UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): August 14, 2015

Xtant Medical Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-34951	20-5313323
(Commission File Number)	(IRS Employer Identification No.)

664 Cruiser Lane Belgrade, Montana	59714
(Address of Principal Executive Offices)	(Zip Code)

(406) 388-0480
(Registrant’s Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 Other Events

On July 31, 2015, Xtant Medical Holdings, Inc. (“Xtant”), formerly known as Bacterin International Holdings, Inc., acquired all of the capital stock of X-spine Systems, Inc. (“X-spine”). Unaudited interim condensed consolidated financial statements of X-spine as of June 30, 2015 and for the six months ended June 30, 2015 and 2014 are attached as Exhibit 99.1 to this Report. Unaudited interim pro forma consolidated financial information of Xtant as of and for the six months ended June 30, 2015 are attached as Exhibit 99.2 to this Report.

Unaudited pro forma financial information contained in this Report is included for informational purposes only and does not purport to reflect the results of operations or financial position that would have occurred had Xtant and X-spine operated on a combined basis during the periods presented. The unaudited pro forma financial information should not be relied upon as being indicative of our financial condition or results of operations had the X-spine transaction occurred on the date assumed nor as a projection of our results of operations or financial position for any future period or date. The unaudited pro forma financial information should be read in conjunction with the historical financial statements and related notes of Xtant and X-spine.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Unaudited interim condensed consolidated financial statements of X-spine as of June 30, 2015 and for the six months ended June 30, 2015 and 2014.

99.2 Unaudited interim pro forma combined financial information of the Company.

SIGNATURE

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

Dated: August 14, 2015

XTANT MEDICAL HOLDINGS, INC.

By: /s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer

Exhibit 99.1

X-spine Systems, Inc.

Consolidated Financial Report
(Reviewed)
June 30, 2015

Contents

X-spine Systems, Inc.

Consolidated Balance Sheets (Unaudited)
June 30, 2015 and 2014

Assets	**2015**	2014
Current Assets		
Cash	**$ 3,000**	$ 50,753
Accounts receivable, net of allowance for doubtful accounts of $390,466 and $45,998	**6,972,764**	7,786,730
Inventories	**12,861,549**	10,580,309
Prepaid expense	**204,167**	93,520
Total current assets	**20,041,480**	18,511,312
Property and Equipment		
Surgical instruments	**13,397,083**	9,858,901
Machinery and equipment	**1,081,250**	1,047,048
Furniture and fixtures	**834,398**	656,209
Total at cost	**15,312,731**	11,562,158
Accumulated depreciation	**(7,779,624)**	(5,280,504)
Depreciated cost	**7,533,107**	6,281,654
Patents and trademarks, net of accumulated amortization of $1,685,774 and $1,412,607	**648,882**	712,604
Total assets	**$ 28,223,469**	$ 25,505,570

See Notes to Consolidated Financial Statements.

Liabilities and Shareholders' Equity		**2015**		2014
Current Liabilities				
Outstanding checks	**$**	**148,992**	$	-
Accounts payable, trade		**3,554,107**		5,874,504
Accrued liabilities		**2,164,180**		2,368,753
Notes payable - shareholders		**-**		10,000,000
Total current liabilities		**5,867,279**		18,243,257
Long-Term Liabilities				
Revolving line of credit		**12,867,606**		-
Shareholders' Equity				
Class A voting common stock, $500 stated value, 1,000 shares authorized, 200 shares issued and outstanding		**100,000**		100,000
Class B non-voting common stock, $20,000 stated value, 500 shares authorized, 50 shares issued and outstanding		**1,000,000**		1,000,000
Additional paid in capital		**350,000**		350,000
Retained earnings		**8,038,584**		5,812,313
Total shareholders' equity		**9,488,584**		7,262,313
Total liabilities and shareholders' equity	**$**	**28,223,469**	$	25,505,570

X-spine Systems, Inc.

