

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34951

XTANT MEDICAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-5313323

(I.R.S. 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)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock, par value \$0.000001 per share, of registrant outstanding at May 10, 2024: 130,216,541.

XTANT MEDICAL HOLDINGS, INC.
FORM 10-Q
March 31, 2024

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This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by those sections. For more information, see "Cautionary Statement Regarding Forward-Looking Statements."

As used in this report, unless the context indicates another meaning, the terms "we," "us," "our," "Xtant," "Xtant Medical," and the "Company" mean Xtant Medical Holdings, Inc. and its wholly owned subsidiaries, all of which are consolidated on Xtant's condensed consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

We own various unregistered trademarks and service marks, including our corporate logo. Solely for convenience, the trademarks and trade names in this report are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that the owner of such trademarks and trade names will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend the use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

We include our website address throughout this report for reference only. The information contained on or connected to our website is not incorporated by reference into this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions, or strategies regarding the future. In addition, any statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “should,” and “would,” as well as similar expressions, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward looking. Forward-looking statements in this Form 10-Q may include, for example, statements about the topics below and are subject to risks and uncertainties including without limitation those described below:

- the anticipated adverse impact on our future revenues and financial results of a current shortage in the stem cells used to produce our OsteoVive product;
- our ability to integrate the products acquired as part of the acquisition of Surgalign SPV, Inc., the acquisition of certain assets and liabilities of Surgalign Holdings, Inc., and the acquisition of certain assets of RTI Surgical, Inc. and achieve future sales of those products as anticipated, and other risks associated with those acquisitions and any future business combinations or acquisitions we may pursue;
- risks associated with our international operations, including but not limited to the effect of foreign currency exchange rate fluctuations and compliance with foreign legal and regulatory requirements, current and future wars, related sanctions and geopolitical tensions, political risks associated with the potential instability of governments and legal systems in countries in which we or our customers or suppliers conduct business, and other potential conflicts;
- our ability to operate in international markets and effectively manage our international subsidiaries, which require management attention and financial resources;
- our ability to navigate manufacturing challenges related to the production of biologics products;
- our ability to retain and expand our agreements with group purchasing organizations (“GPOs”) and independent delivery networks (“IDNs”) and sell products to members of such GPOs and IDNs;
- the effect of inflation and supply chain disruptions, which could result in delayed product launches, lost revenue, higher costs, decreased profit margins, and other adverse effects on our business and operating results;
- the effect of labor and staffing shortages at hospitals and other medical facilities on the number of elective procedures in which our products are used and as a result our revenues, as well as global and local labor shortages and loss of personnel, which have adversely affected and may continue to adversely affect our ability to produce product to meet demand;
- our ability to remain competitive;
- our ability to rebrand and integrate acquired products with our existing product line;
- our ability to innovate, develop, introduce and market new products and technologies and the success of such new products and technologies, including our recently launched amniotic membrane allografts, SimpliGraft™ and SimpliMax™;
- the effect of our private label and original equipment manufacturer (“OEM”) business on our business and operating results and risks associated therewith, including fluctuations in our operating results and decreased profit margins;

- our ability and success in implementing key growth and process improvement initiatives designed to increase our production capacity, revenue and scale and risks associated with such growth and process improvement initiatives;
- our dependence on and ability to retain and recruit independent sales agents and distributors and motivate and incentivize them to sell our products, including in particular our dependence on key independent agents for a significant portion of our revenue;
- the ability of our sales personnel, including our independent sales agents and distributors, to achieve expected results;
- our reliance on third party suppliers and manufacturers;
- the effect of product liability claims and other litigation to which we may be subjected and product recalls and defects;
- the effect of COVID-19 and other infectious diseases on our business, operating results and financial condition; the effect of fluctuations in foreign currency exchange rates on our earnings and our foreign currency translation adjustments;
- risks associated with and the effect of a shift in procedures using our products from hospitals to ambulatory surgical centers, which would put pressure on the price of our products and margins;
- our ability to obtain and maintain regulatory approvals in the United States and abroad and the effect of government regulations and our compliance with government regulations;
- the ability of our clinical trials to demonstrate competent and reliable evidence of the safety and effectiveness of our products;
- our ability to remain accredited with the American Association of Tissue Banks and continue to obtain a sufficient number of donor cadavers for our products;
- our ability to obtain and maintain government and third-party coverage and reimbursement for our products;
- our ability to attract, retain and engage qualified technical, sales and processing personnel and members of our management team, especially in light of a tight labor market and increasing cost of living in and around the Belgrade, Montana area;
- our ability to maintain sufficient liquidity to fund our operations and obtain financing on reasonable terms when needed and the effect of such additional financing on our business, results of operations, financial condition and stockholders;
- our ability to service our debt and comply with the covenants in our credit agreements and the effect of our significant indebtedness on our business, results of operations, financial condition and prospects;
- our expectations regarding operating trends, future financial performance and expense management and our estimates of our future revenue, expenses, ongoing losses, gross margins, operating leverage, capital requirements and our need for, or ability to obtain, additional financing and the availability of our credit facilities;
- our ability to effectively remediate our outstanding material weaknesses and maintain effective internal control over financial reporting;
- our ability to obtain and protect our intellectual property and proprietary rights and operate without infringing the intellectual property rights of others;
- our ability to maintain our stock listing on the NYSE American Exchange;
- risks inherent in being a controlled company; and
- the effect of a global economic slowdown, rising interest rates and the prospects for recession, a possible U.S. government shutdown, as well as past and potential future disruptions in access to bank deposits or lending commitments due to bank failures, which could materially and adversely affect our revenue, liquidity, financial condition and results of operations.

The forward-looking statements contained in this Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties, or assumptions, many of which are beyond our control, which may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the “*Risk Factors*” section of our Annual Report on Form 10-K for the year ended December 31, 2023 and this Form 10-Q.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except number of shares and par value)

	As of March 31, 2024 (Unaudited)	As of December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,547	\$ 5,715
Restricted cash	77	208
Trade accounts receivable, net of allowance for credit losses and doubtful accounts of \$954 and \$920, respectively	21,484	20,731
Inventories	38,724	36,885
Prepaid and other current assets	1,709	1,330
Total current assets	66,541	64,869
Property and equipment, net	8,867	8,692
Right-of-use asset, net	1,437	1,523
Goodwill	7,302	7,302
Intangible assets, net	9,652	10,085
Other assets	132	141
Total Assets	\$ 93,931	\$ 92,612
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 7,378	\$ 7,054
Accrued liabilities	9,875	10,419
Current portion of lease liability	853	830
Current portion of finance lease obligations	66	65
Line of credit	10,270	4,622
Total current liabilities	28,442	22,990
Long-term Liabilities:		
Lease liability, less current portion	644	759
Finance lease obligation, less current portion	99	116
Long-term debt, plus premium and less issuance costs	16,826	17,167
Other liabilities	240	231
Total Liabilities	46,251	41,263
Commitments and Contingencies (note 14)		
Stockholders' Equity:		
Preferred stock, \$0.000001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.000001 par value; 300,000,000 shares authorized; 130,216,541 shares issued and outstanding as of March 31, 2024 and 130,180,031 shares issued and outstanding as of December 31, 2023	—	—
Additional paid-in capital	295,223	294,330
Accumulated other comprehensive (loss) income	(133)	29
Accumulated deficit	(247,410)	(243,010)
Total Stockholders' Equity	47,680	51,349
Total Liabilities & Stockholders' Equity	\$ 93,931	\$ 92,612

See notes to unaudited condensed consolidated financial statements.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except number of shares and per share amounts)

	Three Months Ended	
	March 31,	
	2024	2023
Revenue	\$ 27,873	\$ 17,943
Cost of sales	10,571	7,407
Gross Profit	17,302	10,536
Operating Expenses		
General and administrative	7,785	4,884
Sales and marketing	12,460	7,054
Research and development	527	174
Total Operating Expenses	20,772	12,112
Loss from Operations	(3,470)	(1,576)
Other Expense		
Interest expense	(835)	(575)
Interest income	—	86
Unrealized foreign currency translation loss	(39)	—
Other income	12	—
Total Other Expense	(862)	(489)
Net Loss from Operations Before Provision for Income Taxes	(4,332)	(2,065)
Provision for Income Taxes Current and Deferred	(68)	(13)
Net Loss	\$ (4,400)	\$ (2,078)
Net Loss Per Share:		
Basic	\$ (0.03)	\$ (0.02)
Dilutive	\$ (0.03)	\$ (0.02)
Shares used in the computation:		
Basic	130,201,251	108,893,588
Dilutive	130,201,251	108,893,588

See notes to unaudited condensed consolidated financial statements.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited, in thousands)

	Three Months Ended	
	March 31,	
	2024	2023
Net Loss	\$ (4,400)	\$ (2,078)
Other Comprehensive Loss		
Foreign currency translation adjustments	(162)	—
Comprehensive Loss	<u>\$ (4,562)</u>	<u>\$ (2,078)</u>

See notes to unaudited condensed consolidated financial statements.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Equity
(Unaudited, in thousands, except number of shares)

	Common Stock		Additional Paid-In- Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	108,874,803	\$ —	\$ 277,841	\$ —	\$ (243,670)	\$ 34,171
Common stock issued on vesting of restricted stock units	22,245	—	—	—	—	—
Stock-based compensation	—	—	617	—	—	617
Net loss	—	—	—	—	(2,078)	(2,078)
Balance at March 31, 2023	<u>108,897,048</u>	<u>—</u>	<u>278,458</u>	<u>—</u>	<u>(245,748)</u>	<u>32,710</u>
Balance at December 31, 2023	130,180,031	\$ —	\$ 294,330	\$ 29	\$ (243,010)	\$ 51,349
Common stock issued on vesting of restricted stock units	44,496	—	—	—	—	—
Withholding on common stock upon vesting of restricted stock units	(7,986)	—	(17)	—	—	(17)
Stock-based compensation	—	—	910	—	—	910
Foreign currency translation adjustment	—	—	—	(162)	—	(162)
Net loss	—	—	—	—	(4,400)	(4,400)
Balance at March 31, 2024	<u>130,216,541</u>	<u>—</u>	<u>295,223</u>	<u>(133)</u>	<u>(247,410)</u>	<u>47,680</u>

See notes to unaudited condensed consolidated financial statements.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2024	2023
Operating activities:		
Net loss	\$ (4,400)	\$ (2,078)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,005	471
Gain on sale of fixed assets	(82)	(11)
Non-cash interest	95	61
Stock-based compensation	910	617
Provision for reserve on accounts receivable	88	106
Provision for excess and obsolete inventory	259	90
Other	3	2
Changes in operating assets and liabilities, net of the effects of the acquisition:		
Accounts receivable	(879)	(1,155)
Inventories	(2,195)	(309)
Prepaid and other assets	(376)	(68)
Accounts payable	492	(69)
Accrued liabilities	(675)	98
Net cash used in operating activities	<u>(5,755)</u>	<u>(2,245)</u>
Investing activities:		
Purchases of property and equipment	(773)	(456)
Proceeds from sale of fixed assets	99	35
Acquisition of Suralign SPV, Inc.	—	(17,000)
Net cash used in investing activities	<u>(674)</u>	<u>(17,421)</u>
Financing activities:		
Payments on financing leases	(16)	(15)
Borrowings on line of credit	30,445	16,495
Repayments on line of credit	(24,797)	(16,871)
Proceeds from issuance of long term debt	—	5,000
Debt issuance costs	(436)	(40)
Payment of taxes from withholding of common stock on vesting of restricted stock units	(17)	—
Net cash provided by financing activities	<u>5,179</u>	<u>4,569</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(49)	—
Net change in cash and cash equivalents and restricted cash	<u>(1,299)</u>	<u>(15,097)</u>
Cash and cash equivalents and restricted cash at beginning of period	5,923	20,507
Cash and cash equivalents and restricted cash at end of period	<u>\$ 4,624</u>	<u>\$ 5,410</u>
Reconciliation of cash and cash equivalents and restricted cash reported in the condensed consolidated balance sheets		
Cash and cash equivalents	\$ 4,547	\$ 5,176
Restricted cash	77	234
Total cash and restricted cash reported in condensed consolidated balance sheets	<u>\$ 4,624</u>	<u>\$ 5,410</u>

See notes to unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

(I) Business Description, Basis of Presentation and Summary of Significant Accounting Policies

Business Description and Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Xtant Medical Holdings, Inc. (“Xtant”), a Delaware corporation, and its wholly owned subsidiaries, which are jointly referred to herein as “Xtant” or the “Company”. The terms “we,” “us” and “our” also refer to Xtant. All intercompany balances and transactions have been eliminated in consolidation.

Xtant 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.

The accompanying condensed consolidated balance sheet as of December 31, 2023, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. They do not include all disclosures required by generally accepted accounting principles for annual consolidated financial statements, but in the opinion of management include all adjustments, consisting only of normal recurring items, necessary for a fair presentation.

