bonus opportunity equal to 40% (which was subsequently increased to 50% in April 2019) of his annual base salary, and a \$50,000 signing bonus, which was required to be paid back if Mr. Berlin had terminated his employment with Xtant prior to the one-year anniversary of his hire date. In addition, the agreement provided for the grant of a non-statutory stock option to purchase 100,000 shares of our common stock, which option was scheduled to vest on an annual basis over four years, assuming continued employment. The agreement contained standard confidentiality, non-competition, non-solicitation, and assignment of intellectual property provisions.

### **Indemnification Agreements**

We have entered into indemnification agreements with our executive officers that require us to indemnify them against certain liabilities that may arise by reason of their status or service as directors or executive officers to the fullest extent not prohibited by Delaware Law.

### **Xtant Medical Holdings, Inc. 2018 Equity Incentive Plan**

In 2018, the Board approved and the Company’s stockholders approved and adopted the Xtant Medical Holdings, Inc. 2018 Equity Incentive Plan and subsequently approved an amendment to the plan in 2019. If approved, the Amended 2018 plan, detailed in Proposal Three beginning on page 16, would increase the shares available for issuance thereunder by an additional 5,550,308 shares, among other changes. The purpose of the 2018 Plan is to advance the interests of the Company and our stockholders by enabling us to attract and retain qualified individuals to perform services, provide incentive compensation for such individuals in a form that is linked to the growth and profitability of our company and increases in stockholder value, and provide opportunities for equity participation that align the interests of participants with those of our stockholders.

The 2018 Plan replaced the Amended and Restated Xtant Medical Equity Incentive Plan (the “Prior Plan”). However, the terms of the Prior Plan, as applicable, continue to govern awards outstanding under the Prior Plan until exercised, expired, paid, or otherwise terminated or canceled.

The 2018 Plan permits the Board, or a committee or subcommittee thereof, to grant to eligible employees, non-employee directors, and consultants of the Company non-statutory and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, deferred stock units, performance awards, non-employee director awards, and other stock-based awards. Subject to adjustment, the maximum number of shares of our common stock authorized for issuance under the current 2018 Plan is 2,807,747 shares. To date, the Company has granted stock options, restricted stock and restricted stock units under the 2018 Plan. As of September 1, 2020, 894,575 shares of Xtant common stock remained available for issuance under the 2018 Plan.

For more information on the proposed Amended 2018 Plan, see Proposal Three beginning on page 16.

### Outstanding Equity Awards at Fiscal Year-End

The table below provides information regarding unexercised option awards and unvested stock awards held by each of our named executive officers that remained outstanding at our fiscal year-end, December 31, 2019. All of the outstanding equity awards described below were granted under the 2018 Plan.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup>	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested (\$) <sup>(2)</sup>
Sean E. Browne	—	329,044 <sup>(3)</sup>	\$ 2.70	10/15/2029	329,044 <sup>(4)</sup>	\$ 526,470
Michael Mainelli	—	—	—	—	—	—
Greg Jensen	—	39,063 <sup>(5)</sup>	2.76	08/15/2029	33,898 <sup>(6)</sup>	54,237
Kevin D. Brandt	7,692	23,078 <sup>(7)</sup>	6.20	08/15/2028	40,000 <sup>(8)</sup>	64,000
	—	40,527 <sup>(5)</sup>	2.76	08/15/2029	35,169 <sup>(6)</sup>	56,270
Ronald Berlin	—	100,000 <sup>(9)</sup>	2.24	01/15/2029	—	—