Consolidated Statements of Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Revenue	**$ 11,729,509**	$ 12,793,067	**$ 23,954,756**	$ 20,706,023
Cost of revenue	**4,234,718**	4,624,509	**8,525,262**	7,299,455
Gross margin	**7,494,791**	8,168,558	**15,429,494**	13,406,568
General and administrative expense	**6,370,295**	5,758,017	**13,461,869**	10,469,185
Income from operations	**1,124,496**	2,410,541	**1,967,625**	2,937,383
Other Expense				
Interest expense	**86,785**	150,000	**166,459**	300,000
Income before city income tax (benefit) expense	**1,037,711**	2,260,541	**1,801,166**	2,637,383
City income tax (benefit) expense	**(13,789)**	45,210	**11,143**	77,470
Net income	**$ 1,051,500**	$ 2,215,331	**$ 1,790,023**	$ 2,559,913

See Notes to Consolidated Financial Statements.

X-spine Systems, Inc.

Consolidated Statements of Retained Earnings (Unaudited)
Six Months Ended June 30, 2015 and 2014

	2015	2014
Balance, January 1,	**$ 7,233,561**	$ 3,589,900
Net income	**1,790,023**	2,559,913
Shareholders' distributions	**(985,000)**	(337,500)
Balance, June 30,	**$ 8,038,584**	$ 5,812,313

See Notes to Consolidated Financial Statements.

X-spine Systems, Inc.

Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Net income	$ 1,790,023	$ 2,559,913
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,330,185	873,000
Amortization	126,000	138,000
Provisions for bad debts	377,674	(91,150)
Provisions for inventory reserves	180,000	150,000
Gain on disposal of assets	(6,829)	-
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable	(513,003)	(1,881,990)
Inventories	(565,804)	(2,547,432)
Prepaid expense	(34,582)	32,947
Accounts payable	(701,538)	3,066,666
Accrued liabilities	(246,321)	326,269
Net cash provided by operating activities	1,735,805	2,626,223
Cash Flows From Investing Activities		
Proceeds from the sale of assets	7,985	-
Patent and trademark purchases	(81,716)	(104,189)
Purchase property and equipment	(1,191,712)	(2,233,598)
Net cash used in investing activities	(1,265,443)	(2,337,787)
Cash Flows From Financing Activities		
Net activity from outstanding checks	(869,604)	-
Net activity on revolving line of credit	1,384,242	-
Dividends paid	(985,000)	(337,500)
Net cash used in financing activities	(470,362)	(337,500)
Net change in cash	-	(49,064)
Cash		
Beginning	3,000	99,817
Ending	$ 3,000	$ 50,753
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 152,743	$ 300,000
Income taxes	$ 65,579	$ 52,324

See Notes to Consolidated Financial Statements.

Note 1. Summary of Significant Accounting Policies

Organizational structure: The consolidated financial statements include the accounts of X-spine Sales Corporation (an interest charge domestic international sales corporation), which is a wholly owned subsidiary of X-spine Systems, Inc. (the Company). Significant intercompany balances and transactions have been eliminated in consolidation.

Nature of operations: The Company is engaged in the development, manufacturing and sale of medical devices for use in orthopedic spinal surgeries.

Basis of presentation: The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they may not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for a complete financial statement presentation. The interim financial statements contained in this report should be read in conjunction with the Company's audited consolidated financial statements and footnote disclosures for the year ended December 31, 2014.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Revenue recognition: The Company derives its revenues primarily from the sale of spinal surgery implants used in the treatment of spine disorders. The Company sells its products primarily through its direct sales force and independent distributors. Revenue is recognized when goods are shipped, title and risk of loss has transferred to the buyer, the price is fixed or determinable and recoverability is reasonably assured.

Accounts receivable: Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment according to agreed-upon terms, in most cases within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer.

The carrying amount of accounts receivable is reduced by a valuation allowance. The Company makes judgments as to its ability to collect outstanding receivables and provides allowance for a portion of receivables when collection becomes doubtful. Provisions are made based upon a specific review of all outstanding invoices, the overall quality and age of those invoices and management assessment of customer credit worthiness.