Interim results are not necessarily indicative of results that may be achieved in the future for the full year ending December 31, 2024.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, which are included in Xtant’s Annual Report on Form 10-K for the year ended December 31, 2023. The accounting policies set forth in those annual consolidated financial statements are the same as the accounting policies utilized in the preparation of these condensed consolidated financial statements, except as modified for appropriate interim consolidated financial statement presentation.

Liquidity

Since our inception, we have financed our operations through primarily operating cash flows, private placements of equity securities and convertible debt, debt facilities, common stock rights offerings, and other debt transactions. For the three months ended March 31, 2024, we incurred a net loss of \$4.4 million and negative cash flows from operating activities of \$5.8 million. We believe that our \$4.6 million of cash and cash equivalents as of March 31, 2024, together with our anticipated operating cash flows and amounts available under our recently amended credit facilities, including additional term loan borrowings of \$5.0 million on May 14, 2024, as discussed further in Note 11, “*Debt*,” will be sufficient to meet our anticipated cash requirements through at least May 2025. However, we may require or seek additional capital to fund our future operations and business strategy prior to May 2025. Accordingly, there is no assurance that we will not need or seek additional financing prior to such time. Additionally, we can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This is particularly true if economic and market conditions deteriorate or our business, financial performance or prospects deteriorate. In addition, prior to raising additional equity or debt financing, we may be required to obtain the consent of MidCap Financial Trust and MidCap Funding IV Trust under our Credit Agreements and/or OrbiMed Royalty Opportunities II, LP (“Royalty Opportunities”) and ROS Acquisition Offshore LP (“ROS”) under our Investor Rights Agreement with them, and no assurance can be provided that they would provide such consent, which could limit our ability to raise additional financing and the terms thereof.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant estimates include the carrying amount of property and equipment; goodwill, intangible assets and liabilities; valuation allowances for trade receivables, inventory, deferred income tax assets and liabilities; current and long-term lease obligations and corresponding right-of-use asset; estimates for the fair value of assets acquired as part of business combinations; and estimates for the fair value of long-term debt, stock options and other equity awards upon which the Company determines stock-based compensation expense. Actual results could differ from those estimates.

Restricted Cash

Cash and cash equivalents classified as restricted cash on the Company's condensed consolidated balance sheets are restricted as to withdrawal or use under the terms of certain contractual agreements. The March 31, 2024 and December 31, 2023 balances included lockbox deposits that are temporarily restricted due to timing at the period end. The lockbox deposits are applied against the Company's line of credit the next business day.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash, cash equivalents and restricted cash. The Company maintains its cash balances primarily with two financial institutions. These balances generally exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. No impairments of long-lived assets were recorded for the three months ended March 31, 2024 and 2023.

Goodwill

Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have indefinite useful lives are not amortized. Instead, they are tested for impairment at least annually, and whenever events or circumstances indicate, the carrying amount of the asset may not be recoverable. No impairments of goodwill were recorded for the three months ended March 31, 2024 and 2023.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. Diluted net loss per share is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive shares of common stock outstanding during the period, which include the assumed exercise of stock options and warrants using the treasury stock method. Our diluted earnings per share is the same as basic earnings per share, as the effects of including 17,063,298 and 19,194,404 outstanding stock options, restricted stock units and warrants for the three months ended March 31, 2024 and 2023, respectively, are anti-dilutive.

Foreign Currency

The Company generates revenues outside the United States in multiple foreign currencies including euros, Swiss francs, British pounds and in U.S. dollar-denominated transactions conducted with customers who generate revenue in currencies other than the U.S. dollar. The Company also incurs operating expenses in euros, Swiss francs and British pounds. All assets and liabilities of foreign subsidiaries which have a functional currency other than the U.S. dollar are translated at the rate of exchange at period-end, while elements of the income statement are translated at the average exchange rates in effect during the period. The net effect of these translation adjustments is shown as a component of accumulated other comprehensive income. Foreign currency transaction gains and losses are reported in other income, net.

Fair Value of Financial Instruments

The carrying values of financial instruments, including trade accounts receivable, accounts payable, accrued liabilities and long-term debt, approximate their fair values based on terms and related interest rates as of March 31, 2024 and December 31, 2023.

(2) Acquisition of Coflex and CoFix Product Lines

On February 28, 2023, the Company entered into an Equity Purchase Agreement (the “Equity Purchase Agreement”) with Surgalign SPV, Inc. (“Surgalign SPV”), a wholly owned subsidiary of Surgalign Spine Technologies, Inc., (“Seller”), Seller and Surgalign Holdings, Inc., pursuant to which the Company purchased all of the issued and outstanding shares of common stock of Surgalign SPV, which shares constituted all of the outstanding equity of Surgalign SPV, for an aggregate purchase price of \$17.0 million in cash (the “Purchase Price”). The closing contemplated by the Equity Purchase Agreement occurred on February 28, 2023 (the “Closing”).

Immediately prior to the Closing, Seller and its affiliates transferred and assigned to Surgalign SPV, a newly formed entity wholly owned by Seller, certain intellectual property, contractual rights and other assets related to the design, manufacture, sale and distribution of Seller’s Coflex and CoFix products in the United States (the “Coflex Business”). The Coflex and CoFix products have been approved by the U.S. Food and Drug Administration for the treatment of moderate to severe lumbar spinal stenosis in conjunction with decompression and provide minimally invasive, motion preserving stabilization.

In conjunction with the Equity Purchase Agreement, on February 28, 2023, the Company entered into a Transition Services Agreement with Surgalign SVP and Seller, whereby Seller agreed to provide, or cause to be provided, to the Company on and after the effective date of the Equity Purchase Agreement, after giving effect to the Closing, certain transitional services related to the transition of the Coflex Business.

The Company funded the Purchase Price with cash on hand and approximately \$5.0 million of indebtedness incurred under our term loan, refer to Note 11, “Debt,” for additional information.

The Company recorded the purchase of this acquisition using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the allocation of the total consideration for Surgalign SPV’s assets and liabilities based on management’s estimates of their respective fair values as of February 28, 2023 (in thousands):

Inventories	\$	1,589
Equipment		947
Intangible assets		10,940
Net assets acquired		13,476
Goodwill		3,524
Total purchase consideration	\$	17,000

The acquisition was recorded by allocating the costs of the net assets acquired based on their estimated fair values at the acquisition date. The fair values were based on management’s analysis, including work performed by third-party valuation specialists.

The acquisition strengthened the Company’s spine portfolio with the addition of the Coflex Business. Coflex is a differentiated and minimally invasive motion preserving stabilization implant that is premarket approved by the U.S. Food and Drug Administration for the treatment of moderate to severe lumbar spinal stenosis in conjunction with decompression. This potential benefit resulted in the Company paying a premium for the acquisition resulting in the recognition of \$3.5 million in goodwill. For tax purposes, goodwill is deductible.

(3) Acquisition of Surgalign Holdings, Inc.'s Hardware and Biologics Business

On August 10, 2023, the Company completed the acquisition (the "Transaction") of the assets of Surgalign Holdings, Inc. ("Surgalign Holdings"), and its subsidiaries used in Surgalign Holdings' hardware and biologics business. The acquired assets included specified inventory, intellectual property and intellectual property rights, contracts, equipment and other personal property, records, the outstanding equity securities of Surgalign Holdings' international subsidiaries, and intangibles that were related to Surgalign Holdings' hardware and biologics business (collectively, the "Assets"). As part of the Transaction, the Company assumed and certain specified liabilities of Surgalign Holdings (collectively, the "Liabilities"), all pursuant to the Asset Purchase Agreement, dated June 18, 2023, between Surgalign Holdings and us (as amended, the "Asset Purchase Agreement").

The Transaction was conducted through a process supervised by the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "Bankruptcy Court") in connection with Surgalign Holdings' bankruptcy proceedings; and therefore, the Company acquired the Assets with limited representations and warranties. The Bankruptcy Court issued a Sale Order on August 9, 2023 approving and authorizing the Transaction. The Company funded the purchase price of \$5.0 million, plus Liabilities, with cash on hand.

The Company recorded the purchase of the Transaction using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the preliminary allocation of the total consideration for Surgalign Holdings' assets and liabilities based on management's estimates of their respective fair values as of August 10, 2023 (in thousands):

Cash	\$	1,087
Accounts receivable		1,627
Inventories		15,300
Prepays and other current assets		825
Equipment		2,067
Right-of-use asset		576
Accounts payable		(530)
Accrued liabilities		(1,170)
Current portion of lease liability		(238)
Lease liability, less current portion		(338)
Net assets acquired		<u>19,206</u>
Bargain purchase gain		(11,694)
Deferred tax liability		<u>(1,922)</u>
Total purchase consideration	\$	<u><u>5,590</u></u>

The Transaction was recorded by allocating the costs of the net assets acquired based on their estimated fair values at the acquisition date. The fair values were based on management's analysis, including work performed by third-party valuation specialists. These values changed from those previously reported in our Form 10-Q for the three and nine months ended September 30, 2023 for adjustments to the valuation related to assumed future cash flows and inventory utilization which ultimately affected values associated with inventories and equipment.

Accounting Standards Codification ("ASC") 805, *Business Combinations*, requires that any excess of purchase price over the fair value of assets acquired, including identifiable intangibles and liabilities assumed, be recognized as goodwill and any excess of fair value of acquired net assets, including identifiable intangible assets over the acquisition consideration, results in a gain from bargain purchase. Prior to recording a gain, the acquiring entity must reassess whether all assets acquired and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued. The Transaction resulted in a gain on bargain purchase due to the estimated fair value of the identifiable net assets acquired exceeding the purchase consideration transferred by \$11.7 million and is shown as a gain on bargain purchase on our consolidated statement of operations. Upon completion of our assessment, the Company concluded that recording a gain on bargain purchase was appropriate and required under ASC 805. The bargain purchase was primarily attributable to the Transaction occurring as part of bankruptcy proceedings.

The Company believes that the Transaction will strengthen our growing orthobiologics and spinal fusion device portfolio, while expanding the Company's commercial footprint with new contracts and distributors.

(4) Acquisition of NanOss Production Operations

On October 23, 2023, the Company acquired the nanOss production operations from RTI Surgical, Inc. ("RTI") pursuant to an Asset Purchase Agreement dated October 23, 2023 between the Company and RTI (the "Asset Purchase Agreement"). Under the terms of the Asset Purchase Agreement, the Company acquired certain assets, including equipment and inventory, used in RTI's synthetic bone graft business and assumed from RTI the lease for the nanOss production facility located in Greenville, North Carolina. The purchase price for the assets was \$2 million in cash on hand plus \$0.2 million of contingent payments based on future sales of next generation nanOss products. The Company previously acquired nanOss distribution rights and certain nanOss intellectual property with the acquisition of assets related to the biologics and spinal fixation business of Surgalign Holdings, Inc. in August 2023. The potential benefit associated with the improved economics of internal production of nanOss products resulted in the Company paying a premium for the acquisition resulting in the recognition of \$0.6 million of goodwill. For tax purposes, goodwill is deductible.

The Company recorded the purchase of this acquisition using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the allocation of the total consideration for certain RTI assets based on management's estimates of their respective fair values as of October 23, 2023 (in thousands):

Inventories	\$	1,150
Fixed assets		267
Intangible assets		220
Net assets acquired		<u>1,637</u>
Goodwill		<u>573</u>
Total preliminary purchase consideration		<u><u>2,210</u></u>

The following unaudited pro forma combined financial information summarizes the results of operations for the periods indicated as if the acquisition of the assets of Surgalign Holdings, Inc., the acquisition of Surgalign SPV, Inc. and the acquisition of nanOss production operations from RTI Surgical, Inc. had been completed as of January 1, 2023 (in thousands):

	Three Months Ended March 31, 2023
Revenues	\$ 34,631
Net loss	(3,607)

Pro forma information reflects adjustments that are expected to have a continuing impact on the Company's results of operations and are directly attributable to the acquisition of the assets of Surgalign Holdings, Inc., the acquisition of Surgalign SPV, Inc. and the acquisition of nanOss production operations from RTI Surgical, Inc. The unaudited pro forma results include adjustments to reflect the amortization of the inventory step-up and the incremental intangible asset amortization to be incurred based on the preliminary values of each identifiable intangible asset. The pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the transactions had occurred as of January 1, 2023 or that may be obtained in the future, and do not reflect future synergies, integration costs, or other such costs or savings.

(5) Revenue

In the United States, the Company generates most of its revenue from independent commissioned sales agents. The Company consigns its orthobiologics products to hospitals and consign or loans its spinal implant sets to independent sales agents. The spinal implant sets typically contain the instruments, disposables, and spinal implants required to complete a surgery. Consigned sets are managed by the sales agent to service hospitals that are high volume users for multiple procedures.

The Company ships replacement inventory to independent sales agents to replace the consigned inventory used in surgeries. Loaned sets are returned to the Company's distribution center, replenished, and made available to sales agents for the next surgical procedure.

For each surgical procedure, the sales agent reports use of the product by the hospital and, as soon as practicable thereafter, ensures that the hospital provides a purchase order to the Company. Revenue is recognized upon utilization of product.

