

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **October 29, 2020**

**XTANT MEDICAL HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

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

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

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

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

**59714**  
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

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

## Item 2.02 Results of Operations and Financial Condition.

On October 29, 2020, Xtant Medical Holdings, Inc. (the “Company”) announced its financial results for the third quarter ended September 30, 2020. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

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

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

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

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

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

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

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

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

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

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

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

Non-GAAP adjusted EBITDA is reconciled to net loss, the most directly comparable GAAP measure, in the press release.

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

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**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release of Xtant Medical Holdings, Inc. dated October 29, 2020 entitled "Xtant Medical Announces Third Quarter 2020 Financial Results" (furnished herewith)</a>

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**SIGNATURE**

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

**XTANT MEDICAL HOLDINGS, INC.**

By: */s/ Greg Jensen*

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Greg Jensen  
*Vice President, Finance and Chief  
Financial Officer*

Date: October 29, 2020

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### **Xtant Medical Announces Third Quarter 2020 Financial Results**

BELGRADE, MT, October 29, 2020 – Xtant Medical Holdings, Inc. (NYSE American: XTNT), a global medical technology company focused on surgical solutions for the treatment of spinal disorders, today reported financial and operating results for the third quarter ended September 30, 2020.

#### Third Quarter 2020 Financial Highlights:

- Revenue for the third quarter of 2020 was \$14.0 million, up 33% from second quarter 2020 revenue and representing 89% of the \$15.7 million revenue for the prior-year period
- Operating expenses in the third quarter of 2020 were \$8.5 million, compared to \$11.1 million for the prior-year period
- Income from operations was \$0.8 million, compared to an operating loss of \$0.7 million for the prior-year period
- Net loss incurred in the third quarter of 2020 was \$1.4 million, compared to a net loss of \$1.9 million for the prior-year period
- Adjusted EBITDA for the third quarter of 2020 was \$1.6 million, compared to \$0.6 million for the prior-year period

Xtant Medical's President and CEO, Sean Browne, commented, "We made significant progress in three strategic areas:

- 1) The completion of our debt restructuring is a significant event for Xtant since it will dramatically reduce the cost to service our debt and allow us to focus more of our capital and energy on supporting our future growth initiatives.
- 2) The realignment of our teams and implementation of new operational procedures to better support our business contributed to our ability to generate operating income during third quarter. I have also challenged our senior management team to continue to look for opportunities to drive even greater efficiencies.
- 3) The execution of an agreement with one of the largest group purchasing organizations (GPOs) in the country gives Xtant access to a strategically important new customer base that could contribute to our top line growth.

Our recent initiatives have Xtant well-positioned to focus on growth and market access enabling us to continue delivering on our mission of 'honoring the gift of donation, so our patients can live as full a life as possible.'"

#### **Third Quarter 2020 Financial Results**

Total revenue for the three months ended September 30, 2020 was \$14.0 million, representing a decrease of 10.9% compared to \$15.7 million in the same quarter of the prior year. This decline in revenue was primarily attributed to the impact of the COVID-19 pandemic and the sudden drop in elective procedures that began in early March; these elective procedures have recovered to some extent as evident by third quarter 2020 revenue representing 89% of third quarter 2019 revenue.

Gross margin for the third quarter of 2020 was 66.0%, compared to 66.2% for the same period in 2019.

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Operating expenses for the third quarter of 2020 were \$8.5 million, compared to \$11.1 million for the third quarter of 2019. The decrease was primarily due to reduced sales commissions, salaries and wages, legal and consulting fees, and executive recruiting fees.

Third quarter 2020 net loss was \$1.4 million, or \$0.10 per share, compared to third quarter 2019 net loss of \$1.9 million, or \$0.14 per share.