Inventories: Inventories are stated at the lower of cost or market, with cost determined under the first-in, first-out method. The Company reviews the components of inventory on a periodic basis for excess, obsolete and impaired inventory, and records a reserve for the identified items.

Note 1. Summary of Significant Accounting Policies (Continued)

Inventory components at June 30, 2015 and 2014 were as follows:

	2015	2014
Raw materials	$ 232,990	$ 94,113
Work in process	89,245	139,993
Finished goods	13,198,680	10,772,637
Inventory reserve	(659,366)	(426,434)
Total	$ 12,861,549	$ 10,580,309

Property and equipment: Property and equipment are carried at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures which significantly extend the lives of assets and major improvements are capitalized. Impairment of asset value is recognized whenever events or changes in circumstances indicate that carrying amounts are not recoverable. Gain or loss on the disposition of property and equipment is reflected in current operations.

Depreciation is computed by the straight-line method for financial reporting purposes over the estimated useful lives of the respective assets. Depreciation expense totaled approximately $1,330,200 and $873,000 for the six months ended June 30, 2015 and 2014, respectively. Depreciation expense totaled approximately $679,600 and $389,600 for the three months ended June 30, 2015 and 2014, respectively. Estimated useful lives are as follows:

Surgical instruments	5 years
Machinery and equipment	3 to 7 years
Furniture and fixtures	3 to 7 years

Patents and trademarks: The cost of patents and trademarks are being amortized on the straight-line method over their useful lives of seven years and tested for impairment whenever events or changes in circumstances indicate that carrying amounts are not recoverable. Amortization expense charged to operations was approximately $126,000 and $138,000 for the six months ended June 30, 2015 and 2014, respectively. Amortization expense charged to operations was approximately $63,000 and $69,000 for the three months ended June 30, 2015 and 2014, respectively.

Shipping and handling costs: Shipping and handling costs for the sale of products are either expensed as incurred and are included in operating expenses or charged to the distributor and reimbursed to the Company. Shipping and handling costs for the six months ended June 30, 2015 and 2014 totaled approximately $452,500 and $349,600, respectively. Shipping and handling costs for the three months ended June 30, 2015 and 2014 totaled approximately $233,900 and $205,400, respectively.

Cost of sales: Cost of sales includes amounts relating to the medical device excise tax effective January 1, 2013. Total expense for the six months ended June 30, 2015 and 2014 totaled approximately $389,800 and $342,200, respectively. Total expense for the three months ended June 30, 2015 and 2014 totaled approximately $197,100 and $222,000, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Research and development: Research and development expenses include salaries and associated costs, contractor and consultant fees, and supplies and materials. These costs include the Company's product development, regulatory and clinical functions and the costs for clinical studies and product development projects. The costs incurred with respect to internally developed technology and engineering services are included in research and development expense and are expensed as incurred. Research and development expenses were approximately $932,700 and $1,044,900 for the six months ended June 30, 2015 and 2014, respectively. Research and development expenses were approximately $398,100 and $531,100 for the three months ended June 30, 2015 and 2014, respectively.

Advertising costs: Advertising costs are expensed when incurred and totaled approximately $523,600 and $414,600 for the six months ended June 30, 2015 and 2014, respectively. Advertising costs are expensed when incurred and totaled approximately $201,700 and $194,700 for the three months ended June 30, 2015 and 2014, respectively.

Income taxes: The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and, accordingly, is not liable for federal or state corporate income taxes. Instead, the shareholders include their respective portion of the Company's taxable income in their individual income tax returns. The Company makes periodic distributions to its shareholders. The Company is liable for city income taxes. No provisions were deemed necessary for uncertain tax positions. With few exceptions, the Company is no longer subject to income tax examinations by federal, state, local or foreign tax authorities for years before 2012.