Additionally, the Company sells product directly to domestic and international stocking resellers, original equipment manufacturer resellers and private label resellers. Upon receipt and acceptance of a purchase order from a stocking reseller, the Company ships product and invoices the reseller. The Company recognizes revenue when the control is transferred upon shipment or upon delivery, based on the customer contract terms and legal requirements, and the transfer of title and risk of loss occurs. There is generally no customer acceptance or other condition that prevents the Company from recognizing revenue in accordance with the delivery terms for these sales transactions. In the normal course of business, the Company accepts returns of product that have not been implanted. Product returns are not material to the Company's consolidated statements of operations. The Company accounts for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. The Company's policy is to record revenue net of any applicable sales, use, or excise taxes. Payment terms are generally net 30 days from invoice date and some customers are offered discounts for early pay. The consideration for goods or services reflects any fixed amount stated per the contract and estimates for any variable consideration, such as returns, discounts or rebates, to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. For certain sales transactions, we incur GPO fees that are based on a contractual percentage of applicable sales and are treated as consideration payable to a customer and recorded as a reduction of revenue.

The Company operates in one reportable segment with its net revenue derived primarily from the sale of orthobiologics and spinal implant products across North America, Europe, Asia Pacific, and Latin America. Sales are reported net of returns, discounts and rebates. The following table presents revenues from these product lines for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31, 2024	Percentage of Total Revenue	Three Months Ended March 31, 2023	Percentage of Total Revenue
Orthobiologics	\$ 15,416	55%	\$ 13,552	76%
Spinal implant	12,457	45%	4,391	24%
Total revenue	<u>\$ 27,873</u>	<u>100%</u>	<u>\$ 17,943</u>	<u>100%</u>

(6) Receivables

The Company's provision for current expected credit loss is determined based on historical collection experience adjusted for current economic conditions affecting collectability. Actual customer collections could differ from estimates. Account balances are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions to the allowance for credit losses are charged to expense.

(7) Inventories

Inventories consist of the following (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	\$ 7,021	\$ 7,269
Work in process	2,137	1,562
Finished goods	29,566	28,054
Total	<u>\$ 38,724</u>	<u>\$ 36,885</u>

(8) Property and Equipment, Net

Property and equipment, net are as follows (in thousands):

	March 31, 2024	December 31, 2023
Equipment	\$ 6,959	\$ 6,858
Computer equipment	1,354	1,330
Computer software	399	230
Leasehold improvements	4,355	4,347
Surgical instruments	15,401	14,648
Assets not yet in service	883	959
Total cost	<u>29,351</u>	<u>28,372</u>
Less: accumulated depreciation	<u>(20,484)</u>	<u>(19,680)</u>
Property and equipment, net	<u>\$ 8,867</u>	<u>\$ 8,692</u>

Depreciation expense related to property and equipment, including property under finance leases, for the first three months of 2024 and 2023 was \$0.6 million and \$0.3 million, respectively.

(9) Intangible Assets

The following table sets forth information regarding intangible assets (in thousands):

March 31, 2024:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	11 years	\$ 2,777	\$ (741)	\$ 2,036
Customer List	6 years	8,000	(1,445)	6,555
Tradenames	10 years	1,190	(129)	1,061
		<u>\$ 11,967</u>	<u>\$ (2,315)</u>	<u>\$ 9,652</u>
December 31, 2023:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	11 years	\$ 2,777	\$ (672)	\$ 2,105
Customer List	6 years	8,000	(1,111)	6,889
Tradenames	10 years	1,190	(99)	1,091
		<u>\$ 11,967</u>	<u>\$ (1,882)</u>	<u>\$ 10,085</u>

Amortization expense was \$0.4 million and \$0.1 million for the three months ended March 31, 2024 and 2023, respectively.

(10) Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	March 31, 2024	December 31, 2023
Cash compensation/commissions payable	\$ 8,549	\$ 8,890
Other accrued liabilities	1,326	1,529
Accrued liabilities	<u>\$ 9,875</u>	<u>\$ 10,419</u>

(11) Debt

Long-term debt consists of the following (in thousands):

	March 31, 2024	December 31, 2023
Amounts due under term loan	\$ 17,000	\$ 17,000
Accrued end-of-term payments	170	456
Less: unamortized debt issuance costs	(344)	(289)
Long-term debt, less issuance costs	<u>\$ 16,826</u>	<u>\$ 17,167</u>

On March 7, 2024, the Company's term credit agreement was amended and restated to, among other things, extend the maturity date to March 1, 2029. An additional \$10.0 million tranche, available solely at the discretion of MidCap Financial Trust and the lenders, was added to the term credit agreement and the applicable margin used to determine the per annum interest rate was reduced from 7.00% to 6.50%. The date of certain fees payable in connection with optional prepayments were also reset by the amendment to be determined based on the date the amendment. The Company's revolving credit agreement was also amended and restated on March 7, 2024, to among other things, increase the commitment amount from \$8.0 million to \$17.0 million. The maturity of the revolving credit agreement was also extended to March 1, 2029. Minimum net product revenue requirements specified in the credit agreements were reset and minimum adjusted EBITDA requirements were removed.

The effective rate of the term loan, inclusive of amortization of debt issuance costs and accretion of the final payment, was 13.59% as of March 31, 2024. The effective rate of the revolving credit agreement was 9.94% as of March 31, 2024. As of March 31, 2024, the Company had \$6.7 million available under the revolving credit agreement and was in compliance with all covenants under the credit agreements.

On May 14, 2024, the term credit agreement was amended to increase the amount of term loans that may be borrowed by \$5.0 million to a maximum of \$22.0 million, which are fully drawn as of May 14, 2024. In addition, the amendments to the term credit agreement and revolving credit agreement re-set the date certain fees payable in connection with optional prepayments are determined to May 14, 2024 and consequently extend such fees' original expiration. The exit fees were increased by 2.50% to 6.50% of the principal amount borrowed pursuant to the term credit agreement. The terms of borrowing under the term credit agreement and revolving credit agreement otherwise remain materially unchanged.

(12) Stock-Based Compensation

On July 26, 2023, our stockholders approved and adopted the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan (the "2023 Plan"), which replaced the Xtant Medical Holdings, Inc. 2018 Equity Incentive Plan (the "2018 Plan") with respect to future grants of equity awards, although the 2018 Plan continues to govern equity awards granted under the 2018 Plan. The 2023 Plan permits the Board of Directors, or a committee 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. The Board of Directors may select 2023 Plan participants and determine the nature and amount of awards to be granted. The maximum number of shares of our common stock available for issuance under the 2023 Plan, subject to adjustment pursuant to the terms of the 2023 Plan, is (i) 5,500,000 shares of common stock; (ii) 7,695,812 shares of common stock remaining available for issuance under the 2018 Plan but not subject to outstanding awards under the 2018 Plan as of July 26, 2023; and (iii) up to 6,686,090 shares of common stock subject to awards outstanding under the 2018 Plan as of July 26, 2023 but only to the extent such awards are subsequently forfeited, cancelled, expire, or otherwise terminate without the issuance of such shares of common stock after such date.

Stock option activity, including options granted under the 2023 Plan and 2018 Plan, was as follows for the three months ended March 31, 2024 and 2023:

	2024			2023		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (years)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (years)
Outstanding at January 1	4,875,828	1.31		3,360,664	1.51	
Granted	—	—		105,000	0.77	
Cancelled or expired	—	—		(74,627)	0.64	
Outstanding at March 31	4,875,828	1.31	7.72	3,391,037	1.50	8.0
Exercisable at March 31	2,221,703	1.48	6.75	1,387,378	1.98	7.5

As of March 31, 2024, there was approximately \$2.0 million of total unrecognized compensation expense related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 2.5 years.

Restricted stock unit activity for awards granted under the 2023 Plan and 2018 Plan was as follows for the three months ended March 31, 2024 and 2023:

	2024		2023	
	Shares	Weighted Average Fair Value at Grant Date Per Share	Shares	Weighted Average Fair Value at Grant Date Per Share
Outstanding at January 1	3,524,675	\$ 1.07	3,612,433	\$ 0.87
Granted	—	—	89,000	0.77
Vested	(44,496)	0.71	(22,245)	0.65
Cancelled	—	—	(63,291)	0.64
Outstanding at March 31	3,480,179	\$ 1.17	3,615,897	\$ 0.88

Total compensation expense related to unvested restricted stock units not yet recognized was \$2.4 million as of March 31, 2024, which is expected to be allocated to expenses over a weighted-average period of 2.1 years.

(13) Warrants

As of March 31, 2024 and December 31, 2023, there were outstanding and exercisable warrants to purchase 12,187,470 shares of our common stock at a weighted average exercise price of \$1.53 per share with a weighted average remaining contractual term of 2.5 years and 2.8 years, respectively.

(14) Commitments and Contingencies

Litigation

We are subject to potential liabilities under government regulations and various claims and legal actions that are pending or may be asserted from time to time. These matters arise in the ordinary course and conduct of our business and may include, for example, commercial, product liability, intellectual property, and employment matters. We intend to continue to defend the Company vigorously in such matters and, when warranted, take legal action against others. Furthermore, we regularly assess contingencies to determine the degree of probability and range of possible loss for potential accrual in our financial statements. An estimated loss contingency is accrued in our financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on our assessment, we have adequately accrued an amount for contingent liabilities currently in existence. We do not accrue amounts for liabilities that we do not believe are probable or that we consider immaterial to our overall financial position. Litigation is inherently unpredictable, and unfavorable resolutions could occur. As a result, assessing contingencies is highly subjective and requires judgment about future events. While we do not believe that the ultimate resolution of any claims and lawsuits will have a material adverse effect upon our consolidated financial position, results of operations or cash flows, it is possible that the amount of ultimate loss may exceed our current accruals and that our cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of one or more of these contingencies.

Indemnification Arrangements

Our indemnification arrangements generally include limited warranties and certain provisions for indemnifying customers against liabilities if our products or services infringe a third-party's intellectual property rights. To date, we have not incurred any material costs as a result of such warranties or indemnification provisions and have not accrued any liabilities related to such obligations in the accompanying condensed consolidated financial statements.

We have also agreed to indemnify our directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as our director or officer or that person's services provided to any other company or enterprise at our request.

(15) Income Taxes

Information on the Company's income taxes for the periods reported is as follows:

	Three Months Ended March 31,	
	2024	2023
Income tax expense from continuing operations	\$ 68	\$ 13
Income from continuing operations before income taxes	\$ (4,332)	\$ (2,065)
Effective income tax rate	-1.6%	-0.6%

Our effective tax rate for the first quarter of 2024 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state and foreign taxes.

Our effective tax rate for the first quarter of 2023 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state and foreign taxes.

As of March 31, 2024, the Company is not currently under examination by tax authorities.

(16) Supplemental Disclosure of Cash Flow Information

Supplemental cash flow information is as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
<i>Cash paid during the period for:</i>		
Interest	\$ 740	\$ 509

(17) Related Party Transactions

As described in more detail under Note 1, “*Business Description and Summary of Significant Accounting Policies*,” and Note 19, “*Related Party Transactions*,” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, we are party to an Investor Rights Agreement, as amended, Registration Rights Agreements and certain other agreements with OrbiMed Royalty Opportunities II, LP and ROS Acquisition Offshore LP, which are funds affiliated with OrbiMed Advisors LLC (“OrbiMed”). OrbiMed beneficially owns 56.2% of the Company’s common stock.

All related party transactions are reviewed and approved by the Audit Committee or the disinterested members of the full Board of Directors.

(18) Segment and Geographic Information

The Company operates in one segment based upon the Company’s organizational structure, the way in which the operations and investments are managed and evaluated by the chief operating decision maker (“CODM”). The Company shares common, centralized support functions which report directly to the CODM and decision-making regarding the Company’s overall operating performance and allocation of Company resources is assessed on a consolidated basis. Net revenue by geographic region are as follows:

	Three Months Ended	
	March 31,	
	2024	2023
United States	\$ 25,133	\$ 17,513
Rest of world	2,740	430
Total revenue	\$ 27,873	\$ 17,943

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis provides material historical and prospective disclosures intended to enable investors and other users to assess our financial condition and results of operations. The following discussion should be read in conjunction with our condensed consolidated financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and accompanying notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Some of the numbers included herein have been rounded for the convenience of presentation. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed above in "Cautionary Statement Regarding Forward-Looking Statements" and elsewhere in this Form 10-Q.

Business Overview

We develop, manufacture and market regenerative medicine products and medical devices for domestic and international markets. Our products serve the specialized needs of orthopedic and neurological surgeons, including orthobiologics for the promotion of bone healing, implants and instrumentation for the treatment of spinal disease. We promote our products in the United States through independent distributors and stocking agents, supported by direct employees.