- (1) All options awards have a 10-year term, but may terminate earlier if the recipient's employment or service relationship with the Company terminates.
- (2) Based on the closing price of our common stock on December 31, 2019 (\$1.60), as reported by the NYSE American.
- (3) This stock option vests in nearly equal installments annually over a five-year period beginning on October 15, 2020. In addition, this option will vest in full immediately in the event that it is discontinued upon a change in control or up to one year following a change in control. If Mr. Browne's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (4) This restricted stock unit award vests in nearly equal installments annually over a five-year period beginning on October 15, 2020. In addition, this restricted stock unit award will vest in full immediately in the event that it is discontinued upon a change in control or up to one year following a change in control. If Mr. Browne's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (5) This stock option vests in nearly equal installments annually over a four-year period beginning on August 15, 2020. In addition, this option will vest in full immediately in the event that it is discontinued upon a change in control or up to one year following a change in control. If Mr. Brandt's or Mr. Jensen's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (6) This restricted stock unit award vests in nearly equal installments annually over a four-year period beginning on August 15, 2020. In addition, this restricted stock unit award will vest in full immediately in the event that it is discontinued upon a change in control or up to 12 months following a change in control. If Mr. Brandt's or Mr. Jensen's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (7) This stock option vests in equal installments annually over a four-year period beginning on August 15, 2019. In addition, this option will vest in full immediately in the event that it is discontinued upon a change in control or up to one year following a change in control. If Mr. Brandt's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (8) This restricted stock unit award will vest in full on July 9, 2021 but may terminate earlier if the recipient's employment or service relationship with the Company terminates. In addition, this restricted stock unit award will vest in full immediately in the event that it is discontinued upon a change in control or up to 12 months following a change in control. If Mr. Brandt's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.
- (9) This stock option vests with respect to 25,000 of the underlying shares on each of January 15, 2020, January 15, 2021, January 15, 2022 and January 15, 2023. In addition, this option will vest in full immediately in the event that it is discontinued upon a change in control or up to one year following a change in control. If Mr. Berlin's employment is terminated by reason of death, a pro rata percentage of the award will vest immediately.

## Potential Payments upon Termination or Change in Control

### *Executive Employment Agreements*

Under the terms of the employment agreements we have entered into with our named executive officers, other than Mr. Mainelli, if the executive's employment is terminated by the Company without "cause" (as defined in the agreement), the executive will be entitled to receive a severance payment equal to 12 months of his annual base salary, payable as salary continuation, reimbursement of COBRA payments for up to 12 months, and the prorated amount of any unpaid bonus for the calendar year in which his termination of employment occurs, if earned pursuant to the terms thereof. If the executive's employment is terminated by the Company without "cause" or by the executive for "good reason" in connection with or within 12 months after a "change in control" (as such terms are defined in the agreement), the executive's severance payment, as previously described, will be paid in one lump sum, and in the case of Mr. Brandt, will equal two times his base salary. To be eligible to receive these payments, the executive will be required to execute and not revoke a release of claims against the Company.

### *Equity Award Agreements*

All equity awards held by our named executive officers have been granted under 2018 Plan. Under the terms of the 2018 Plan and the award agreements governing these awards, if an executive's employment or other service with the Company is terminated for cause, then all outstanding awards held by such executive will be terminated and forfeited. In the event an executive's employment or other service with the Company is terminated by reason of death, then:

- All outstanding stock options will vest and become exercisable immediately as to a pro rata percentage of the unvested portion of the option scheduled to vest on the next applicable vesting date, and the vested portion of the options will remain exercisable for a period of one year after the date of such termination (but in no event after the expiration date).
- The outstanding unvested restricted stock unit awards will vest and become immediately issuable as to a pro rata percentage of the unvested portion of the restricted stock unit awards scheduled to vest on the next applicable vesting date and the unvested portion of the restricted stock unit awards will terminate.

In the event an executive's employment or other service with the Company is terminated by reason of disability, then:

- All outstanding stock options will remain exercisable to the extent exercisable on the termination date for a period of one year after the date of such termination (but in no event after the expiration date).
- All outstanding unvested restricted stock unit awards will terminate.

In the event an executive's employment or other service with the Company is terminated for any other reason, then:

- All outstanding stock options will remain exercisable to the extent exercisable on the termination date for a period of 90 days after the date of such termination (but in no event after the expiration date).
- All outstanding unvested restricted stock unit awards will terminate.