Note 2. Concentrations

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash that exceed federally insured limits and trade accounts receivable. The credit risk with regard to trade accounts receivable is minimized through the ongoing credit evaluations of its customers and the use of allowance for doubtful accounts to recognize potential credit losses when necessary. For the six months ended June 30, 2015, net sales to one customer exceeded 10 percent of the Company's net sales. Net sales and trade receivables for the one customer at June 30, 2015 totaled approximately $3,967,500 and $139,300, respectively. Net sales and trade receivables for the one customer at June 30, 2014 totaled approximately $2,239,900 and $847,700, respectively. Net sales for the one customer for the three months ended June 30, 2015 totaled approximately $1,673,500. Net sales for the one customer for the three months ended June 30, 2014 totaled approximately $1,905,800.

For the six months ended June 30, 2015, products purchased from the Company's largest supplier accounted for approximately 20% of product purchases. For the six months ended June 30, 2014, products purchased from the Company's largest supplier accounted for approximately 21% of product purchases. For the three months ended June 30, 2015, products purchased from the Company's largest supplier accounted for approximately 20% of product purchases. For the three months ended June 30, 2014, products purchased from the Company's largest supplier accounted for approximately 52% of product purchases.

Note 3. Related-Party Transactions

The supplier referred to in Note 2 is a related entity. Purchases from this entity totaled approximately $1,130,200 and $1,532,700 for the six months ended June 30, 2015 and 2014, respectively. Purchases from this entity totaled approximately $809,200 and $738,800 for the three months ended June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, trade payables owed to this related party totaled approximately $659,800 and $1,335,900, respectively.

The Company provides various support services to another related party based on a shared services agreement. The amounts of reimbursed costs related to these transactions were approximately $14,600 and $16,700 for the six months ended June 30, 2015 and 2014, respectively. The amounts of reimbursed costs related to these transactions were approximately $2,600 and $1,900 for the three months ended June 30, 2015 and 2014, respectively.

Note 4. Leases

The Company leases office space and equipment under operating leases. Total rent expense for the six months ended June 30, 2015 and 2014 was approximately $146,500 and $127,000, respectively. Total rent expense for the three months ended June 30, 2015 and 2014 was approximately $70,500 and $64,000, respectively.

Note 5. Notes Payable

At June 30, 2014, the Company had notes payable with two shareholders for a combined amount of $10,000,000. The terms of these notes, which bore interest at 6%, required monthly interest payments with the principle balance due at the maturity of each note. These notes were settled in December 2014 through the Company obtaining the line of credit, as described in Note 6. Interest on these notes was $300,000 for the six months ended June 30, 2014. Interest on these notes was $150,000 for the three months ended June 30, 2014.

Note 6. Line of Credit

The Company has a line of credit for $15,000,000 that bears interest at LIBOR plus 2.5% (2.69% at June 30, 2015), is collateralized by all assets of the Company, and matures in December 2017. Borrowings against the line of credit were approximately $12,868,000 at June 30, 2015. The line of credit contains, among other things, covenants which require maintenance of certain financial ratios regarding cash flow leverage and fixed charge coverage, as defined in the agreements. Interest on the line of credit was approximately $166,400 for the six months ended June 30, 2015. Interest on the line of credit was approximately $86,800 for the three months ended June 30, 2015. In connection with the Company being acquired as described in Note 9, the line of credit was retired.

Note 7. 401(k) Plan

The Company has a 401(k) defined contribution plan covering substantially all employees. Employer contributions to this plan consist of a 3% safe harbor contribution. The Company contributed a safe harbor contribution of approximately $112,400 and $92,400 during the six months ended June 30, 2015 and 2014, respectively. The Company contributed a safe harbor contribution of approximately $52,400 and $49,400 during the three months ended June 30, 2015 and 2014, respectively.