We have an extensive sales channel of independent commissioned agents and stocking distributors in the United States representing some or all of our products. We also maintain a national accounts program to enable our agents to gain access to integrated delivery network hospitals ("IDNs") and through group purchasing organizations ("GPOs"). We have biologics contracts with major GPOs, as well as extensive access to IDNs across the United States for both biologics and spine hardware systems. While our focus is the United States market, we promote and sell our products internationally through direct sales representatives and stocking distribution partners in Canada, Mexico, South America, Australia, and certain Pacific region countries.

We have focused and intend to continue to focus primarily on four key growth initiatives: (1) introduce new products; (2) expand our distribution network; (3) penetrate adjacent markets; and (4) leverage our growth platform with technology and strategic acquisitions. In furtherance of our growth initiatives, and as described elsewhere in this report, we made the following three acquisitions last year:

- On February 28, 2023, we acquired all of the issued and outstanding capital stock of Surgalign SPV, Inc. ("Surgalign SPV"), a then indirect wholly owned subsidiary of Surgalign Holdings, Inc. ("Surgalign Holdings"), which held certain intellectual property, contractual rights and other assets related to the design, manufacture, sale and distribution of the Coflex and CoFix products in the United States, for a purchase price of \$17.0 million in cash.
- On August 10, 2023, we acquired out of a bankruptcy proceeding certain additional assets of Surgalign Holdings and its subsidiaries, including specified inventory, intellectual property and intellectual property rights, contracts, equipment and other personal property, records, all outstanding equity securities of Surgalign Holdings' international subsidiaries, and intangibles related to the business of designing, developing and manufacturing hardware medical technology and distributing biologics medical technology, and assume certain related liabilities, for a purchase price of \$5 million in cash.
- On October 23, 2023, we acquired the nanOss production operations from RTI Surgical, Inc. ("RTI") including certain equipment and inventory used in RTI's synthetic bone graft business and assumed from RTI the lease for the nanOss production facility located in Greenville, North Carolina. The purchase price for the assets was \$2 million in cash plus a low single digit royalty on sales prior to October 23, 2028 of next generation nanOss products.

While the intent of these four key growth initiatives is to increase our future revenues, no assurance can be provided that we will be successful in implementing these growth initiatives or increasing our future revenues.

Results of Operations

Comparison of Three Months Ended March 31, 2024 and March 31, 2023

Revenue

Total revenue for the three months ended March 31, 2024 was \$27.9 million, which represents an increase of 55% compared to \$17.9 million in the same quarter of the prior year. The increase is attributed primarily to the contribution of additional sales resulting from the acquisition of the Surgalign Holdings' hardware and biologics business, greater independent agent sales and additional Coflex and CoFix product sales.

Cost of Sales

Cost of sales consists primarily of manufacturing cost, product purchase costs and depreciation of surgical instruments. Cost of sales also includes reserves for estimated excess inventory, inventory on consignment that may be missing and not returned, and reserves for estimated missing and damaged consigned surgical instruments. Cost of sales increased by \$3.2 million to \$10.6 million for the three months ended March 31, 2024 from \$7.4 million for the three months ended March 31, 2023. The increase in cost of sales is primarily due to greater revenue in the first quarter of 2024 compared to the first quarter of 2023, as mentioned above.

Gross profit as a percentage of revenue increased 340 basis points to 62.1% for the three months ended March 31, 2024 compared to 58.7% for the same period in 2023. Of this increase, 660 basis points were due to greater scale and improved production efficiency, partially offset by 140 basis points due to higher production costs.

General and Administrative

General and administrative expenses consist primarily of personnel costs for corporate employees, cash-based and stock-based compensation related costs, amortization, and corporate expenses for legal, accounting and professional fees, as well as occupancy costs. General and administrative expenses increased 59%, or \$2.9 million, to \$7.8 million for the three months ended March 31, 2024, compared to \$4.9 million for the prior year period. This increase is primarily attributable to additional employee compensation expense of \$1.2 million, \$0.4 million of additional legal and accounting fees and \$0.3 million of amortization of intangible assets associated with the acquisition of Surgalign SPV.

Sales and Marketing

Sales and marketing expenses consist primarily of sales commissions, personnel costs for sales and marketing employees, costs for trade shows, sales conventions and meetings, travel expenses, advertising, and other sales and marketing related costs. Sales and marketing expenses increased 77%, or \$5.4 million, to \$12.5 million for the three months ended March 31, 2024, compared to \$7.1 million for the prior year period. This increase is primarily due to additional independent agent commissions expense of \$3.2 million resulting from higher sales, \$1.6 million of additional compensation expense related to additional headcount and \$0.5 million of additional consulting expenses.

Research and Development

Research and development expenses consist primarily of internal costs for the development of new technologies. Research and development expenses were \$0.5 million for the three months ended March 31, 2024, compared to \$0.2 million for the same period in 2023. This increase is primarily due to increased headcount.

Interest Expense

Interest expense is related to interest incurred from our debt instruments and finance leases. Interest expense was \$0.8 million for the three months ended March 31, 2024, compared to \$0.6 million for the three months ended March 31, 2023. This increase resulted primarily from increases to the base interest rate applied to our debt instruments and the additional borrowing of \$5.0 million under our term credit agreement in February 2023 in connection with our acquisition of Surgalign SPV and the Coflex and CoFix product lines. We expect that our annualized interest expense will increase approximately \$0.1 million for every 50 basis points of increase to the reference rate associated with our credit agreements.

Provision for Income Taxes Current and Deferred

The increase in income tax expense for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily due to an increase in cash taxes in the domestic and foreign jurisdictions in 2024.

Liquidity and Capital Resources

Working Capital

Since our inception, we have financed our operations through primarily operating cash flows, private placements of equity securities and convertible debt, debt facilities, common stock rights offerings, and other debt transactions. The following table summarizes our working capital as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 4,624	\$ 5,923
Accounts receivable, net	21,484	20,731
Inventories	38,724	36,885
Total current assets	66,541	64,899
Accounts payable	7,378	7,054
Accrued liabilities	9,875	10,419
Line of credit	10,270	4,622
Total current liabilities	28,442	22,990
Net working capital	38,099	41,879

Cash Flows

Net cash used in operating activities for the first three months of 2024 was \$5.8 million compared to \$2.2 million for the first three months of 2023. This increase in net cash used in operating activities relates primarily to changes in operating assets and liabilities.

Net cash used in investing activities for the first three months of 2024 was \$0.7 million compared to \$17.4 million for the first three months of 2023. This decrease relates primarily to the use of \$17.0 in cash for the acquisition of Surgalign SPV, Inc. during the first three months of 2023.

Net cash provided by financing activities for the first three months of 2024 was \$5.2 million compared to \$4.6 million for the first three months of 2023. This increase relates primarily to \$6.0 million of additional revolver borrowings, net of repayments, partially offset by \$5.0 million of additional term loan borrowings during the first three months of 2023.

On March 7, 2024, the Company, as guarantor, and certain of our subsidiaries, as borrowers (collectively, the “Borrowers”), entered into an Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) (the “Term Credit Agreement”) and an Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) (the “Revolving Credit Agreement” and, together with the Term Credit Agreement, the “Credit Agreements”) with MidCap Financial Trust and MidCap Funding IV Trust, each in its respective capacity as agent, and lenders from time to time party thereto. These Credit Agreements amend and restate the Credit, Security and Guaranty Agreement, dated as of May 6, 2021 (Term Loan), as amended (the “Prior Term Credit Agreement”), and the Credit, Security and Guaranty Agreement, dated as of May 6, 2021 (Revolving Loan), as amended (the “Prior Revolving Credit Agreement” and, together with the Prior Term Credit Agreement, the “Prior Credit Agreements”), in each case, by and among the Borrowers, the Company and MidCap Financial Trust and MidCap Funding IV Trust, as respective agents, and the lenders from time to time party thereto.

The Term Credit Agreement provides for a secured term loan facility (the “Term Facility”) in an aggregate principal amount of \$17.0 million (the “Term Loan Commitment”), which was previously funded under the Prior Term Credit Agreement, and an additional \$10.0 million tranche available solely at the discretion of MidCap Financial Trust and the lenders, for the purposes agreed to between the Company, the Borrowers and the lenders in advance of the making of loans under such additional tranche. The Revolving Credit Agreement provides for a secured revolving credit facility (the “Revolving Facility,” and, together with the Term Facility, the “Facilities”) under which the Borrowers may borrow up to \$17.0 million (such amount, the “Revolving Loan Commitment”) at any one time, the availability of which is determined based on a borrowing base equal to percentages of certain accounts receivable and inventory of the Borrowers in accordance with a formula set forth in the Revolving Credit Agreement. All borrowings under the Revolving Facility are subject to the satisfaction of customary conditions, including the absence of default, the accuracy of representations and warranties in all material respects and the delivery of an updated borrowing base certificate.

The Facilities have a maturity date of March 1, 2029 (the “Maturity Date”). Each of the Borrowers, and the Company, as guarantor, are jointly and severally liable for all of the obligations under the Facilities on the terms set forth in the Credit Agreements. The Borrowers’ obligations, and the Company’s obligations as a guarantor, under the Credit Agreements are secured by first-priority liens on substantially all of their assets, including, without limitation, all inventory, equipment, accounts, intellectual property and other assets of the Company and the Borrowers. As of March 31, 2024, the Company had \$10.3 million outstanding and \$6.7 million of availability under the Revolving Facility.

The loans and other obligations pursuant to the Credit Agreements will bear interest at a per annum rate equal to the sum of the SOFR Interest Rate, as such term is defined in the Credit Agreements, plus the applicable margin of 6.50% in the case of the Term Credit Agreement, and an applicable margin of 4.50% in the case of the Revolving Credit Agreement, subject in each case to a floor of 2.50%. As of December 31, 2023, the effective rate of the Prior Term Credit Agreement, inclusive of authorization of debt issuance costs and accretion of the final payment, was 14.42%, and the effective rate of the Prior Revolving Credit Agreement was 9.94%.

The Credit Agreements contain affirmative and negative covenants customarily applicable to senior secured credit facilities, including covenants that, among other things, limit or restrict the ability of the Borrowers, subject to negotiated exceptions, to incur additional indebtedness and additional liens on their assets, engage in mergers or acquisitions or dispose of assets, pay dividends or make other distributions, voluntarily prepay other indebtedness, enter into transactions with affiliated persons, make investments, and change the nature of their businesses. In addition, the Credit Agreements require the Borrowers and the Company to maintain net product revenue at or above minimum levels and to maintain a certain minimum liquidity level, in each case as specified in the Credit Agreements. As of March 31, 2023, we were in compliance with all covenants under the Credit Agreements.

On May 14, 2024, we entered into Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Term Loan) (“Term Amendment No. 1”), which amends the Term Credit Agreement, and Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Revolving Loan) (“Revolving Amendment No. 1” and, together with Term Amendment No. 1, the “Amendments No. 1”), which amends the Revolving Credit Agreement. The Term Amendment No. 1 increases the amount of term loans that may be borrowed by \$5.0 million to a maximum of \$22.0 million, which are fully drawn as of May 14, 2024. In addition, the Amendments No. 1 re-set the date certain fees payable in connection with optional prepayments are determined to May 14, 2024 and consequently extend such fees’ original expiration. The exit fees were increased by 2.50% to 6.50% of the principal amount borrowed pursuant to the Term Credit Agreement. The terms of borrowing under the Credit Agreements otherwise remain materially unchanged.

Cash Requirements

We believe that our \$4.6 million of cash and cash equivalents as of March 31, 2024, together with our anticipated operating cash flows and amounts available under the Facilities, including additional term loan borrowings of \$5.0 million on May 14, 2024, will be sufficient to meet our anticipated cash requirements through at least May 2025. However, we may require or seek additional capital to fund our future operations and business strategy prior to May 2025. Accordingly, there is no assurance that we will not need or seek additional financing prior to such time.

We may elect to raise additional financing even before we need it if market conditions for raising additional capital are favorable. We may seek to raise additional financing through various sources, such as equity and debt financings, additional debt restructurings or refinancings, or through strategic collaborations and license agreements. We can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This is particularly true if economic and market conditions deteriorate or our business, financial performance or prospects deteriorate.

To the extent that we raise additional capital through the sale of equity or convertible debt securities or the restructuring or refinancing of our debt, the interests of our current stockholders may be diluted, and the terms may include discounted equity purchase prices, warrant coverage, liquidation or other preferences or rights that would adversely affect the rights of our current stockholders. If we issue common stock, we may do so at purchase prices that represent a discount to our trading price and/or we may issue warrants to the purchasers, which could further dilute our current stockholders. If we issue preferred stock, it could adversely affect the rights of our stockholders or reduce the value of our common stock. In particular, specific rights or preferences granted to future holders of preferred stock may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights, sinking fund provisions, and restrictions on our ability to merge with or sell our assets to a third party. Additional debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Prior to raising additional equity or debt financing, we may be required to obtain the consent of MidCap Financial Trust and MidCap Funding IV Trust under our Credit Agreements and/or ROS and Royalty Opportunities under our Investor Rights Agreement with them, and no assurance can be provided that they would provide such consent, which could limit our ability to raise additional financing and the terms thereof.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and any such differences may be material.