In addition, the equity award agreements governing the equity awards held by our named executive officers contain "change in control" provisions. Under the award agreements, without limiting the authority of the Compensation Committee to adjust awards, if a "change in control" of the Company (as defined in the 2018 Plan) occurs, then, unless otherwise provided in the award or other agreement, if an award is continued, assumed, or substituted by the successor entity, the award will not vest or lapse solely as a result of the change in control but will instead remain outstanding under the terms pursuant to which it has been continued, assumed, or substituted and will continue to vest or lapse pursuant to such terms. If the award is continued, assumed, or substituted by the successor entity and within one year following the change in control, the executive is either terminated by the successor entity without "cause" or, if the executive resigns for "good reason," each as defined in the award agreement, then the outstanding option will vest and become immediately exercisable as of the termination or resignation and will remain exercisable until the earlier of the expiration of its full specified term or the first anniversary of the date of such termination or resignation, and the outstanding restricted stock unit award will be fully vested and will be converted into shares of our common stock immediately thereafter. If an award is not continued, assumed, or substituted by the successor entity, then the outstanding option will be fully vested and exercisable, and the Compensation Committee will either give the executive a reasonable opportunity to exercise the option prior to the change in control transaction or will pay the difference between the exercise price of the option and the per share consideration paid to similarly situated stockholders.

Under these conditions, the outstanding restricted stock unit award will be fully vested and will be converted into shares of our common stock immediately thereafter.

#### **401(k) Retirement Plan**

We have a 401(k) plan for our employees. The 401(k) plan is a defined contribution plan covering substantially all of our employees. Employees are eligible to participate in the plan on the first day of any month after starting employment. Employees are allowed to contribute a percentage of their wages to the 401(k) plan, subject to statutorily prescribed limits, and are subject to a discretionary employer match of 100% of their wage deferrals not in excess of 4% of their wages.

In response to the COVID-19 pandemic, on April 13, 2020, we announced the implementation of a series of cost-savings actions intended to preserve capital to support our operations. These temporary cost-saving actions included the suspension of future 401(k) plan matching contributions by the Company. Matching contributions by the Company were reinstated as of August 7, 2020.

## TRANSACTIONS WITH RELATED PERSONS, PROMOTERS, AND CERTAIN CONTROL PERSONS

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### **Policies and Procedures for Review and Approval of Related Party Transactions**

Pursuant to its charter, the Audit Committee reviews and approves all related party transactions and makes recommendations to the full Board regarding approval of such transactions, unless the Board specifically delegates this responsibility to the Compensation Committee. The Audit Committee reviewed the transactions described below and determined that they were fair, just, and reasonable to the Company and in the best interests of the Company and its stockholders.

### **Related Party Transactions**

#### ***2020 Debt Restructuring***

On August 7, 2020, we entered into a Restructuring and Exchange Agreement (the “2020 Restructuring Agreement”) with Royalty Opportunities and ROS (collectively, the “Lenders”), pursuant to which the parties thereto agreed, subject to the terms and conditions set forth therein, to take certain actions as set forth therein and as described below in furtherance of a restructuring of our outstanding indebtedness under that certain Second Amended and Restated Credit Agreement, dated as of March 29, 2019, by and among the Company, Bacterin International, Inc., Xtant Medical, Inc., X-spine Systems, Inc., and the Lenders, as amended (the “Second A&R Credit Agreement”). The Restructuring Transactions include, among others:

- an amendment to the Company’s Amended and Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of our common stock from 75 million to 300 million (the “Charter Amendment”);
- the exchange by the Company of shares of our common stock for \$40.8 million of the aggregate outstanding principal amount of loans outstanding held by the Lenders under the Second A&R Credit Agreement, as well as, without duplication, approximately \$21.1 million of the outstanding amount of PIK Interest (as defined in the Second A&R Credit Agreement) (such loans and PIK Interest, the “Exchanging Loans”), plus all other accrued and unpaid interest on the Exchanging Loans outstanding as of the closing date, at an exchange price of \$1.07 per share, representing the average closing price of our common stock over the 10 trading days immediately prior to the parties entering into the 2020 Restructuring Agreement, and resulting in the issuance of approximately 57.8 million shares of our common stock (the “Share Issuance”);
- the execution of an amendment to the Second A&R Credit Agreement by the parties thereto to change certain provisions therein, including extinguishing loans in an aggregate principal amount equal to the Exchanging Loans outstanding thereunder together with all accrued and unpaid interest thereon, adding loans in an aggregate principal amount equal to the prepayment fee payable thereunder in respect of the Exchanging Loans, reducing the amount of credit availability thereunder, decreasing the interest rate and eliminating certain financial covenants, as described in more detail below; and
- the launch by the Company of a rights offering to allow stockholders of the Company to purchase up to an aggregate of \$15 million of our common stock at the same price per share as the \$1.07 per share exchange price used to exchange the Exchanging Loans into common stock as part of the Share Issuance.

Immediately following the consummation of the Charter Amendment and the Share Issuance, the Lenders will own, in the aggregate, approximately 94% of our outstanding common stock, as opposed to their current ownership of 70%. Consequently, all other existing stockholders of the Company will own approximately 6% of our outstanding common stock following the consummation of the Charter Amendment and Share Issuance, as opposed to their current ownership of 30%.

The primary purpose of the restructuring is to improve our capital structure by reducing our outstanding debt, which we expect will facilitate future access to capital markets for investment in our growth initiatives, and provide a path to possibly regain compliance with the NYSE American continued listing standards.

#### ***Investor Rights Agreement***

Effective February 14, 2018, in connection with the debt restructuring, we entered into an Investor Rights Agreement with Royalty Opportunities, ROS, and certain other stockholders at the time. Under the Investor Rights Agreement, ROS and Royalty Opportunities are permitted to nominate a majority of the directors and designate the chairperson of our Board at subsequent annual meetings, as long as they maintain an ownership threshold in our Company of at least 40% of our then outstanding common stock. If ROS and Royalty Opportunities are unable to maintain the Ownership Threshold, the Investor Rights Agreement contemplates a reduction of nomination rights commensurate with their ownership interests.

For so long as the Ownership Threshold is met, we must obtain the approval of a majority of our common stock held by ROS and Royalty Opportunities to proceed with the following actions: (i) issue new securities; (ii) incur over \$250,000 of debt in a fiscal year; (iii) sell or transfer over \$250,000 of our assets or businesses or our subsidiaries in a fiscal year; (iv) acquire over \$250,000 of assets or properties in a fiscal year; (v) make capital expenditures over \$125,000 individually, or \$1,500,000 in the aggregate during a fiscal year; (vi) approve our annual budget; (vii) hire or terminate our chief executive officer; (viii) appoint or remove the chairperson of our Board; and (ix) make loans to, investments in, or purchase, or permit any subsidiary to purchase, any stock or other securities in another entity in excess of \$250,000 in a fiscal year. As long as the Ownership Threshold is met, we may not increase the size of our Board beyond seven directors without the approval of a majority of the directors nominated by ROS and Royalty Opportunities.

The Investor Rights Agreement grants Royalty Opportunities and ROS the right to purchase from us a pro rata amount of any new securities that we may propose to issue and sell. The Investor Rights Agreement may be terminated (a) upon the mutual written agreement of all the parties, (b) upon our written notice or the written notice of ROS or Royalty Opportunities if ROS and Royalty Opportunities' ownership percentage of our then outstanding common stock is less than 10%, or (c) upon written notice of ROS and Royalty Opportunities.

