

**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, 2026

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 59714
(Address of principal executive offices) (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

As of May 8, 2026, there were 140,262,960 shares of common stock of the registrant outstanding.

XTANT MEDICAL HOLDINGS, INC.

FORM 10-Q
March 31, 2026

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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:

- our ability to maintain and increase revenue and improve our gross margins, our operating expenses as a percentage of revenue, and obtain and sustain profitability;
- our ability to execute our strategic priorities and become operationally self-sustaining by controlling our supply chain and becoming less reliant on production and manufacturing of our products outside of our control, which we believe will allow us to be a larger and more diverse producer of biologics;
- 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;
- risks associated with strategic transactions, including our recently announced exclusive distribution agreement with Dilon Technologies, Inc. (“Dilon”), the recent sale of certain assets relating to our Coflex and CoFix products and our international hardware business to Companion Spine, LLC (“Companion Spine”), and prior acquisitions;
- our ability to sell successfully the HEMOBLAST® Bellows product that we distribute on an exclusive basis and the effect of this arrangement, including our hiring of approximately 20 additional sales personnel in connection therewith and future possible cross-selling opportunities, on our business, operating results and financial condition;
- the effect of global economic and geopolitical conditions, including economic uncertainty and a possible future recession, tariffs, inflation, rising interest rates, and supply chain disruptions on our business, operating results and financial position, which, among other effects, could result in delayed product launches, lost revenue, higher costs, decreased profit margins, and other adverse effects on our business and operating results;
- our dependence on and ability to retain and recruit qualified sales personnel, independent sales agents and distributors and motivate and incentivize them to engage with customers and sell our products, including in particular, our dependence on the sales personnel we recently hired in connection with our exclusive distribution agreement with Dilon and key independent agents, which account for a significant portion of our revenue;
- the ability of our sales personnel, independent sales agents and distributors to achieve expected results, including leveraging our additional sales personnel to sell other Xtant products, and the potential adverse effects on our business and operating results if anticipated sales are not achieved, including the possibility of future inventory impairment, restructuring, and other charges;
- our ability to innovate, develop, introduce, market and license new products and technologies and the success of such new products and technologies, including the HEMOBLAST® Bellows product that recently began distributing on an exclusive basis; our recently launched nanOss Strata™, an advanced synthetic bone graft designed to closely resemble natural bone; CollagenX™, a bovine collagen particulate product for surgical wound closure; OsteoFactor Pro™, an allogenic growth factor solution; and Trivium™, a next-generation demineralized bone matrix;

- 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, and the possibility that we may become more in the OEM business;
- our ability to retain and expand our agreements with group purchasing organizations (“GPOs”) and integrated delivery networks (“IDNs”) and sell products to members of such GPOs and IDNs;
- our ability to remain competitive;
- our ability to integrate acquired products with our existing product line and successfully transition our customers from legacy to new products and the anticipated adverse effect of these transitions on our organic revenue growth rate;
- our reliance on third party suppliers and manufacturers, including in particular Dilon and the manufacturing and supply of the HEMOBLAST® Bellows product;
- the effect of product liability claims and other litigation to which we may be subjected and product recalls and defects;
- 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;
- our ability to remain accredited with the Association for Advancing Tissue and Biologics and continue to obtain a sufficient number of donor cadavers and placentas for our biologics products;
- our ability to obtain and maintain government and third-party coverage and reimbursement for our products and the amount of such reimbursement;
- our expectations regarding future financial performance, expense management and operating trends, and our estimates of future revenues, 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 service our debt and comply with the covenants in our credit agreements and the effect of our significant indebtedness on our business, operating results, financial condition and prospects;
- our ability to obtain and protect our intellectual property and proprietary rights and operate without infringing the intellectual property rights of others; and
- the significant stock ownership of Nantahala Capital Management, LLC (“Nantahala”) and the impact of potential future sales of our common stock by Nantahala or other investors, or the perception that such sales may occur, on the market price of our common stock.

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, 2025 and this Form 10-Q, as well as our subsequent Securities and Exchange Commission (“SEC”) filings.

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)