There have been no changes in our critical accounting estimates for the three months ended March 31, 2024 as compared to the critical accounting estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of March 31, 2024. Based upon that evaluation, and as a result of the material weakness in our internal control over financial reporting discussed below, our principal executive officer and principal financial officer concluded that as of March 31, 2024, our disclosure controls and procedures were not effective.

Previously Reported Material Weakness in Internal Control over Financial Reporting

As previously described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2023, we identified certain control deficiencies in the design and implementation of our internal control over financial reporting, which constituted two material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

More specifically, our controls surrounding the completeness and accuracy of information utilized in determining the open balance sheet fair value of inventory, which includes the establishment of inventory reserves, related to the acquisition of the hardware and biologics business of Surgalign Holdings, were insufficient and did not operate at an appropriate level of precision. Our review of certain data and assumptions utilized in our valuation of opening balance sheet inventory failed to identify inconsistent assumptions related to inventory utilization and inventory costing. This constituted a material weakness. In addition to the foregoing material weakness, due to insufficient time and resources, we did not appropriately design, implement and execute sufficient controls and procedures to verify the existence of inventory on consignment that was acquired in connection with our acquisitions of Surgalign SPV. and the hardware and biologics business of Surgalign Holdings during the year ended December 31, 2023, resulting in a second material weakness.

The material weaknesses described above, if not remediated, could result in a material misstatement of one or more disclosures in our annual or interim consolidated financial statements that would not be prevented or detected in a timely manner.

Our management, under the oversight of the Audit Committee of the Board of Directors, is continuing to implement measures designed to improve our internal control over financial reporting to remediate the identified material weaknesses. The remediation actions we are taking, and expect to take, include the following:

- *Precision of Controls Related to Completeness and Accuracy of Information Utilized in Determining the Opening Balance Sheet Fair Value of Inventory.* To prevent similar occurrences in the future, we plan to add additional accounting personnel to allow for more robust review of nonrecurring, complex transactions. We expect to have additional headcount in place by end of fiscal 2024. Additionally, if necessary, we may utilize external accounting resources to review future valuations of acquired inventory.
- *Insufficient Procedures to Confirm the Existence of Acquired Consigned Inventory.* Beginning in the first quarter of 2024, we began subjecting our acquired consigned inventory to our ongoing inventory field audits, with the goal of verifying all consigned inventory acquired during the year ended December 31, 2024. We expect this process to be completed by the end of fiscal 2024.

As management continues to evaluate and work to remediate the material weaknesses, we may determine to take additional measures to address the material weaknesses. However, we cannot provide assurance that the measures we have taken to date, or that we may take in the future, will be sufficient to remediate the material weaknesses or avoid potential future material weaknesses.

Changes in Internal Control over Financial Reporting

Other than the remediation steps described above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Our legal proceedings are discussed in Note 14, “*Commitments and Contingencies*,” in the notes to our condensed consolidated financial statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Entry into a Material Definitive Agreement

On May 14, 2024, we entered into Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Term Loan) (“Term Amendment No. 1”), which amends the Amended and Restated Credit, Security and Guarantee Agreement (Term Loan) by and among the Company, as guarantor, and certain of our subsidiaries, as borrowers, MidCap Financial Trust, as agent, and lenders from time to time party thereto (as amended, the “Term Credit Agreement”), and Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Revolving Loan) (“Revolving Amendment No. 1” and, together with Term Amendment No. 1, the “Amendments No. 1”), which amends the Amended and Restated Credit, Security and Guarantee Agreement (Revolving Loan) by and among the Company, as guarantor, and certain of our subsidiaries, as borrowers, MidCap Funding IV Trust, as agent, and lenders from time to time party thereto (as amended, the “Revolving Credit Agreement” and, together with the Term Credit Agreement, the “Credit Agreements”).

The Term Amendment No. 1 increases the amount of term loans that may be borrowed by \$5.0 million to a maximum of \$22.0 million, which are fully drawn as of May 14, 2024. In addition, the Amendments No. 1 re-set the date certain fees payable in connection with optional prepayments are determined to May 14, 2024 and consequently extend such fees’ original expiration. The exit fees were increased by 2.50% to 6.50% of the principal amount borrowed pursuant to the Term Credit Agreement. The terms of borrowing under the Credit Agreements otherwise remain materially unchanged.

The foregoing summary of the Amendments No. 1 is not complete and is qualified in its entirety by reference to the full text of the Amendments No. 1, which are filed as exhibits to this Quarterly Report on Form 10-Q.

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the three months ended March 31, 2024, none of our directors or “officers” (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Securities and Exchange Commission (“SEC”) Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are being filed or furnished with this Quarterly Report on Form 10-Q:

Exhibit No.	Description
2.1†	<u>Equity Purchase Agreement, dated February 28, 2023, by and among Xtant Medical Holdings, Inc., Surgalign SPV, Inc., Surgalign Spine Technologies, Inc., and Surgalign Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 1, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</u>
2.2†	<u>Asset Purchase Agreement, dated as of June 18, 2023, between Surgalign Holdings, Inc. and Xtant Medical Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 20, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</u>
2.3†	<u>First Amendment to Asset Purchase Agreement, dated as of July 10, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2023 (SEC File No. 001-34591) and incorporated by reference herein).</u>
2.4†	<u>Second Amendment to Asset Purchase Agreement, dated as of July 20, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 (SEC File No. 001-34591) and incorporated by reference herein).</u>
2.5†	<u>Third Amendment to Asset Purchase Agreement, dated as of July 24, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 (SEC File No. 001-34591) and incorporated by reference herein).</u>
3.1	<u>Restated Certificate of Incorporation of Xtant Medical Holdings, Inc. (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (SEC File No. 001-34591) and incorporated by reference herein).</u>
3.2	<u>Third Amended and Restated Bylaws of Xtant Medical Holdings, Inc. (Effective as of June 1, 2023) (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on May 19, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</u>
10.1	<u>Form of Executive Officer Deferred Stock Unit Award Agreement for use with the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan (filed herewith).</u>
10.2	<u>Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of March 7, 2024, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., and any additional guarantor that hereafter becomes party thereto, and MidCap Financial Trust, as agent, and the lenders from time to time party thereto (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 7, 2024 (SEC File No. 001-34951) and incorporated by reference herein).</u>
10.3	<u>Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of March 7, 2024, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., and any additional guarantor that hereafter becomes party thereto, and MidCap Funding IV Trust, as agent, and the lenders from time to time party thereto (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 7, 2024 (SEC File No. 001-34951) and incorporated by reference herein).</u>

Exhibit No.	Description
10.4	<u>Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of May 14, 2024, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., as a guarantor, MidCap Financial Trust, as agent, and the other financial institutions or other entities from time to time parties thereto (filed herewith).</u>
10.5	<u>Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of May 14, 2024, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., as a guarantor, MidCap Funding IV Trust, as agent, and the other financial institutions or other entities from time to time parties thereto (filed herewith).</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
32.1	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
32.2	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101	The following materials from Xtant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the unaudited Condensed Consolidated Balance Sheets, (ii) the unaudited Condensed Consolidated Statements of Operations, (iii) the unaudited Condensed Consolidated Statements of Equity, (iv) the unaudited Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements (filed herewith).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

† All exhibits and schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

SIGNATURES

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 thereunto duly authorized.

XTANT MEDICAL HOLDINGS, INC.

Date: May 15, 2024

By: /s/ Sean E. Browne

Name: Sean E. Browne

Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

By: /s/ Scott C. Neils

Name: Scott C. Neils

Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

[Executive Officer – Time-Based Vesting/Deferred Settlement]

**NOTICE OF DEFERRED STOCK UNIT GRANT UNDER THE
XTANT MEDICAL HOLDINGS, INC. 2023 EQUITY INCENTIVE PLAN**

Xtant Medical Holdings, Inc., a Delaware corporation (the “Company”), pursuant to the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan (as may be amended from time to time, the “Plan”), hereby grants to the individual named below (the “Participant”) the number of Deferred Stock Units (as defined in the Plan) set forth below (the “Deferred Stock Units”). The Deferred Stock Units are subject to all of the terms and conditions set forth in this Notice of Deferred Stock Unit Grant (this “Grant Notice”), in the Deferred Stock Unit Award Agreement attached hereto (the “Award Agreement”), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein will have the meaning set forth in the Plan. This Deferred Stock Units grant has been made as of the grant date indicated below, which shall be referred to as the “Grant Date.”

Participant: [Insert Participant Name]

Grant Date: [Insert Grant Date]

**Total Number of
Deferred Stock Units:** [Insert Number of Underlying Shares], subject to adjustment as provided in the Plan.

Vesting Schedule: Except as otherwise provided in Section 3 of the Award Agreement, the Deferred Stock Units will vest on a cumulative basis, over a four-year period as follows: (i) on the one-year anniversary of the Grant Date with respect to one-fourth of the number of shares of Common Stock subject thereto on the Grant Date, (ii) on the two-year anniversary of the Grant Date with respect to an additional one-fourth of the number of shares of Common Stock subject thereto on the Grant Date, (iii) on the three-year anniversary of the Grant Date with respect to an additional one fourth of the number of shares of Common Stock subject thereto on the Grant Date; and (iv) on the four-year anniversary of the Grant Date with respect to the remaining shares of Common Stock subject thereto on the Grant Date.

Settlement Date: Except as otherwise provided in Section 4 of the Award Agreement, the vested Deferred Stock Units will be settled and the shares of Common Stock underlying the vested Deferred Stock Units will be issued following the earlier of (i) the Participant’s “Separation from Service” as defined in the Award Agreement; (ii) the Participant’s death; (iii) if checked below, the five-year anniversary of the Grant Date; and (iv) if checked below, the seven-year anniversary of the Grant Date.

If the Participant desires to settle the Deferred Stock Units upon the five- or seven-year anniversary of the Grant Date, check one of the boxes below:

- Five-year anniversary of Grant Date
- Seven-year anniversary of Grant Date

* * * * *

The Participant must accept this Deferred Stock Unit grant by executing this Grant Notice in the space provided below and returning such original execution copy to the Company or otherwise indicating affirmative acceptance of the Deferred Stock Unit grant electronically pursuant to procedures established by the Company and/or its third party administrator. The undersigned Participant acknowledges that he or she has received a copy of this Grant Notice, the Award Agreement, the Plan and the Plan Prospectus. As an express condition to the grant of the Deferred Stock Units hereunder, the Participant agrees to be bound by the terms of this Grant Notice, the Award Agreement and the Plan. The Participant has read carefully and in its entirety the Award Agreement and specifically the acknowledgements in Section 7.9 thereof. This Grant Notice, the Award Agreement and the Plan set forth the entire agreement and understanding of the Company and the Participant with respect to the grant, vesting and administration of this Deferred Stock Units award and supersede all prior agreements, arrangements, plans and understandings. This Grant Notice (which includes the attached Award Agreement) may be executed in two counterparts each of which will be deemed an original and both of which together will constitute one and the same instrument.

* * * * *

XTANT MEDICAL HOLDINGS, INC.

PARTICIPANT

By: [Name of Officer]
Title: [Title of Officer]

[Name of Officer Participant]

DEFERRED STOCK UNIT AWARD AGREEMENT

Pursuant to the Notice of Deferred Stock Unit Grant (the “Grant Notice”) to which this Deferred Stock Unit Award Agreement (this “Agreement”) is attached and which Grant Notice is included in and part of this Agreement, and subject to the terms of this Agreement and the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan (as may be amended from time to time, the “Plan”), Xtant Medical Holdings, Inc., a Delaware corporation (the “Company”), and the Participant named in the Grant Notice (the “Participant”) agree as follows:

1. Incorporation of Plan; Definitions. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement will be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement or in the Grant Notice will have the same meanings as set forth in the Plan. The provisions of this Agreement will be interpreted as to be consistent with the Plan and any ambiguities in this Agreement will be interpreted by reference to the Plan. In the event that any provision of this Agreement is not authorized by or is inconsistent with the terms of the Plan, the terms of the Plan will prevail. Pursuant to and in accordance with the terms of the Plan, the Committee will have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations thereunder, and its decision will be final, binding and conclusive upon the Participant and his or her legal representatives in respect of any questions arising under the Plan or this Agreement. A copy of the Plan and the Plan Prospectus have been delivered to the Participant together with this Agreement.

2. Grant of Deferred Stock Units. The Company hereby grants to the Participant that number of Deferred Stock Units as set forth in the Grant Notice, subject to adjustment as provided in the Plan, and each of which, if vested pursuant to this Agreement, will be settled on the Settlement Date (as defined below) in one (1) share of Common Stock, subject to the terms, conditions and restrictions set forth herein and in the Plan. Reference in this Agreement to the Deferred Stock Units will be deemed to include the Dividend Equivalents with respect to such Deferred Stock Units as set forth in Section 4.2 of this Agreement.

3. Vesting; Forfeiture.

3.1 Service-Based Vesting Condition. Except as otherwise provided in this Section 3 or this Agreement or the Plan, the Deferred Stock Units will vest in the amounts and on the date(s) as indicated in the Vesting Schedule set forth in the Grant Notice (each a “Vesting Date”) and as set forth in this Agreement and in the Plan; provided, however, that the Participant remains continuously employed by or provides services to the Company or any Subsidiary through the applicable Vesting Date.

