



Xtant Medical Holdings, Inc.

NYSE MKT: XTNT

Fourth Quarter 2016 Earnings Call

March 10th, 2016

Important Cautions

Regarding Forward Looking Statements

This presentation contains certain disclosures that may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to significant risks and uncertainties. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "goal," "target," "prospects," "potential," "optimistic," "confident," "likely," "probable" or similar expressions or the negative thereof. Statements of historical fact also may be deemed to be forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements that speak only as of the date on which they are made. Forward-looking statements reflect management's current estimates, projections, expectations and beliefs, and are subject to risks and uncertainties outside of our control that may cause actual results to differ materially from what is indicated in those forward-looking statements.

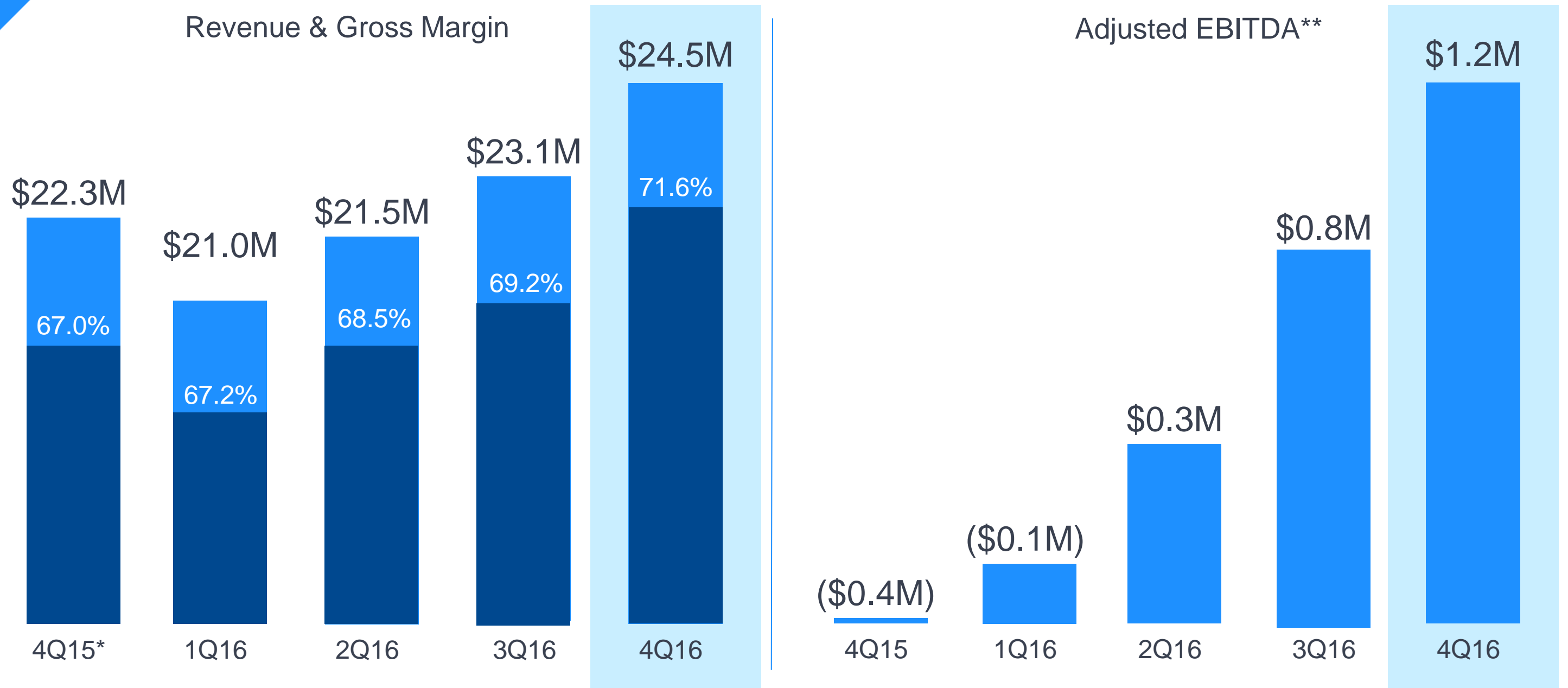
These statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others, the occurrence of the risks described in the "Risk Factors" section of our most recent quarterly report on Form 10-Q filed with the U.S. Securities and Exchange Commission. In addition to those factors, the following factors, among others could cause our actual results to differ materially from forward-looking or actual performance: our ability to integrate X-spine's business and realize the projected benefits of the transaction; our ability to meet our obligations under existing and anticipated contractual obligations, including financial covenants and other obligations in our secured lending facility; our ability to manage cash flow; the ability of our sales force to achieve expected results; and other factors. We assume no duty to update any forward-looking statements.