Note 8. Commitments and Contingencies

The Company is involved in certain legal matters which have arisen through the normal course of business. These cases are, in the opinion of management, ordinary matters incidental to the normal business conducted by the Company. Management does not believe that the ultimate resolution of these matters will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Note 9. Subsequent Events

On July 31, 2015 the Company's outstanding stock was acquired by Bacterin International Holdings, Inc., now known as Xtant Medical Holdings, Inc. In connection with the sale, proceeds were used to retire the Company's line of credit described in Note 6 and the Company's shareholders received cash and stock in Xtant Medical Holdings, Inc.

The Company has evaluated subsequent events for potential recognition and/or disclosure through August 12, 2015, the date the consolidated financial statements were available to be issued.

Exhibit 99.2

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma financial statements have been prepared in accordance with guidelines specified by Article 11 of Regulation S-X. Specifically, the Unaudited Combined Statements of Operations for the twelve months ended December 31, 2014 and the six months ended June 30, 2015, have been prepared as if the offering of our 6.00% Convertible Senior Notes due 2021, the use of the net proceeds therefrom, the entry by Xtant Medical Holdings, Inc., formerly known as Bacterin International Holdings, Inc. ("Xtant"), into an amended and restated credit agreement, which replaced its existing credit agreement, the extinguishment of X-spine Systems, Inc.'s ("X-spine") revolving line of credit and the combination of Xtant and X-spine occurred on January 1, 2014, and include all adjustments that (i) are deemed to be directly attributable to the transactions and (ii) are factually supportable. The Unaudited Combined Balance Sheet as of June 30, 2015 has been prepared as if these transactions occurred as of June 30, 2015 and include all adjustments that (a) are deemed to be directly attributable to the transactions, (b) have a continuing impact on our financial statements, and (c) are factually supportable.

The transactions are more fully described in Note 1 hereto. The pro forma adjustments are based upon various estimates and assumptions that our management believes are reasonable and appropriate given the currently available information. Use of different estimates and judgments could yield different results.

The unaudited pro forma financial statements do not reflect any future operating efficiencies, associated cost savings or possible integration costs that may occur related to the combination of Xtant and X-spine.

The unaudited pro forma financial statements do not purport to reflect our results of operations or financial position that would have occurred had we operated as a public company or as a group of companies during the periods presented. The unaudited pro forma financial statements should not be relied upon as being indicative of our financial condition or results of operations had the transactions occurred on the date assumed nor as a projection of our results of operations or financial position for any future period or date.

The unaudited pro forma financial statements should be read in conjunction with the historical financial statements and related notes of Xtant, appearing in Xtant's public filings available on www.sec.gov, and X-spine, appearing elsewhere in this Current Report on Form 8-K and in our Current Report on Form 8-K filed July 28, 2015.

XTANT MEDICAL HOLDINGS, INC.
Unaudited Pro Forma Combined Statements of Operations

	For the Twelve Months Ended December 31, 2014			
	Bacterin	X-Spine Systems Inc.	Pro Forma Adj's	Pro Forma
Revenue				
Tissue and Medical Device Sales	$ 34,569,160	$ 42,144,675	$	$ 76,713,835
Royalties and other	762,652	68,343		830,995
Total Revenue	35,331,812	42,213,018	0	77,544,830
Cost of sales	13,034,314	14,488,855		27,523,169
Gross Profit	22,297,498	27,724,163	0	50,021,661
Operating Expenses				
General and administrative	8,886,972	4,731,252	(395,450)(a)	13,222,774
Sales and marketing	16,912,865	15,865,370		32,778,235
Research and development	1,443,018	2,140,450		3,583,468
Depreciation and amortization	271,748		395,450(a) 3,963,719(b)	4,630,917
Impairment of Assets	912,549			912,549
Non-cash consulting expense	135,075		-	135,075
Total Operating Expenses	28,562,227	22,737,072	3,963,719	55,263,018
Income (Loss) from Operations	(6,264,729)	4,987,091	(3,963,719)	(5,241,357)
Other Income (Expense)				
Interest expense	(5,660,357)	(593,593)	(10,920,554)(c) 6,253,950(d)	(10,920,554)
Change in warrant derivative liability	1,736,053		-	1,736,053
Other income (expense)	(318,836)			(318,836)
Total Other Income (Expense)	(4,243,140)	(593,593)	(4,666,604)	(9,503,337)
Net Gain (Loss) from Operations Before (Provision) Benefit for Income Taxes	$ (10,507,869)	$ 4,393,498	$ (8,630,323)	$ (14,744,694)
Current		(112,337)		(112,337)
Deferred				
Net Income (Loss)	$ (10,507,869)	$ 4,281,161	$ (8,630,323)	$ (14,857,031)
Net loss per share:				
Basic	$ (1.76)			$ (1.46)
Dilutive	$ (1.76)			$ (1.46)
Shares used in the computation:				
Basic	5,954,195		4,242,655(e)	10,196,850
Dilutive	5,954,195		4,242,655(e)	10,196,850