### ***Credit Agreements and Warrant Issuances***

On May 6, 2020, Xtant Medical Holdings, Inc., and our subsidiaries, Bacterin International, Inc., Xtant Medical, Inc., and X-spine Systems, Inc., entered into a First Amendment (the "First Amendment") to the Second Amended and Restated Credit Agreement, dated as of March 29, 2019 among the parties thereto (the "Second Amended and Restated Credit Agreement"), with Royalty Opportunities and ROS.

Under the terms of the First Amendment, the Second Amended and Restated Credit Agreement was amended to provide that:

- No interest will accrue on the outstanding loans under the Second Amended and Restated Credit Agreement from and after March 31, 2020 until September 30, 2020;
- Beginning October 1, 2020 through the maturity date of the Second Amended and Restated Credit Agreement, interest payable in cash will accrue on the outstanding loans under the Second Amended and Restated Credit Agreement at a rate per annum equal to the sum of (i) 10.00% plus (ii) the higher of (x) the LIBO Rate (as defined in the Second Amended and Restated Credit Agreement) and (y) 2.3125%;
- The maturity date of the loans is December 31, 2021;
- The Revenue Base (as defined in the Second Amended and Restated Credit Agreement) financial covenant was revised to provide a new schedule of testing periods and minimum revenue bases; and
- The key person event default provision was revised to substitute the inclusion of certain key executives.

On May 6, 2020, Xtant issued warrants to purchase an aggregate of 2.4 million shares of Company common stock to the Investors, with an exercise price of \$0.01 per share and an expiration date of May 6, 2030. The issuance of these warrants was a condition to the effectiveness of the First Amendment.

On March 29, 2019, Xtant Medical Holdings, Inc., and our subsidiaries, Bacterin International, Inc., Xtant Medical Systems, Inc., and X-spine Systems, Inc., entered into a Second Amended and Restated Credit Agreement with Royalty Opportunities and ROS, which amended and restated the prior Amended and Restated Credit Agreement, dated as of July 27, 2015 among the parties thereto, and as subsequently amended through the Twenty-Fifth Amendment to the Amended and Restated Credit Agreement (the "Prior Credit Agreement").

Under the terms of the Second Amended and Restated Credit Agreement, the Prior Credit Agreement was amended to provide that:

- X-spine Systems, Inc. may request additional term loans from the Investors in the remaining amount available to be requested as additional delayed draw loans, which was approximately \$2,200,000 as of the date of the Second Amended and Restated Credit Agreement, and may request new additional term loans in an aggregate amount of up to \$10,000,000, the making of each such loan to be subject to the discretion of the Investors and the Company's production of a thirteen-week cash flow forecast that is approved by the Investors and shows a projected cash balance for the following two-week period of less than \$1,500,000, as well as the satisfaction (or waiver in writing by each Investor) of conditions precedent, including closing certificate, delivery of budget, and other satisfactory documents;

- No interest will accrue on the loans under the Second Amended and Restated Credit Agreement from and after January 1, 2019 until March 31, 2020;
- Beginning April 1, 2020 through the maturity date of the Second Amended and Restated Credit Agreement, interest payable in cash will accrue on the loans under the Second Amended and Restated Credit Agreement at a rate per annum equal to the sum of (i) 10.00% plus (ii) the higher of (x) the LIBO Rate (as such term is defined in the Second Amended and Restated Credit Agreement) and (y) 2.3125%;
- The maturity date of the loans is March 31, 2021;
- The Consolidated Senior Leverage Ratio and Consolidated EBITDA (as such terms were defined in the Prior Credit Agreement) financial covenants were deleted and a new Revenue Base (as such term is defined in the Second Amended and Restated Credit Agreement) financial covenant was added; and
- The key person event default provision was revised to refer to specific executives.

On April 1, 2019, Xtant issued warrants to purchase an aggregate of 1.2 million shares of Company common stock to the Investors, with an exercise price of \$0.01 per share and an expiration date of April 1, 2029. The issuance of these warrants occurred on April 1, 2019 and was a condition to the effectiveness of the Second Amended and Restated Credit Agreement. The number of shares of Xtant common stock issuable upon exercise of these warrants is subject to standard and customary anti-dilution provisions for stock splits, stock dividends, or similar transactions.