3.2 Change in Control. Except as otherwise provided in an Individual Agreement between the Company and the Participant, upon a Change in Control (as defined in an Individual Agreement between the Participant and the Company or if there is no such Individual Agreement or if it does not define Change in Control, then as defined in the Plan), the Deferred Stock Units will be subject to the provisions below.

a. In the event of such a Change in Control, the surviving or successor organization (or a parent or subsidiary thereof) (the “Successor”) may continue, assume or substitute equivalent awards (with such adjustments as may be required or permitted by Section 4.4 of the Plan). A substitute equivalent award must (i) have a value at least equal to the value of the Deferred Stock Units being substituted; (ii) be the same type of award as the Deferred Stock Units being substituted; (iii) be vested to the extent vested at the time of and as a result of the Change in Control; and (iv) have other terms and conditions (including vesting and effect of termination within one (1) year following a Change in Control) that are not less favorable to the Participant than the terms and conditions of the Deferred Stock Units being substituted, in each case, as determined by the Committee (as constituted prior to the Change in Control) in its sole discretion. If the Deferred Stock Units are continued, assumed or substituted by the Successor and within one (1) year following a Change in Control the Participant (i) is terminated by the Successor (or an Affiliate thereof) without Cause or (ii) the Participant resigns for Good Reason (as defined below), the Deferred Stock Units will vest and such vested Deferred Stock Units will be converted to Common Stock immediately thereafter in the amounts as indicated in the Grant Notice and as set forth in this Agreement and in the Plan as of the termination or resignation. For purposes of this Section 3.2(a), “Good Reason” means as defined in an Individual Agreement between the Participant and the Company but only if and to the extent such Good Reason constitutes “good reason” under Treas. Reg. Section 1.409A-1(n), or if there is no such Individual Agreement or if it does not define Good Reason, Good Reason means the assignment to the Participant of any duties materially inconsistent in any respect with the Participant’s position (including a material negative change regarding the Participant’s status, offices, titles or reporting requirements), authority, duties or responsibilities, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities (but not occurring solely as a result of the Company’s ceasing to be a publicly traded entity) existing immediately prior to the date of the Change in Control, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; provided, however, “Good Reason” will not be deemed to exist unless (a) written notice of termination on account thereof is given by the Participant to the Company no later than sixty (60) days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises; (b) if there exists (without regard to this clause (b)) an event or condition that constitutes Good Reason, the Company will have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition will not constitute Good Reason hereunder and (c) if not cured, the Participant must resign from employment for a Good Reason event or condition within sixty (60) days following the last day of the Company’s cure period. Any good faith determination of “Good Reason” made by the Committee will be conclusive. The Participant’s mental or physical incapacity following the occurrence of an event described in above clauses will not affect the Participant’s ability to terminate employment for Good Reason.

b. In the event of such a Change in Control, any Deferred Stock Units that are not continued, assumed or substituted with equivalent awards by the Successor pursuant to Section 3.2(a) above, the Deferred Stock Units, effective immediately prior to such Change in Control but conditioned upon the completion of such Change in Control, will be fully vested immediately thereafter.

3.3 Effect of Termination of Employment or Other Service. Except as otherwise provided below or in Section 13.4 or 13.5 of the Plan or in an Individual Agreement between the Company or any Subsidiary and the Participant, in the event the Participant’s employment or other service with the Company and all Subsidiaries is terminated for any reason, including for Cause, by reason of death, Disability or Retirement of the Participant, all outstanding but unvested Deferred Stock Units held by the Participant as of the effective date of such termination will be terminated and forfeited. Notwithstanding the foregoing, in the event the Participant’s employment or other service with the Company and all Subsidiaries is terminated by reason of the Participant’s death, a pro rata percentage of the unvested Deferred Stock Units scheduled to vest on the next applicable Vesting Date, with such proration based on the number of days during which the Participant was continuously employed by the Company or provided services to the Company or a Subsidiary beginning on the Grant Date, or if a Vesting Date has occurred, the most recent Vesting Date, and ending on the next applicable Vesting Date, multiplied by the number of unvested Deferred Stock Units that were scheduled to vest on the next applicable Vesting Date, will become immediately vested and shares of Common Stock will be settled under Section 4.1.

3.4 Effect of Actions Constituting Cause or Adverse Action; Forfeiture or Clawback. The Deferred Stock Units are subject to the forfeiture provisions set forth in Section 13.5 of the Plan, including those applicable if the Participant is determined by the Committee to have taken any action that would constitute Cause or an Adverse Action and any forfeiture or clawback requirement under Applicable Law or any policy adopted from time to time by the Company.

4. Settlement; Issuance of Common Stock.

4.1 Timing and Manner of Settlement. Vested Deferred Stock Units will be converted to shares of Common Stock which the Company will issue and deliver to the Participant or the Participant's estate, if applicable (either by delivering one or more certificates for such shares or by entering such shares of Common Stock in book entry form in the name of the Participant or depositing such shares for the Participant's benefit with any broker with which the Participant has an account relationship or the Company has engaged to provide such services under the Plan, as determined by the Company in its sole discretion), following the earlier of the following events: (i) the Participant's Separation from Service (as hereinafter defined); (ii) the Participant's death; or (iii) if specified, the settlement date set forth in the Grant Notice (each, a "Payment Trigger" and such date of payment being the "Settlement Date"), subject to the following:

a. For Participants subject to United States federal income tax, shares of Common Stock will be issued within sixty (60) days following the Payment Trigger, and, for purposes of this Agreement, a "Separation from Service" shall occur upon the effective date of the Participant's termination of employment or service with the Company (other than on account of death) provided such termination constitutes a "separation from service" as defined in Treas. Reg. §1.409A-1(h); and provided further that if the Participant is a "specified employee" of the Company, as defined in Treas. Reg. §1.409A-1(i), at the Participant's Separation from Service, and settlement is on account of the Participant's Separation from Service, the settlement shall be delayed until the earlier of the first day of the seventh month following the Participant's Separation from Service and the Participant's death. Payment of amounts under this Agreement (by issuance of shares of Common Stock or otherwise) is intended to comply with the requirements of Section 409A of the Code and this Agreement shall in all respects be administered and construed to give effect to such intent. The Committee in its sole discretion may accelerate or delay the settlement of any payment under this Agreement if and only to the extent allowed under Section 409A of the Code.

b. For Participants resident in countries other than the United States for income tax purposes and not subject to paragraph (a), above, shares of Common Stock or, in the sole discretion of the Company, cash, less any applicable tax withholdings required by law and pursuant to Section 6 of this Agreement, shall be made to the Participant no later than December 31 of the year following the calendar year that includes the Payment Trigger; and for the purposes of this Agreement, a "Separation from Service" shall mean the date the Participant retires or otherwise has a loss of employment with the Company.

4.2 Dividends Equivalents. The Deferred Stock Units are being granted with an equal number of Dividend Equivalents. Such Dividend Equivalents entitle the Participant to be credited with any amount equal to all cash dividends paid on one share of Common Stock for each Deferred Stock Unit while the corresponding Deferred Stock Unit is outstanding. Dividend Equivalents will be converted into additional Deferred Stock Units and will be subject to the same conditions and restrictions as the Deferred Stock Units to which they attach. The number of additional Deferred Stock Units to be received as Dividend Equivalents will be determined by dividing the cash dividend per share by the Fair Market Value of one share of Common Stock on the dividend payment date. Dividend Equivalents as to the Deferred Stock Units will be subject to forfeiture and termination to the same extent as the corresponding Deferred Stock Units as to which the Dividend Equivalents relate.

5. Rights of Participant.

5.1 Employment or Other Service. Nothing in this Agreement will interfere with or limit in any way the right of the Company or any Subsidiary to terminate the employment or service of the Participant at any time, nor confer upon the Participant any right to continue employment or service with the Company or any Subsidiary.

5.2 Rights as a Stockholder. The Participant will have no rights as, or privileges of, a stockholder of the Company, with respect to shares of Common Stock covered by the Deferred Stock Units unless and until the Participant becomes the holder of record of such shares of Common Stock issued in settlement of the Deferred Stock Units (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

5.3 Restrictions on Transfer. Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by the Plan, no right or interest of the Participant in the Deferred Stock Units prior to the vesting, issuance or settlement of the Deferred Stock Units will be assignable or transferable, or subjected to any lien, during the lifetime of the Participant, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise. Any attempt to transfer, assign or encumber the Deferred Stock Units other than in accordance with this Agreement and the Plan will be null and void and the Deferred Stock Units for which the restrictions have not lapsed will be forfeited and immediately returned to the Company.

6. Withholding Taxes. The Company is entitled to (a) withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all amounts the Company reasonably determines are necessary to satisfy any and all federal, foreign, state and local withholding and employment related tax requirements attributable to the Deferred Stock Units, including the grant, vesting or settlement of, or payment of Dividend Equivalents with respect to, the Deferred Stock Units, or (b) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to the Deferred Stock Units. The Committee may, in its sole discretion and upon terms and conditions established by the Committee, permit or require the Participant to satisfy, in whole or in part, any withholding or employment related tax obligation in connection with the Deferred Stock Units by withholding shares of Common Stock issuable upon settlement of the Deferred Stock Units. When withholding shares of Common Stock for taxes is effected under this Agreement and the Plan, it will be withheld only up to an amount based on the maximum statutory tax rates in the Participant's applicable tax jurisdiction or such other rate that will not trigger a negative accounting impact on the Company.

7. Miscellaneous.

7.1 Governing Law. The validity, construction, interpretation, administration and effect of this Agreement and any rules, regulations and actions relating to this Agreement will be governed by and construed exclusively in accordance with the laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions.

7.2 Interpretation. Any dispute regarding the interpretation of this Agreement will be submitted by the Participant or by the Company forthwith to the Committee for review. The resolution of such a dispute by the Committee will be final and binding on all parties.

7.3 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement will be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

7.4 Notices. All notices, requests or other communications provided for in this Agreement must be made, if to the Company, to Xtant Medical Holdings, Inc., Attn: Chief Financial Officer, 664 Cruiser Lane, Belgrade, MT 59714, and if to the Participant, to the last known mailing address of the Participant contained in the records of the Company. All notices, requests or other communications provided for in this Agreement must be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication will be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it will be deemed to be received on the next succeeding business day of the Company.

7.5 Electronic Delivery and Acceptance. The Company may, in its sole discretion, deliver any documents related to the Deferred Stock Units by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line system established and maintained by the Company or a third party vendor designated by the Company.

7.6 Other Laws. The Company will have the right to refuse to issue to the Participant or transfer any shares of Common Stock subject to the Deferred Stock Units if the Company acting in its absolute discretion determines that the issuance or transfer of such shares might violate any Applicable Law.

7.7 Investment Representation. The Participant hereby represents and covenants that (a) any share of Common Stock acquired upon the vesting and settlement of the Deferred Stock Units will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares of Common Stock will be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Participant will submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of vesting of any shares of Common Stock hereunder or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Participant of any shares of Common Stock subject to the Deferred Stock Units, the Participant will comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares of Common Stock and, in connection therewith, will execute any documents which the Company will in its sole discretion deem necessary or advisable.

7.8 Non-Negotiable Terms. The terms of this Agreement and the Deferred Stock Units are not negotiable, but the Participant may refuse to accept the Deferred Stock Units by notifying the Company's Chief Financial Officer in writing within thirty (30) day after the Grant Date set forth in the Grant Notice.

7.9 Acknowledgement by the Participant. In accepting the Deferred Stock Units, the Participant hereby acknowledges that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan.

(b) The grant of the Deferred Stock Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Deferred Stock Units, or benefits in lieu of Deferred Stock Units, even if Deferred Stock Units have been granted repeatedly in the past.

(c) All decisions with respect to future Deferred Stock Units award grants, if any, will be at the sole discretion of the Company.

(d) The Participant is voluntarily participating in the Plan.

(e) The award of Deferred Stock Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, and which is outside the scope of the Participant's employment contract, if any.

(f) The award of Deferred Stock Units is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary.

(g) Neither the award of Deferred Stock Units nor this Agreement will be interpreted to form an employment contract with the Company or any Subsidiary.

(h) The future value of the shares of Common Stock subject to the Deferred Stock Units is unknown and cannot be predicted with certainty and if the Deferred Stock Units vest and the shares of Common Stock become issuable in accordance with the terms of this Agreement, the value of those shares of Common Stock may increase or decrease.

(i) In consideration of the grant of the Deferred Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Deferred Stock Units or diminution in value of the Deferred Stock Units or shares of Common Stock acquired upon vesting of the Deferred Stock Units resulting from termination of employment by the Company (for any reason whatsoever and whether or not in breach of applicable labor laws) and the Participant hereby irrevocably releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Deferred Stock Units, the Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

(j) In the event of termination of the Participant's employment with the Company (whether or not in breach of local labor laws), the Participant's right to receive the Deferred Stock Units and vest in the Deferred Stock Units under the Plan, if any, will terminate effective as of the date of termination of his or her active employment as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to the Participant by contract or practice of the Company or any Subsidiary or mandated under local law and the Committee will have the sole discretion to determine the date of termination of the Participant's active employment for purposes of the Deferred Stock Units.