Annualized, pro forma, projected and estimated numbers used in this presentation are used only for illustrative purposes and are not forecasts and may not reflect actual results.

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Any market or industry data contained in this presentation is based on a variety of sources, including internal data and estimates, independent industry publications, government publications, reports by market research firms or other published independent sources. Industry publications and other published sources generally state that the information contained therein has been obtained from third-party sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and management's understanding of industry conditions, and such information has not been verified by any independent sources. Accordingly, investors should not place undue reliance on such data and information.

Improving Operating Margins on Record Revenue



**The Company defines earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") as net income/loss from operations before depreciation, amortization, impairment charges and non-cash stock-based compensation.

Portfolio Sales

Calling on Orthopedic Surgeons & Neurosurgeons

350+

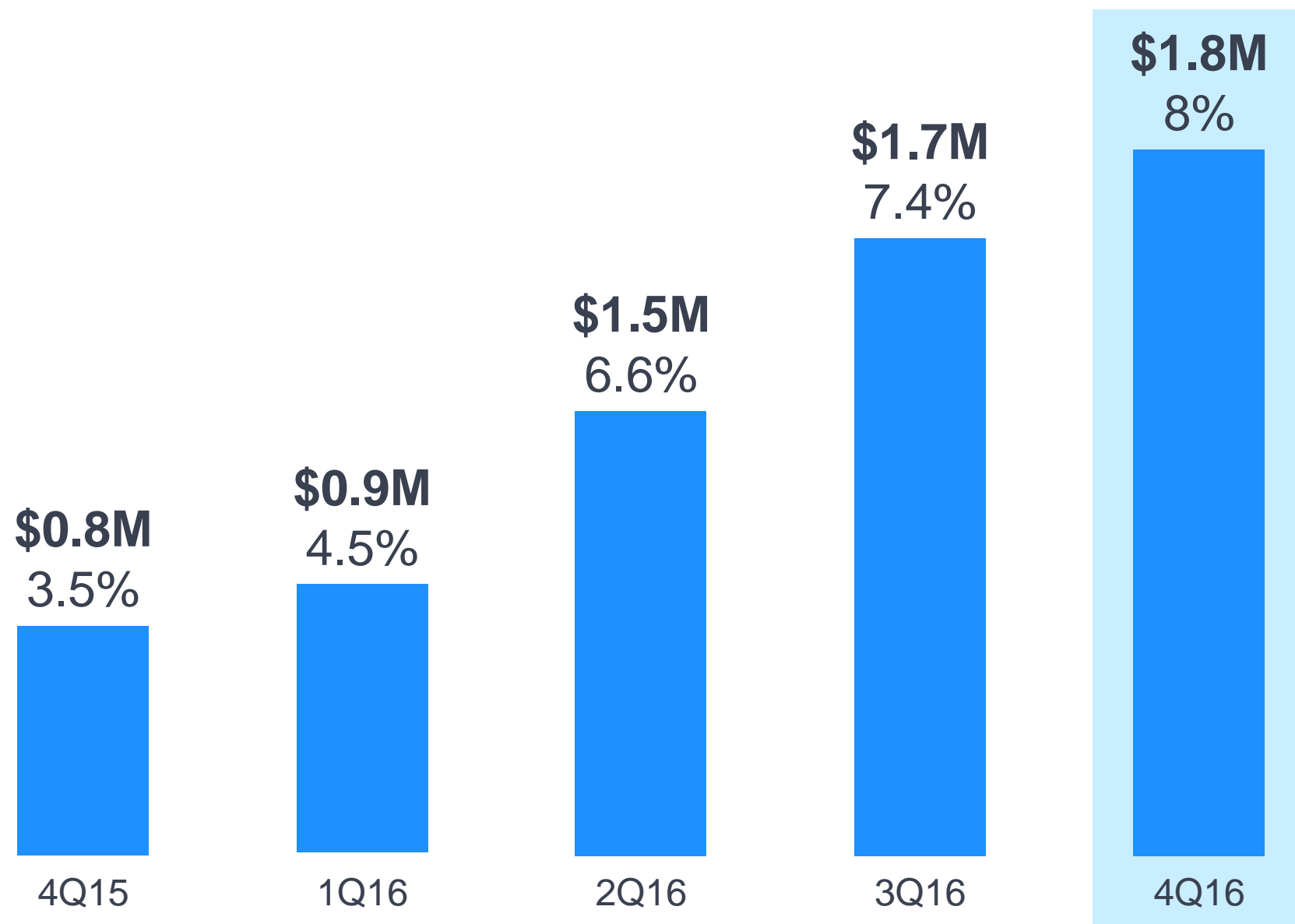
Xtant Field Sales Assets

Management goal for portfolio selling

10-12%

Of revenue in 2017

Portfolio Sales Revenue As a percentage of total revenue



New Products

OsteoSelect[®] PLUS
DBM PUTTY
Approximate TAM: \$400M

ARANAX
CERVICAL PLATING SYSTEM
Approximate TAM: \$160M

Atrix·C[™]
Cervical Allograft Interbody Spacer
Approximate TAM: \$282M

Xspan[™]
Laminoplasty Fixation System
Approximate TAM: \$110M

OsteoVive[™]
Approximate TAM: \$252M

4Q16 Revenue Contribution
From New Products announced
in the last 18 months

\$819,000

3.4%

Of Total 4Q16 Revenue



FINANCIAL OVERVIEW

Financial Overview

Fourth Quarter & Full Year 2016 Unaudited Summary (\$000's)

(000's)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015*	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015*
Revenue	\$24,470	\$22,266	\$90,003	\$86,518
Gross Profit	\$17,510	\$14,912	\$62,293	\$56,604
Gross Margin	71.6%	67.0%	69.2%	65.4%
Net Gain (Loss) From Operations	(\$1,095)	(\$4,077)	(\$7,545)	(\$12,475)
Net Income (Loss)	(\$4,537)	(\$11,588)	(\$19,494)	(\$5,845)
Adjusted EBITDA** Gain (Loss)	\$1,153	(\$350)	\$2,047	(\$33)

*2015 Results are on a pro forma basis

**The Company defines earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") as net income/loss from operations before depreciation, amortization, impairment charges and non-cash stock-based compensation.

Reconciliation of Adjusted EBITDA