### ***Sublease Agreement***

On April 5, 2019, we entered into a Sublease Agreement with Cardialen, Inc., under which we lease a portion of Cardialen's office space in Plymouth, Minnesota. The Sublease Agreement was subsequently amended several times primarily to reduce the amount of office space and monthly rent. During 2019, we paid a total of \$18,306 in rent under the Sublease Agreement. Because Jeffrey Peters is both a member of our Board and the Chief Executive Officer, President, and a director of Cardialen, this transaction qualifies as a related party transaction.

### **Family Relationships**

There are no family relationships between or among our directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### Significant Beneficial Owners

The table below sets forth, as of September 1, 2020, information as to beneficial owners that have reported to the SEC or have otherwise advised us that they are a beneficial owner, as defined by the SEC's rules and regulations, of more than 5% of our outstanding common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class <sup>(1)</sup>
Common Stock	OrbiMed Advisors LLC <sup>(2)</sup> 601 Lexington Avenue, 54 <sup>th</sup> Floor New York, NY 10022	14,055,987	78.0%

(1) Percent of class is based on 13,240,831 shares of our common stock outstanding as of September 1, 2020.

(2) Based in part on information contained in a Schedule 13D/A filed with the SEC on May 20, 2020. Includes 5,917,609 shares of common stock and 3,071,277 shares of common stock issuable upon exercise of warrants held of record by ROS Acquisition Offshore LP. OrbiMed Advisors LLC, a registered adviser under the Investment Advisors Act of 1940, as amended, is the investment manager of ROS. OrbiMed is also the investment manager of Royalty Opportunities S.à.r.l., of which ROS is a wholly-owned subsidiary. By virtue of such relationships, OrbiMed may be deemed to have voting and investment power with respect to the securities held by ROS noted above and as a result may be deemed to have beneficial ownership over such securities. OrbiMed exercises this investment and voting power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein, each of whom disclaims beneficial ownership of the securities held by ROS.

Also includes 3,331,069 shares of common stock and 1,736,032 shares of common stock issuable upon exercise of warrants held of record by OrbiMed Royalty Opportunities II, LP. OrbiMed ROF II LLC ("ROF II") is the sole general partner of Royalty Opportunities, and OrbiMed is the sole managing member of ROF II. By virtue of such relationships, OrbiMed may be deemed to have voting and investment power with respect to the securities held by Royalty Opportunities noted above and as a result may be deemed to have beneficial ownership over such securities. OrbiMed exercises this investment and voting power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein, each of whom disclaims beneficial ownership of the securities held by Royalty Opportunities.

## Security Ownership of Management

The table below sets forth information relating to the beneficial ownership of our common stock as of September 1, 2020 by:

- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The number of shares beneficially owned by each person is determined in accordance with the SEC's rules and regulations, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under the SEC's rules and regulations, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of September 1, 2020 through the exercise of any stock options, warrants, or other rights or the vesting of any restricted stock unit awards. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 13,240,831 shares of our common stock outstanding as of September 1, 2020. Shares of our common stock that a person has the right to acquire within 60 days of September 1, 2020 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	John Bakewell	31,597	*
Common Stock	Michael Eggenberg	—	—
Common Stock	Robert McNamara	29,860	*
Common Stock	Jeffrey Peters	31,597	*
Common Stock	Matthew Rizzo	—	—
Common Stock	Michael Mainelli	—	—
Common Stock	Sean E. Browne	131,618 <sup>(1)</sup>	1.0%
Common Stock	Greg Jensen	18,239 <sup>(1)</sup>	*
Common Stock	Kevin D. Brandt	34,307 <sup>(1)</sup>	*
Common Stock	Ronald Berlin	—	—
Common Stock	All executive officers and directors as a group (8 persons)	277,218	2.1%

\* Less than 1% of outstanding shares of common stock.