XTANT MEDICAL HOLDINGS, INC.
Unaudited Pro Forma Combined Statements of Operations

	For the Six Months Ended June 30, 2015			
	Bacterin	X-Spine Systems Inc.	Pro Forma Adj's	Pro Forma
Revenue				
Tissue and Medical Device Sales	$ 19,009,956	$ 23,875,991	$	$ 42,885,947
Royalties and other	385,773	78,765		464,538
Total Revenue	19,395,729	23,954,756		43,350,485
Cost of sales	6,847,766	8,503,778		15,351,544
Gross Profit	12,547,963	15,450,978		27,998,941
Operating Expenses				
General and administrative	4,824,300	3,236,646	(182,438)(a)	7,878,508
Sales and marketing	9,749,249	9,145,080		18,894,329
Research and development	724,732	1,101,627		1,826,359
Depreciation and amortization	224,774	-	182,438(a) 2,231,626(b)	2,638,838
Non-cash consulting expense	140,869	-	-	140,869
Total Operating Expenses	15,663,924	13,483,353	2,231,626	31,378,903
Gain (Loss) from Operations	(3,115,961)	1,967,625	(2,231,626)	(3,379,962)
Other Income (Expense)				
Interest expense	(2,819,220)	(166,459)	(5,992,052)(c) 2,985,679(d)	(5,992,052)
Change in warrant derivative liability	(476,289)	-	-	(476,289)
Non-cash consideration associated stock agreement	(558,185)	-	-	(558,185)
Other income (expense)	(103,126)			(103,126)
Total Other Income (Expense)	(3,956,820)	(166,459)	(3,006,373)	(7,129,652)
Net Gain (Loss) from Operations Before (Provision) Benefit for Income Taxes	$ (7,072,781)	$ 1,801,166	$ (5,237,999)	$ (10,509,614)
Benefit (Provision) for Income Taxes				
Current		(11,143)	-	(11,143)
Deferred			-	-
Net Income (Loss)	$ (7,072,781)	$ 1,790,023	$ (5,237,999)	$ (10,520,757)
Net loss per share:				
Basic	$ (1.02)			$ (0.94)
Dilutive	$ (1.02)			$ (0.94)
Shares used in the computation:				
Basic	6,914,698		4,242,655(e)	11,157,353
Dilutive	6,914,698		4,242,655(e)	11,157,353