Adjusted EBITDA for the third quarter of 2020 was \$1.6 million compared to \$0.6 million for the same period in 2019. The Company defines Adjusted EBITDA as net income/loss from operations before depreciation, amortization and interest expense and provision for income taxes, and as further adjusted to add back in or exclude, as applicable, non-cash special charges, provision for losses on inventory and accounts receivable, non-cash compensation, change in warrant derivative liability, separation related expenses, and litigation settlement reserves. A calculation and reconciliation of Adjusted EBITDA to net loss can be found in the attached financial tables.

### **Proposed Rights Offering**

Last week, the Company announced details for its proposed rights offering of up to \$15 million of common stock. The Company intends to distribute to holders of its common stock as of the November 5, 2020 record date, at no charge, 0.194539 non-transferable subscription rights for each share of common stock held by such holders on such date. Each whole subscription right will entitle the holder to purchase one share of Xtant common stock for \$1.07 in cash. In addition, such holders will have an over-subscription privilege, pursuant to which they may purchase additional shares, to the extent not all rights are exercised. The Company expects materials for the rights offering will be mailed on or about November 6, 2020 to holders of its common stock as of the record date, and that the rights offering will close as soon as practicable after the anticipated December 4, 2020 expiration date.

### **Conference Call**

Xtant Medical will host a webcast and conference call to discuss the third quarter 2020 financial results on Thursday, October 29, 2020 at 9:00 AM ET. To access the webcast, [Click Here](#). To access the conference call, dial 877-407-6184 within the U.S. or 201-389-0877 outside the U.S. A replay of the call will be available at [www.xtantmedical.com](http://www.xtantmedical.com), under "Investor Info."

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

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

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

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## **Non-GAAP Financial Measures**

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

## **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "intends," "expects," "anticipates," "plans," "believes," "estimates," "continue," "future," "will," "potential," "going forward," similar expressions or the negative thereof, and the use of future dates. Forward-looking statements in this release include the Company's expectations that the COVID-19 pandemic will impact revenue for the remainder of 2020 and into 2021 and timing of the proposed rights offering. The Company cautions that its forward-looking statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: the effect of the COVID-19 pandemic on the Company's business, operating results and financial condition; the Company's future operating results and financial performance; the ability to increase or maintain revenue; the ability to remain competitive; the ability to innovate and develop new products; the ability to engage and retain qualified personnel; government and third-party coverage and reimbursement for Company products; the ability to obtain and maintain regulatory approvals and comply with government regulations; the effect of product liability claims and other litigation to which the Company may be subject; the effect of product recalls and defects; the ability to obtain and protect Company intellectual property and proprietary rights and operate without infringing the rights of others; the ability to service Company debt, comply with its debt covenants and access additional indebtedness; the ability to obtain additional financing; risks associated with the rights offering; and other factors. Additional risk factors are contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission (SEC) on March 5, 2020 and subsequent SEC filings by the Company, including without limitation its most recent Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 anticipated to be filed with the SEC. Investors are encouraged to read the Company's filings with the SEC, available at [www.sec.gov](http://www.sec.gov), for a discussion of these and other risks and uncertainties. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

## **Investor Relations Contact**

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

	<u>As of September 30, 2020</u>	<u>As of December 31, 2019</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,741	\$ 5,237
Trade accounts receivable, net of allowance for credit losses of \$746 and doubtful accounts of \$500, respectively	7,317	10,124
Inventories	20,671	16,101
Prepaid and other current assets	1,656	784
Total current assets	32,385	32,246
Property and equipment, net	4,122	4,695
Right-of -use asset, net	1,799	2,100
Goodwill	3,205	3,205
Intangible assets, net	471	515
Other assets	412	394
Total Assets	\$ 42,394	\$ 43,155
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts payable	\$ 2,814	\$ 2,188
Accrued liabilities	6,043	6,632
Current portion of lease liability	415	394
Current portion of financing lease obligations	59	176
Total current liabilities	9,331	9,390
Long-term Liabilities:		
Lease liability, less current portion	1,417	1,726
Long-term debt, plus premium and less issuance costs	79,627	76,244
Total Liabilities	90,375	87,360
Stockholders' Equity (Deficit)		
Preferred stock, \$0.000001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.000001 par value; 75,000,000 shares authorized; 13,240,831 shares issued and outstanding as of September 30, 2020 and 13,161,762 shares issued and outstanding as of December 31, 2019	-	-
Additional paid-in capital	181,649	179,061
Accumulated deficit	(229,630)	(223,266)
Total Stockholders' Equity (Deficit)	(47,981)	(44,205)
Total Liabilities & Stockholders' Equity (Deficit)	\$ 42,394	\$ 43,155