(1) Consists of the following options to purchase shares of our common stock or restricted stock units:

Name	Options	Restricted Stock Units
Sean E. Browne	65,809	65,809
Greg Jensen	9,765	—
Kevin D. Brandt	25,515	—

## ADDITIONAL INFORMATION

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### Stockholder Proposals and Director Nominations

Proposals by stockholders that are submitted for inclusion in our proxy statement for our 2021 Annual Meeting of Stockholders must follow the procedures set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and our Second Amended and Restated Bylaws. To be timely under Rule 14a-8, stockholder proposals must be received by our Corporate Secretary at Xtant Medical Holdings, Inc., 664 Cruiser Lane, Belgrade, Montana 59714 by May 13, 2021. However, if the date of the 2021 Annual Meeting is changed by more than 30 days from the first anniversary of the date of the 2020 Annual Meeting, the deadline will instead be a reasonable time before we begin to print and mail the proxy statement for the 2021 Annual Meeting.

The Company's Second Amended and Restated Bylaws also establish an advance notice procedure with regard to nominations of persons for election to the Board and stockholder proposals to be brought before an annual meeting. Stockholder proposals and nominations may not be brought before an annual meeting unless, among other things, the stockholder's submission contained certain information concerning the proposal or the nominee, as the case may be, and other information specified in the Company's Second Amended and Restated Bylaws. Proposals or nominations not meeting these requirements will not be entertained at an annual meeting.

Stockholder proposals and nominations may not be brought before the 2021 Annual Meeting unless, among other things, the stockholder's submission contains certain information concerning the proposal or the nominee, as the case may be, and other information specified in the Company's Second Amended and Restated Bylaws, and the stockholder's submission is received by us no earlier than the close of business on June 29, 2021 and no later than July 29, 2021. However, if the date of the 2021 Annual Meeting is changed by more than 30 days before or more than 70 days after the first anniversary of the date of the 2020 Annual Meeting, notice by the stockholder must be delivered not earlier than the close of business on the 120th day prior to the 2021 Annual Meeting and not later than the close of business on the later of the 90th day prior to the 2021 Annual Meeting or the 10th day following the day on which public announcement of the date of the 2021 Annual Meeting is first made by the Company. Proposals or nominations not meeting these requirements will not be entertained at the 2021 Annual Meeting.

Stockholders recommending candidates for consideration by the Board must provide the candidate's name, biographical data, and qualifications. Any such recommendation should be accompanied by a written statement from the individual of his or her consent to be named as a candidate and, if nominated and elected, to serve as a director. These requirements are separate from, and in addition to, the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in the proxy statement.

### Householding Information

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This delivery method is referred to as "householding" and can result in cost savings for us. To take advantage of this opportunity, we may deliver a single proxy statement to multiple stockholders who share an address. We will deliver upon oral or written request a separate copy of our proxy statement to any stockholder of a shared address to which a single copy of our proxy statement was delivered. If you prefer to receive separate copies of our proxy statement, either now or in the future, or if you currently are a stockholder sharing an address with another stockholder and wish to receive only one copy of future proxy statements for your household, please call us at (406) 388-0480 or send your request in writing to us at the following address: 664 Cruiser Lane, Belgrade, Montana 59714, Attention: Corporate Secretary.

### Copies of 2019 Annual Report

**Our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 is being sent along with this proxy statement. The 2019 Annual Report is also available on our website at [www.xtantmedical.com](http://www.xtantmedical.com).**

**Your vote is important.** Please promptly vote your shares of our common stock by completing, signing, dating, and returning your proxy card or by Internet or telephone voting as described on your proxy card.

**By Order of the Board of Directors**



Jeffrey Peters  
*Chairman of the Board*

Belgrade, Montana  
September 10, 2020