XTANT MEDICAL HOLDINGS, INC.
Unaudited Pro Forma Combined Balance Sheet

	As of June 30, 2015				
	Bacterin	X-Spine Systems Inc.	Combined before Adj's	Pro Forma Adj's	Pro Forma
Current Assets:					
Cash and cash equivalents	2,026,108	3,000	2,029,108	5,651,766(a)	7,680,874
Trade accounts receivable	5,574,285	6,972,764	12,547,049		12,547,049
Inventories, net	9,392,150	12,861,550	22,253,700		22,253,700
Prepaid and other current assets	1,033,605	204,167	1,237,772	(223,410)(b) 120,663(c) 329,663(d)	1,464,688
Total Current Assets	18,026,148	20,041,481	38,067,629	5,878,681	43,946,310
Non-current inventories	1,839,971	0	1,839,971		1,839,971
Property and equipment, net	4,430,038	7,533,106	11,963,144		11,963,144
Intangible assets, net	609,348	648,882	1,258,230	(648,882)(e) 43,193,500(f)	43,802,848
Goodwill	0	0	0	22,816,088(f)	22,816,088
Other Assets	1,446,515	0	1,446,515	(744,698)(b) (300,000)(n) 482,651(c) 1,318,651(d)	2,203,118
Total Assets	$ 26,352,020	$ 28,223,469	$ 54,575,489	71,995,990	$ 126,571,479
Liabilities + Equity					
Accounts payable	4,577,488	3,435,848	8,013,336		8,013,336
Accounts payable - related party	293,565	267,249	560,814		560,814
Accrued liabilities	2,399,599	2,164,179	4,563,778		4,563,778
Warrant derivative liability	1,796,660	0	1,796,660		1,796,660
Current portion of capital lease obligations	42,761	0	42,761		42,761
Current portion of royalty liability	1,169,500	0	1,169,500	(1,169,500)(b)	0
Current portion of long-term debt	52,374	0	52,374		52,374
Current Liabilities	10,331,947	5,867,276	16,199,223	(1,169,500)	15,029,723
Capital lease obligation, less current portion	37,496	0	37,496		37,496
Long term royalty liability, less current portion	6,139,374	0	6,139,374	(6,139,374)(b)	0
Long-term debt, less current portion	21,691,674	0	21,691,674	42,000,000(h) (24,000,000)(h) (700,000)(b) 4,256,039(b)	43,247,713
Revolving Line of Credit	0	12,867,606	12,867,606	(12,867,606)(g)	0
Convertible Long Term Debt	0	0	0	65,000,000(i)	65,000,000
Long Term Liabilities	27,868,544	12,867,606	40,736,150	67,549,060	108,285,210
Total Liabilities	$ 38,200,491	$ 18,734,882	$ 56,935,373	66,379,560	$ 123,314,933
Preferred stock, par value	-		0	0(j)	0
Common stock, par value	7	1,100,000	1,100,007	4(k) (1,100,000)(j)	11
Additional paid-in capital	66,091,741	350,000	66,441,741	14,849,289(k) (350,000)(j)	80,941,030
Accumulated deficit	(77,940,219)	8,038,587	(69,901,632)	(8,038,587)(j) 2,784,726(l) (2,529,001)(m)	(77,684,494)
Total Stockholders' Equity	(11,848,471)	9,488,587	(2,359,884)	5,616,430	3,256,546
Total Liabilities and Equity	$ 26,352,020	$ 28,223,469	$ 54,575,489	71,995,990	$ 126,571,479

Note 1 – Basis of Pro Forma Presentation

For purposes of pro forma presentation, the acquisition date of X-spine Systems, Inc. is assumed to be the following for each of the respective financial statements.

- Unaudited Combined Statement of Operations for the twelve months ended December 31, 2014 and the six months ended June 30, 2015 – Acquisition Date January 1, 2014
- Unaudited Combined Balance sheet as of June 30, 2015 – Acquisition Date June 30, 2015

In conjunction with the acquisition of X-spine, the following equity and debt instruments were issued.

- 4,242,655 common shares of Bacterin International Holdings, Inc.
- $42,000,000 in long term debt; maturity July 2020, interest rate of 14% plus LIBOR (minimum 1%)
- $65,000,000 in convertible debt; maturity July 2021, interest rate of 6%

Note: The issuance of the $42,000,000 in long term debt replaces the Company's existing long term debt of $24,000,000 for an incremental increase of $18,000,000.

For purposes of these unaudited pro forma condensed combined financial statements, it has been assumed that the proceeds associated with Long Term Debt and Convertible Long Term Debt instruments have been received as of the Acquisition Date(s).

