

Xtant Medical Holdings

NYSE: XTNT

Fourth Quarter and Year End 2017 Conference Call

April 3rd, 2018

Important Cautions

Regarding Forward Looking Statements

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

Financial Overview

Financial Overview

Unaudited Summary

(000's)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Revenue	\$ 19,332	\$ 24,471	\$ 82,513	\$ 89,388
Gross Profit	10,293	17,510	50,101	62,293
Gross Margin	53.2%	71.6%	60.6%	69.2%
Net Gain (Loss) From Operations	(24,296)	(1,157)	(37,834)	(7,545)
Net Income (Loss)	(28,420)	(4,487)	(52,411)	(19,494)
Adjusted EBITDA Gain (Loss)	\$ (1,109)	\$ 727	\$ (1,881)	\$ 1,621

Reconciliation of Adjusted EBITDA

Fourth Quarter & Full Year 2017 and 2016 Unaudited Summary (\$000's)

(000's)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net loss	\$ (28,420)	\$ (4,536)	\$ (52,411)	\$ (19,493)
Other (income) expense	11	154	11	402
Depreciation & amortization	2,418	1,690	8,684	7,242
Interest expense	4,166	3,288	14,704	12,263
EBITDA gain (loss)	\$ (21,825)	\$ 596	\$ (29,012)	\$ 414
Impairment intangible assets	17,586	0	17,586	0
Restructuring expenses	1,853	0	4,680	0
Separation related expenses	505	0	1,901	0
Litigation reserve	0	0	1,342	0
Impairment surgical instruments	552	0	1,322	0
Non-cash compensation	(5)	0	212	522
Dayton transition costs	290	0	290	0
Acquisition and integration related expenses	0	131	0	1,401
Change in warrant derivative liability	(65)	0	(202)	(716)
Adjusted EBITDA gain (loss)	\$ (1,109)	\$ 727	\$ (1,881)	\$ 1,621

Balance Sheet; Cash Position

Consolidated Balance Sheet, (\$000's)

	As of December 31, 2017 (Unaudited)	As of December 31, 2016 Audited
Cash & Cash Equivalents	\$ 2,856	\$ 2,578
Total Current Assets	39,505	48,986
Total Assets	105,705	144,102
Total Liabilities	164,404	151,175
Total Liabilities & Stockholders' Equity	\$ 105,705	\$ 144,102

Transforming for Operational Excellence

- Shifting away from unprofitable distributor relationships and reducing excessive commission rates.
- Long-term, pursuing better margins and profitable growth opportunities
- Biologics revenue grew in 2017 compared to 2016.

Key Areas of Focus

1

Operational Excellence &
Inventory Utilization

2

Strategic Positioning for
Market Leadership

3

Sales Channel
Optimization

Inventory & Instruments Optimization Project

- Freeing cash by reducing existing inventory and instrument levels
- Optimizing future inventory needs without negatively impacting delivery to customer

\$2M

Annual cost savings

- Successful transition from Dayton facility ahead of schedule
- No cases missed as a result of the consolidation
- Allows for streamlining of order processing going forward

400+

**Independent
Distribution Partners**

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

OUS Business

- OUS revenue was 3.5% of total annual 2017 revenue
- 20% growth in LATAM
- 50%+ growth in South Africa
- 100%+ growth in South Korea
- OUS will be a key focus in 2018 & beyond

2018 Initiatives

- Continued focus on operational excellence
- Driving margins for profitable growth
- Further enhancing sales channel optimization strategies
- Developing a refined, integrated product strategy

XTANT MEDICAL

Thank You



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