(000's)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015*	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015*
Net (Loss) Income from Operations	(\$4,537)	\$11,588	(\$19,494)	(\$5,845)
(Benefit) Provision	\$50	(\$17,537)	\$50	(\$17,472)
Other (Income) Expense	\$104	(\$582)	\$352	(\$395)
Change in Warrant Derivative Liability	\$0	(\$349)	(\$717)	(\$270)
Non-Cash Consideration Associated with Stock Purchase Agreement	\$0	\$0	\$0	\$558
Interest Expense	\$3,289	\$2,803	\$12,263	\$10,949
Acquisition and Integration Related Expenses	\$132	\$0	\$1,401	\$234
Extinguishment of Debt	\$0	\$1,079	\$0	\$4,936
Impairment of Assets	\$0	\$0	\$0	(\$2,345)
Non-Cash Compensation	\$0	\$163	\$523	\$794
Depreciation & Amortization	\$1,690	\$2,485	\$7,242	\$8,823
One Time Inventory Reserves and Accounts Receivables Allowances	\$426	\$0	\$426	\$0
Adjusted EBITDA Gain (Loss)	\$1,153	(\$350)	\$2,047	(\$33)

Balance Sheet; Cash Position

Consolidated Balance Sheet, (\$000's) • Actual Results

	As of December 30, 2016	As of December 31, 2015
Cash & Cash Equivalents	\$2,578	\$6,368
Total Current Assets	\$48,986	\$45,040
Total Assets	\$144,102	\$141,027
Total Liabilities	\$151,175	\$132,151
Total Stockholders' Equity (Deficit)	(\$7,073)	\$8,877

Incremental Contribution Margin After Breakeven

➤ Breakeven profitability is defined as EBITDA less cash based interest expense

➤ 2017 Break Even revenues occur at approximately \$25M per quarter

➤ After break even, on an incremental basis the Company anticipates approximately 42% of profitable contribution margin

(\$000's)

Incremental Contribution Margin

Quarterly Revenue	\$1,000
Gross Profit	\$750
Gross Margin	75.0%
Commissions	\$330
All Other Operations & Cash-Based Interest Expense	\$0
Income From Operations	\$420
Operating Margin	42%

Path to Free Cash Flow

- Increase quarterly revenues to \$25 million to achieve breakeven
- Continued discipline in reducing operating expenses to drive efficiencies of the business model
- Strong controls over inventory and instrument purchases to ensure that working capital investments are in line with revenue expectations
- Continued timely collection of accounts receivable with minimal bad debts

2017 Outlook

(\$000's)	Full Year 2015	Full Year 2016	Full Year 2017 Guidance		
Revenue	\$86,518	\$90,003	\$96,000	-	\$98,000
Growth		4%	6.7%	-	8.9%
Adjusted EBITDA**	\$2,000	\$2,800	\$6,900	-	\$7,700

Growth Drivers

Tremendous Growth Ahead of Us

- Increasing portfolio selling contribution from 8% to 10%-12% of revenue
- Revenue acceleration from New Products announced in the last 12 months
- Focus on operational excellence to drive bottom line

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