The unaudited pro forma condensed combined financial statements have been prepared assuming that the acquisition is accounted for using the acquisition method of accounting. Accordingly, the assets acquired and liabilities of the Seller have been adjusted to their fair values as of June 30, 2015.

Fair Values as of June 30,2015

X-spine Tangible Assets			$ 27,574,587
X-spine Tangible Liabilities			(5,867,276)
Net Tangible Assets			21,707,311
Goodwill			22,816,088
Identifiable intangible assets			
	Tradename	4,543,300	
	Technology	28,698,700	
	Non-Compete	40,500	
	Customer Relationship	9,911,000	43,193,500
	Cash	72,867,606	
	Stock	14,849,293	
Consideration - Stock and Cash			$ 87,716,899

A fair market value of $21.7 million has been assigned to net tangible assets acquired. The difference between the fair market value of the net tangible assets and the consideration given have been allocated between Identifiable intangible assets (technology, trademarks, customer relationships and non-compete agreements) which will be amortized over three (3) to fourteen (14) years and Goodwill which in accordance with the ASC No. 805 Business Combinations will not be amortized but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment.

Acquisition-related costs are estimated to be $2.5 million for the period ended June 30, 2015.

Note 2 – Pro Forma Presentation Adjustments and Assumptions

The adjustments included in the column under the heading “Pro Forma Adjustments” in the unaudited pro forma condensed combined financial statements are as follows:

Pro Forma Adjustments to the Combined Balance Sheet

a) To record cash and cash equivalents which is the excess of consideration given less net term debt, convertible debt and equity instruments issued.
b) To eliminate the Long term debt discount, royalty liability and debt penalty fee associated with the extinguishment of the prior long term debt instrument.
c) To record that portion of the third party fees incurred in conjunction with the acquisition of X-spine associated with the issuance with the modification and amendment of the existing long term debt instrument.
d) To record that portion of the third party fees incurred in conjunction with the acquisition of X-spine associated with the convertible debt instrument classified as part of long term debt.
e) To eliminate the historical intangible assets of the Seller.
f) To record the Identifiable intangible assets and Goodwill associated with the acquisition of X-spine.
g) To record the extinguishment of the Revolving Line of Credit which will be paid off with the issuance of new debt associated with the acquisition of X-spine.
h) To record the issuance of the extinguishment and issuance of the modification and amendment of the existing long term debt instrument associated with the acquisition of X-spine.
i) To record the issuance of the convertible long term debt instrument classified as part of long term debt.
j) To eliminate the Seller’s portion of Stockholders’ equity.
k) To record the values associated with common stock and additional paid in capital associated with the 4,242,655 shares of common stock issued to the Seller as part of the consideration for X-spine.

l) To record the gain associated with the extinguishment of the long term debt instrument associated with the modification and amendment of the existing long term debt instrument

m) To record that portion of the third party fees incurred in conjunction with the acquisition of X-spine a portion of which had been recorded as part of prepaid expenses.

n) To eliminate those prepaid expenses related to the third party fees incurred in conjunction with the acquisition of X-spine.

Pro Forma Adjustments to the Combined Statements of Operations

a) To reclassify amortization and depreciation from General and administrative expense to Depreciation and amortization expense which is the financial reporting presentation used by Bacterin for the six months ending June 30, 2015 and for the twelve months ending December 31, 2014.

b) To record the amortization of Identifiable intangible assets expense for the six months ending June 30, 2015 and for the twelve months ending December 31, 2014.

c) To record the interest expense associated with the issuance of modified and amended existing debt and of the convertible debt instruments associated with the acquisition of X-spine for the six months ending June 30, 2015 and for the twelve months ending December 31, 2014.

d) To reverse out the interest expense associated with the prior term debt instrument and revolving line of credit which has been extinguished with the issuance of the modified and amended existing long term debt and of the new convertible debt instruments associated with the acquisition of X-spine for the six months ending June 30, 2015 and for the twelve months ending December 31, 2014.

e) To reflect the common stock shares issued as consideration for the acquisition.