(k) Neither the Company nor any Subsidiary is providing any tax, legal or financial advice, nor is the Company or any Subsidiary making any recommendations regarding the Participant's participation in the Plan, acceptance of the Deferred Stock Units, acquisition of shares of Common Stock upon settlement of the Deferred Stock Units or any sale of such shares.

(l) The Participant has been advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

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AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT, SECURITY AND GUARANTY AGREEMENT (TERM LOAN)

This AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT, SECURITY AND GUARANTY AGREEMENT (TERM LOAN) (this “**Agreement**”) is made as of May 14, 2024, by and among XTANT MEDICAL, INC., a Delaware corporation (“**Xtant**”), BACTERIN INTERNATIONAL, INC., a Nevada corporation, X-SPINE SYSTEMS, INC., an Ohio corporation, SURGALIGN SPV, INC., a Delaware corporation, and any additional borrower that may hereafter be added to this Agreement (each individually as a “**Borrower**”, and collectively with any entities that become party hereto as Borrower and each of their successors and permitted assigns, the “**Borrowers**”), XTANT MEDICAL HOLDINGS, INC., a Delaware corporation (“**Holdings**”), as a Guarantor, MIDCAP FINANCIAL TRUST, a Delaware statutory trust, as Agent (in such capacity, together with its successors and assigns, “**Agent**”) and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders, and the Credit Parties have entered into that certain Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of March 7, 2024 (as amended, supplemented or otherwise modified at any time prior to the date hereof, the “**Existing A&R Credit Agreement**” and as amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the “**Credit Agreement**”), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers in the amounts and manner set forth in the Credit Agreement.

B. The Credit Parties have requested, and Agent and Lenders have agreed, on and subject to the terms and conditions set forth in this Agreement, to amend certain provisions of the Existing A&R Credit Agreement in order to, among other things, provide for additional Term Loans to be made thereunder, all in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders and the Credit Parties hereby agree as follows:

1. **Recitals.** This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as amended hereby. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Amendments to Existing A&R Credit Agreement.** Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 4 below, the Existing A&R Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Existing A&R Credit Agreement is hereby amended by adding the following definitions in alphabetical order:

“**First Amendment**” shall mean that certain Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of the First Amendment Effective Date, by and among Holdings, the Borrowers, Agent and Lenders.”

“**First Amendment Effective Date**” shall mean May 14, 2024.”

“**Term Loan Tranche 3**” has the meaning set forth in Section 2.1(a)(i)(C).”

“**Term Loan Tranche 3 Commitment Amount**” means, with respect to each Lender, the amount set forth opposite such Lender’s name on Annex A hereto under the caption “Term Loan Tranche 3 Commitment Amount”, which as of the First Amendment Effective Date evidences the amount of the Term Loan Tranche 3 advanced by such Lender on the First Amendment Effective Date, as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.”

“**Term Loan Tranche 3 Commitments**” means the sum of each Lender’s Term Loan Tranche 3 Commitment Amount.”

(b) The definitions of “**Term Loan(s)**”, “**Term Loan Commitment Amount**”, “**Term Loan Commitment Percentage**”, “**Term Loan Tranche 1 Commitment Amount**” and “**Term Loan Tranche 2 Commitment Amount**” in Section 1.1 of the Existing A&R Credit Agreement are hereby amended and restated as follows:

“**Term Loan(s)**” means, collectively, the Term Loan Tranche 1, the Term Loan Tranche 2, the Term Loan Tranche 3 and the Additional Tranche (if any).”

“**Term Loan Commitment Amount**” means, (a) as to any Lender that is a Lender on the First Amendment Effective Date, the sum of the dollar amount set forth opposite such Lender’s name on the Commitment Annex under the column “Term Loan Tranche 1 Commitment Amount”, “Term Loan Tranche 2 Commitment Amount” and “Term Loan Tranche 3 Commitment Amount”, as such amounts may be adjusted from time to time by any amounts assigned (with respect to such Lender’s portion of Term Loans outstanding and its commitment to make advances in respect of the Term Loan) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party, and (b) as to any Lender that becomes a Lender after the First Amendment Effective Date, the sum of the amount of the “Term Loan Tranche 1 Commitment Amount(s)”, “Term Loan Tranche 2 Commitment Amount” and “Term Loan Tranche 3 Commitment Amount” of other Lender(s) assigned to such new Lender pursuant to the terms of the effective assignment agreement(s) pursuant to which such new Lender shall become a Lender, as such amount may be adjusted from time to time by any amounts assigned (with respect to such Lender’s portion of Term Loans outstanding and its commitment to make advances in respect of the Term Loan) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party.”

“**Term Loan Commitment Percentage**” means, as to any Lender, (a) on the First Amendment Effective Date, with respect to each tranche of the Term Loan, the applicable percentage set forth opposite such Lender’s name on the Commitment Annex under the column “Term Loan Tranche 1 Commitment Percentage”, “Term Loan Tranche 2 Commitment Percentage” and “Term Loan Tranche 3 Commitment Percentage” (if such Lender’s name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero), and (b) on any date following the First Amendment Effective Date, as applicable to each tranche of Term Loan, the percentage equal to (i) the Term Loan Tranche 1 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 1 Commitments on such date, (ii) the Term Loan Tranche 2 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 2 Commitments on such date or (iii) the Term Loan Tranche 3 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 3 Commitments on such date.”

““**Term Loan Tranche 1 Commitment Amount**” means, with respect to each Lender, the amount set forth opposite such Lender’s name on Annex A hereto under the caption “Term Loan Tranche 1 Commitment Amount”, which as of the First Amendment Effective Date evidences the amount of the Existing Term Loans advanced by such Lender in respect of the “Term Loan Tranche 1” under the Existing Credit Agreement and deemed outstanding as of the Closing Date, as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.”

““**Term Loan Tranche 2 Commitment Amount**” means, with respect to each Lender, the amount set forth opposite such Lender’s name on Annex A hereto under the caption “Term Loan Tranche 2 Commitment Amount”, which as of the First Amendment Effective Date evidences the amount of the Existing Term Loans advanced by such Lender in respect of the “Term Loan Tranche 2” under the Existing Credit Agreement and deemed outstanding as of the Closing Date, as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.”

(c) Section 2.1(a)(i) of the Existing A&R Credit Agreement is hereby amended by:

(i) adding the following as new clause (C) therein; and

“(C) On the terms and subject to the conditions set forth herein and in the other Financing Documents, each Lender with a Term Loan Tranche 3 Commitment Amount severally hereby agrees to make to Borrowers a term loan on the First Amendment Effective Date in an original aggregate principal amount equal to the Term Loan Tranche 3 Commitment (the “**Term Loan Tranche 3**”). Each such Lender’s obligation to fund the Term Loan Tranche 3 shall be limited to such Lender’s Term Loan Tranche 3 Commitment Percentage, and no Lender shall have any obligation to fund any portion of any Term Loan Tranche 3 required to be funded by any other Lender, but not so funded. The Term Loan Tranche 3 shall be funded in one advance on the First Amendment Effective Date. Borrowers shall deliver to Agent a Notice of Borrowing with respect to the proposed Term Loan Tranche 3 advance, such Notice of Borrowing to be delivered no later than noon (Eastern time) two (2) Business Days prior to the First Amendment Effective Date.”

(ii) renumbering the existing clause (C) as new clause (D) therein and restating such clause as follows:

“(D) No Borrower shall have any right to reborrow any portion of the Term Loan that is repaid or prepaid from time to time. Borrowers shall deliver to Agent a Notice of Borrowing with respect to each proposed Term Loan advance (other than the Term Loan Tranche 1, Term Loan Tranche 2 and the Term Loan Tranche 3), such Notice of Borrowing to be delivered, no later than 12:00 P.M. (Eastern time) on the date that is ten (10) Business Days prior to the date of such Term Loan advance.

Notwithstanding anything to the contrary contained in this Section 2.1(a)(i), the parties hereto hereby acknowledge, confirm and agree that (A) immediately prior to the First Amendment Effective Date, the Term Loan Tranche 1 Loans in an aggregate principal amount of \$12,000,000 (the “**Existing Tranche 1 Term Loans**”) were outstanding and the Term Loan Tranche 2 Loans in an aggregate principal amount of \$5,000,000 (the “**Existing Tranche 2 Term Loans**”) and together with the Existing Tranche 1 Term Loans, the “**Existing Term Loans**”) were outstanding, (B) such Existing Term Loans shall not be repaid on the First Amendment Effective Date, but rather shall continue to be evidenced by this Agreement as the Existing Term Loans outstanding hereunder, (C) the Term Loan Tranche 3 Loans made on the First Amendment Effective Date shall be in an aggregate principal amount equal to \$5,000,000 and (D) for all purposes of this Agreement and the other Financing Documents, the sum of the Existing Term Loans and the Term Loan Tranche 3 Loans made on the First Amendment Effective Date shall constitute the Term Loans outstanding on the First Amendment Effective Date in the aggregate principal amount of \$22,000,000.”

(d) Section 2.2(f) of the Existing A&R Credit Agreement is hereby amended and restated as follows:

“(f) **Origination Fee.** (i) On the First Amendment Effective Date, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Term Loan Tranche 3 Loans on the First Amendment Effective Date, in accordance with their respective Pro Rata Share, a fee in an amount equal to (x) the aggregate amount of all Term Loan Tranche 3 Commitments, multiplied by (y) one half of one percent (0.50%), and (ii) upon activation of any Additional Tranche in accordance with Section 2.1(c), Borrowers shall pay Agent, for the benefit of all Lenders committed to make Term Loans on the date such Additional Tranche is activated, in accordance with their respective Pro Rata Share, a fee in an amount equal to (x) the funded amount of such Additional Tranche, *multiplied by* (y) one half of one percent (0.50%). All fees payable pursuant to this paragraph shall be deemed fully earned when due and payable and non-refundable as of the Closing Date.”

(e) Section 2.2(h) of the Existing A&R Credit Agreement is hereby amended and restated as follows:

“(h) **Prepayment Fee.** If any advance under the Term Loans is prepaid at any time, in whole or in part, for any reason (whether by voluntary prepayment by Borrower, by mandatory prepayment by Borrower, by reason of the occurrence of an Event of Default or otherwise, or if any Term Loan shall become accelerated (including any automatic acceleration due to the occurrence of an Event of Default described in Section 10.1(f) or otherwise) and due and payable in full, Borrowers shall pay to Agent, for the benefit of all Lenders committed to make Term Loan advances, as compensation for the costs of such Lenders making funds available to Borrowers under this Agreement, a prepayment fee (the “**Prepayment Fee**”) calculated in accordance with this subsection. The Prepayment Fee in respect of the Term Loans shall be equal to an amount determined by *multiplying* the amount being prepaid (or required to be prepaid, if such amount is greater) *by* the following applicable percentage amount: (w) four percent (4.00%) for the first year following the First Amendment Effective Date, (x) three percent (3.00%) for the second year following the First Amendment Effective Date, (y) two percent (2.00%) for the third year following the First Amendment Effective Date, and (z) one percent (1.00%) thereafter. The Prepayment Fee shall not apply to or be assessed upon any prepayment made by Borrowers if such payments were required by Agent to be made pursuant to Section 2.1(a)(ii)(B) subpart (i) (relating to casualty proceeds), or subpart (ii) (relating to payments exceeding the Maximum Lawful Rate). All fees payable pursuant to this paragraph shall be deemed fully earned when due and payable and non-refundable once paid.”

(f) Subclause(c)(i) of Section 2.8 of the Existing A&R Credit Agreement is hereby amended to add the following parenthetical immediately following the phrase “Closing Date” where it first appears therein:

“(or, with respect to Term Loan Tranche 3, the First Amendment Effective Date)”

(g) Subclause (c)(ii) of Section 2.8 of the Existing A&R Credit Agreement is hereby amended to add the following parenthetical immediately following the phrase “Closing Date” where it first appears therein:

“(or, with respect to Term Loan Tranche 3, the First Amendment Effective Date)”

(h) Section 4.7 of the Existing A&R Credit Agreement is hereby amended and restated as follows:

“Section 4.7 Use of Proceeds. Borrowers shall use the proceeds of the Term Loan Tranche 1 and the Term Loan Tranche 2 solely for (a) payment of transaction fees incurred in connection with the Financing Documents and (b) working capital needs of the Borrowers and their Subsidiaries. Borrowers shall use the proceeds of the Term Loan Tranche 3 solely for working capital needs of the Borrowers and their Subsidiaries. Borrowers shall use the proceeds of any Additional Tranche solely for the purposes of consummating an Acquisition in accordance with the terms of this Agreement or such other purposes agreed between Credit Parties and Lenders in writing in advance of the making of any Loans in respect of the Additional Tranche. No portion of the proceeds of the Loans will be used for family, personal, agricultural or household use. No portion of the proceeds of the Loans will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for purchasing or carrying Margin Stock or for any other purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board of Governors of the Federal Reserve System, including Regulation T, U, or X of the Federal Reserve Board.”