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Revenue</b>				
Orthopedic product sales	\$ 13,980	\$ 15,691	\$ 39,207	\$ 47,574
Other revenue	36	30	115	144
Total revenue	<u>14,016</u>	<u>15,721</u>	<u>39,322</u>	<u>47,718</u>
<b>Cost of sales</b>				
Cost of sales	4,768	5,310	13,913	16,613
Gross profit	<u>9,248</u>	<u>10,411</u>	<u>25,409</u>	<u>31,105</u>
Gross profit %	66.0%	66.2%	64.6%	65.2%
<b>Operating expenses</b>				
General and administrative	3,042	4,228	10,293	12,866
Sales and marketing	5,270	6,685	15,578	19,499
Research and development	176	203	529	675
Total operating expenses	<u>8,488</u>	<u>11,116</u>	<u>26,400</u>	<u>33,040</u>
Income (Loss) from operations	760	(705)	(991)	(1,935)
<b>Other (expense) income</b>				
Interest expense	(2,097)	(1,185)	(5,258)	(4,504)
Other (expense) income	-	34	-	(109)
Total Other (Expense)	<u>(2,097)</u>	<u>(1,151)</u>	<u>(5,258)</u>	<u>(4,613)</u>
Net Loss Before Provision for Income Taxes	<u>(1,337)</u>	<u>(1,856)</u>	<u>(6,249)</u>	<u>(6,548)</u>
<b>Provision for income taxes</b>				
Current and deferred	(23)	(23)	(68)	(68)
Net Loss	<u>\$ (1,360)</u>	<u>\$ (1,879)</u>	<u>\$ (6,317)</u>	<u>\$ (6,616)</u>
<b>Net loss per share:</b>				
Basic	\$ (0.10)	\$ (0.14)	\$ (0.48)	\$ (0.50)
Dilutive	\$ (0.10)	\$ (0.14)	\$ (0.48)	\$ (0.50)
<b>Shares used in the computation:</b>				
Basic	13,231,823	13,161,762	13,210,386	13,164,694
Dilutive	13,231,823	13,161,762	13,210,386	13,164,694

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

	Nine Months Ended September 30,	
	2020	2019
<b>Operating activities:</b>		
Net loss	\$ (6,317)	\$ (6,616)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,658	2,338
Gain on disposal of fixed assets	(307)	(27)
Non-cash interest	5,245	4,467
Non-cash rent expense	12	16
Stock-based compensation	726	256
Provision for reserve on accounts receivable	296	453
Provision for excess and obsolete inventory	429	517
Changes in operating assets and liabilities:		
Accounts receivable	2,463	417
Inventories	(4,999)	760
Prepaid and other assets	(890)	240
Accounts payable	626	(4,216)
Accrued liabilities	(589)	1,053
Net cash used in operating activities	<u>(1,647)</u>	<u>(342)</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(907)	(403)
Proceeds from sale of fixed assets	173	241
Net cash used in investing activities	<u>(734)</u>	<u>(162)</u>
<b>Financing activities:</b>		
Payments on financing leases	(115)	(395)
Costs associated with Second Amended and Restated Credit Agreement	-	(149)
Net cash used in financing activities	<u>(115)</u>	<u>(544)</u>
Net change in cash and cash equivalents	(2,496)	(1,048)
Cash and cash equivalents at beginning of period	5,237	6,797
Cash and cash equivalents at end of period	<u>\$ 2,741</u>	<u>\$ 5,749</u>