(i) Clause (G) of the proviso to Section 11.16 of the Existing A&R Credit Agreement is hereby amended and restated as follows:

“or (G) amend any of the provisions of Section 10.7 or amend any of the definitions Pro Rata Share, Term Loan Commitment, Term Loan Tranche 1 Commitments, Term Loan Tranche 2 Commitments, Term Loan Tranche 3 Commitments, Term Loan Commitment Amount, Term Loan Tranche 1 Commitment Amount, Term Loan Tranche 2 Commitment Amount, Term Loan Tranche 3 Commitment Amount, Term Loan Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F) and (G) of the preceding sentence”

(j) Annex A to the Existing A&R Credit Agreement is hereby amended by replacing such annex in its entirety with the new Annex A attached hereto.

3. **Representations and Warranties; Reaffirmation of Security Interest.** Each Credit Party hereby confirms that all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Credit Party as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. Each Credit Party acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of such Credit Party, and are enforceable against such Credit Party in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

4. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which each of the following conditions have been satisfied, as determined by Agent in its sole discretion:

(a) the Agent shall have received (including by way of facsimile or other electronic transmission) a duly authorized, executed and delivered counterpart of the signature page to this Agreement from each Credit Party, the Agent and the Lenders;

(b) the Agent shall have received a duly executed copy of Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan);

(c) Agent shall have received an updated Perfection Certificate, in form and substance reasonably satisfactory to Agent;

(d) Agent shall have received a duly authorized, executed and delivered secretary's certificate from each Credit Party certifying as to (i) the names and signatures of each officer of each Credit Party authorized to execute and deliver this Agreement and all documents executed in connection therewith, (ii) the organizational documents of each Credit Party attached to such certificate are complete and correct copies of such organizational documents as in effect on the date of such certification, (iii) the resolutions of each Credit Party's board of directors or other appropriate governing body approving and authorizing the execution, delivery and performance of this Agreement and the other documents executed in connection therewith, and (iv) certificates attesting to the good standing of each Credit Party in its jurisdiction of organization;

(e) Agent shall have received, with respect to each Credit Party, (i) current UCC searches from the Secretary of State of its jurisdiction of organization; and (ii) judgment, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each applicable jurisdiction, in each case, with results reasonably acceptable to the Agent;

(f) Agent shall have received a duly executed Notice of Borrowing as required pursuant to Section 2.1(a)(i)(C) of the Credit Agreement;

(g) After giving effect to the amendments set forth in Section 2, all representations and warranties set forth in the Credit Agreement shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of the date hereof, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date (without duplication of any materiality qualifier in the text of such representation or warranty) (and Borrower's delivery of its signature hereto shall be deemed to be its certification thereof); and

(h) immediately prior to and after giving effect to this Agreement, no Default or Event of Default exists under any of the Financing Documents.

5. **Costs and Fees.** Borrower shall be responsible for the payment of all reasonable, documented and invoiced out-of-pocket costs and fees of Agent's counsel incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and any related Financing Documents.

6. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Credit Party, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers, shareholders, agents, and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Releasing Parties**") does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective parents, subsidiaries, affiliates, members, managers, shareholders, directors, officers and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Released Parties**"), of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly). Each Credit Party acknowledges that the foregoing release is a material inducement to Agent's and each Lender's decision to enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

7. **No Waiver or Novation.** The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

8. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Credit Party hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Credit Party. Each Credit Party covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

9. **Miscellaneous.**

(a) **Reference to the Effect on the Credit Agreement.** Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Credit Party.

(b) Governing Law. THIS AGREEMENT AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (Indemnification), Section 13.8(b) (Submission to Jurisdiction) and Section 13.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(e) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. In furtherance of the foregoing, the words “execution”, “signed”, “signature”, “delivery” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. As used herein, “**Electronic Signature**” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or other record.

(f) Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, the undersigned have executed this Agreement as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FINANCIAL TRUST,
as Agent

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

[Signatures Continue on Following Page]

LENDERS:

ELM 2020-3 TRUST

By: MidCap Financial Services Capital Management,
LLC, as Servicer

By: /s/ John O'Dea

Name: John O'Dea

Title: Authorized Signatory

ELM 2020-4 TRUST

By: MidCap Financial Services Capital Management,
LLC, as Servicer

By: /s/ John O'Dea

Name: John O'Dea

Title: Authorized Signatory

[Signatures Continue on Following Page]

LENDERS:

MIDCAP FUNDING XIII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

BORROWERS:

XTANT MEDICAL, INC.

By: /s/ Sean Browne

Name Sean Browne

Title: Chief Executive Officer

BACTERIN INTERNATIONAL, INC.

By: /s/ Sean Browne

Name Sean Browne

Title: Chief Executive Officer

X-SPINE SYSTEMS, INC.

By: /s/ Sean Browne

Name Sean Browne

Title: Chief Executive Officer

SURGALIGN SPV, INC.

By: /s/ Sean Browne

Name Sean Browne

Title: Chief Executive Officer

GUARANTOR:

XTANT MEDICAL HOLDINGS, INC.

By: /s/ Sean Browne

Name Sean Browne

Title: Chief Executive Officer

AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT, SECURITY AND GUARANTY AGREEMENT (REVOLVING LOAN)

This AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT, SECURITY AND GUARANTY AGREEMENT (REVOLVING LOAN) (this “**Agreement**”) is made as of May 14, 2024, by and among **XTANT MEDICAL, INC.**, a Delaware corporation (“**Xtant**”), **BACTERIN INTERNATIONAL, INC.**, a Nevada corporation, **X-SPINE SYSTEMS, INC.**, an Ohio corporation, **SURGALIGN SPV, INC.**, a Delaware corporation, and any additional borrower that may hereafter be added to this Agreement (each individually as a “**Borrower**”, and collectively with any entities that become party hereto as Borrower and each of their successors and permitted assigns, the “**Borrowers**”), **XTANT MEDICAL HOLDINGS, INC.**, a Delaware corporation (“**Holdings**”), as a Guarantor, **MIDCAP FUNDING IV TRUST**, a Delaware statutory trust, as Agent (in such capacity, together with its successors and assigns, “**Agent**”) and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders, and the Credit Parties have entered into that certain Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of March 7, 2024 (as amended, supplemented or otherwise modified at any time prior to the date hereof, the “**Existing A&R Credit Agreement**” and as amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the “**Credit Agreement**”), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers in the amounts and manner set forth in the Credit Agreement.

B. The Credit Parties have requested, and Agent and Lenders have agreed, on and subject to the terms and conditions set forth in this Agreement, to amend certain provisions of the Existing A&R Credit Agreement, all in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders and the Credit Parties hereby agree as follows:

1. **Recitals.** This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as amended hereby. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Amendments to Existing A&R Credit Agreement.** Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 4 below, the Existing A&R Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Existing A&R Credit Agreement is hereby amended by adding the following definitions in alphabetical order:

“**First Amendment**” shall mean that certain Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of the First Amendment Effective Date, by and among Holdings, the Borrowers, Agent and Lenders.”

““**First Amendment Effective Date**” shall mean May 14, 2024.”

(b) Section 2.2(g) of the Existing A&R Credit Agreement is hereby amended and restated as follows:

“(g) Deferred Revolving Loan Origination Fee. If Lenders’ funding obligations in respect of the Revolving Loan Commitment under this Agreement terminate or are permanently reduced for any reason (whether by voluntary termination by Borrowers, by reason of the occurrence of an Event of Default or the automatic termination of the Revolving Loan Commitments (including any automatic termination due to the occurrence of an Event of Default described in Section 10.1(f) or otherwise) prior to the Maturity Date, Borrowers shall pay to Agent on the date of such reduction, for the benefit of all Lenders committed to make Revolving Loans on the Closing Date, a fee as compensation for the costs of such Lenders being prepared to make funds available to Borrowers under this Agreement, equal to an amount determined by *multiplying* the amount of the Revolving Loan Commitment so terminated or permanently reduced *by* the following applicable percentage amount: (w) four percent (4.00%) for the first year following the First Amendment Effective Date, (x) three percent (3.00%) for the second year following the First Amendment Effective Date, (y) two percent (2.00%) for the third year following the First Amendment Effective Date, and (z) one percent (1.00%) thereafter. All fees payable pursuant to this paragraph shall be deemed fully-earned when due and payable and non-refundable once paid.”

3. **Representations and Warranties; Reaffirmation of Security Interest**. Each Credit Party hereby confirms that all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Credit Party as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date. Nothing herein is intended to impair or limit the validity, priority or extent of Agent’s security interests in and Liens on the Collateral. Each Credit Party acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of such Credit Party, and are enforceable against such Credit Party in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors’ rights generally and by general equitable principles.

4. **Conditions to Effectiveness**. This Agreement shall become effective as of the date on which each of the following conditions have been satisfied, as determined by Agent in its sole discretion:

(a) the Agent shall have received (including by way of facsimile or other electronic transmission) a duly authorized, executed and delivered counterpart of the signature page to this Agreement from each Credit Party, the Agent and the Lenders;

(b) the Agent shall have received a duly executed copy of Amendment No. 1 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan);

(c) Agent shall have received an updated Perfection Certificate, in form and substance reasonably satisfactory to Agent;

(d) Agent shall have received a duly authorized, executed and delivered secretary's certificate from each Credit Party certifying as to (i) the names and signatures of each officer of each Credit Party authorized to execute and deliver this Agreement and all documents executed in connection therewith, (ii) the organizational documents of each Credit Party attached to such certificate are complete and correct copies of such organizational documents as in effect on the date of such certification, (iii) the resolutions of each Credit Party's board of directors or other appropriate governing body approving and authorizing the execution, delivery and performance of this Agreement and the other documents executed in connection therewith, and (iv) certificates attesting to the good standing of each Credit Party in its jurisdiction of organization;

(e) After giving effect to the amendments set forth in Section 2, all representations and warranties set forth in the Credit Agreement shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of the date hereof, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date (without duplication of any materiality qualifier in the text of such representation or warranty) (and Borrower's delivery of its signature hereto shall be deemed to be its certification thereof); and

(f) immediately prior to and after giving effect to this Agreement, no Default or Event of Default exists under any of the Financing Documents.

5. **Costs and Fees.** Borrower shall be responsible for the payment of all reasonable, documented and invoiced out-of-pocket costs and fees of Agent's counsel incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and any related Financing Documents.

6. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Credit Party, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers, shareholders, agents, and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Releasing Parties**") does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective parents, subsidiaries, affiliates, members, managers, shareholders, directors, officers and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Released Parties**"), of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly). Each Credit Party acknowledges that the foregoing release is a material inducement to Agent's and each Lender's decision to enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

7. **No Waiver or Novation.** The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

8. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Credit Party hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Credit Party. Each Credit Party covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

9. **Miscellaneous.**

(a) **Reference to the Effect on the Credit Agreement.** Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Credit Party.

(b) **Governing Law.** THIS AGREEMENT AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) **Incorporation of Credit Agreement Provisions.** The provisions contained in Section 11.6 (Indemnification), Section 13.8(b) (Submission to Jurisdiction) and Section 13.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) **Headings.** Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(e) **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. In furtherance of the foregoing, the words "execution", "signed", "signature", "delivery" and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. As used herein, "**Electronic Signature**" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or other record.

(f) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) **Severability.** In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) **Successors/Assigns.** This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, the undersigned have executed this Agreement as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FUNDING IV TRUST,
as Agent

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

LENDER:

MIDCAP FUNDING IV TRUST,
as a Lender

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

[Signatures Continue on Following Page]

BORROWERS:

XTANT MEDICAL, INC.

By: /s/ Sean Browne
Name Sean Browne
Title: Chief Executive Officer

BACTERIN INTERNATIONAL, INC.

By: /s/ Sean Browne
Name Sean Browne
Title: Chief Executive Officer

X-SPINE SYSTEMS, INC.

By: /s/ Sean Browne
Name Sean Browne
Title: Chief Executive Officer

SURGALIGN SPV, INC.

By: /s/ Sean Browne
Name Sean Browne
Title: Chief Executive Officer

GUARANTOR:

XTANT MEDICAL HOLDINGS, INC.

By: /s/ Sean Browne
Name Sean Browne
Title: Chief Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean E. Browne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xtant Medical Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: /s/ Sean E. Browne

Sean E. Browne
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott C. Neils, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xtant Medical Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: /s/ Scott C. Neils

Scott Neils
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Xtant Medical Holdings, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sean E. Browne, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2024

/s/ Sean E. Browne

Sean E. Browne
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Xtant Medical Holdings, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott C. Neils, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2024

/s/ Scott C. Neils

Scott C. Neils
Chief Financial Officer
(Principal Financial Officer)