| | <u>As of</u> <u>March 31, 2026</u> | <u>As of</u> <u>December 31, 2025</u> |
|---|---------------------------------------|--|
| | <u>(Unaudited)</u> | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 12,137 | \$ 17,053 |
| Restricted cash | 20 | 275 |
| Trade accounts receivable, net of allowance for credit losses of \$2,115 and \$2,165, respectively | 17,179 | 17,803 |
| Inventories | 31,881 | 30,263 |
| Note receivable | — | 10,462 |
| Prepaid and other current assets | 1,404 | 2,389 |
| Total current assets | 62,621 | 78,245 |
| Property and equipment, net | 5,854 | 6,202 |
| Right-of-use asset, net | 3,045 | 3,192 |
| Goodwill | 6,074 | 6,074 |
| Intangible assets, net | 275 | 299 |
| Other assets | 131 | 133 |
| Total Assets | \$ 78,000 | \$ 94,145 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 5,485 | \$ 3,844 |
| Accrued liabilities | 8,475 | 10,626 |
| Current portion of long-term debt | 3,720 | 3,500 |
| Current portion of lease liability | 617 | 622 |
| Current portion of finance lease obligations | 35 | 35 |
| Line of credit | 441 | 10,857 |
| Total current liabilities | 18,773 | 29,484 |
| Long-term Liabilities: | | |
| Lease liability, less current portion | 2,525 | 2,665 |
| Finance lease obligation, less current portion | 3 | 12 |
| Long-term debt, plus premium and less issuance costs | 8,095 | 11,026 |
| Other liabilities | 5 | 5 |
| Total Liabilities | 29,401 | 43,192 |
| Commitments and Contingencies (Note 12) | | |
| 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; 140,068,260 shares issued and outstanding as of March 31, 2026 and 140,039,557 shares issued and outstanding as of December 31, 2025 | — | — |
| Additional paid-in capital | 306,175 | 305,439 |
| Accumulated other comprehensive loss | (1) | — |
| Accumulated deficit | (257,575) | (254,486) |
| Total Stockholders' Equity | 48,599 | 50,953 |
| Total Liabilities & Stockholders' Equity | \$ 78,000 | \$ 94,145 |

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, | |
|---|-------------------------------------|----------------|
| | 2026 | 2025 |
| Revenue | | |
| Product revenue | \$ 20,884 | \$ 29,284 |
| License revenue | — | 3,620 |
| Total Revenue | <u>20,884</u> | <u>32,904</u> |
| Cost of Sales | 8,913 | 12,661 |
| Gross Profit | <u>11,971</u> | <u>20,243</u> |
| Operating Expenses | | |
| General and administrative | 6,273 | 7,533 |
| Sales and marketing | 8,186 | 11,204 |
| Research and development | 435 | 443 |
| Total Operating Expenses | <u>14,894</u> | <u>19,180</u> |
| (Loss) Income from Operations | <u>(2,923)</u> | <u>1,063</u> |
| Other Expense | | |
| Interest expense | (599) | (1,045) |
| Interest income | 219 | — |
| Unrealized foreign currency translation (loss) gain | (1) | 24 |
| Other income (expense) | 242 | (9) |
| Total Other Expense | <u>(139)</u> | <u>(1,030)</u> |
| Net (Loss) Income from Operations Before Provision for Income Taxes | <u>(3,062)</u> | <u>33</u> |
| (Provision) Benefit for Income Taxes Current and Deferred | (27) | 25 |
| Net (Loss) Income | <u>\$ (3,089)</u> | <u>\$ 58</u> |
| Net (Loss) Income Per Share: | | |
| Basic | \$ (0.02) | \$ 0.00 |
| Dilutive | \$ (0.02) | \$ 0.00 |
| Shares used in the computation: | | |
| Basic | 140,058,787 | 139,068,831 |
| Dilutive | 140,058,787 | 143,335,114 |

See notes to unaudited condensed consolidated financial statements.

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

| | Three Months Ended March 31, | |
|--|-------------------------------------|---------------|
| | 2026 | 2025 |
| Net (Loss) Income | \$ (3,089) | \$ 58 |
| Other Comprehensive (Loss) Income | | |
| Foreign currency translation adjustments | (1) | 107 |
| Comprehensive (Loss) Income | <u>\$ (3,090)</u> | <u>\$ 165</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, 2024 | 139,045,664 | \$ — | \$ 302,738 | \$ (316) | \$ (259,459) | \$ 42,963 |
| Common stock issued on settlement of restricted stock units | 44,496 | — | — | — | — | — |
| Withholding of common stock upon settlement of restricted stock units | (7,986) | — | (9) | — | — | (9) |
| Stock-based compensation | — | — | 758 | — | — | 758 |
| Foreign currency translation adjustment | — | — | — | 107 | — | 107 |
| Net income | — | — | — | — | 58 | 58 |
| Balance at March 31, 2025 | <u>139,082,174</u> | <u>—</u> | <u>303,487</u> | <u>(209)</u> | <u>(259,401)</u> | <u>43,877</u> |
| Balance at December 31, 2025 | 140,039,557 | \$ — | \$ 305,439 | \$ — | \$ (254,486) | \$ 50,953 |
| Common stock issued on settlement of restricted stock units | 44,496 | — | — | — | — | — |
| Withholding of common stock upon settlement of restricted stock units | (15,793) | — | (10) | — | — | (10) |
| Stock-based compensation | — | — | 746 | — | — | 746 |
| Foreign currency translation adjustment | — | — | — | (1) | — | (1) |
| Net loss | — | — | — | — | (3,089) | (3,089) |
| Balance at March 31, 2026 | <u>140,068,260</u> | <u>—</u> | <u>306,175</u> | <u>(1)</u> | <u>(257,575)</u> | <u>48,599</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, | |
|---|-------------------------------------|-----------------|
| | 2026 | 2025 |
| Operating activities: | | |
| Net (loss) income | \$ (3,089) | \$ 58 |
| Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 534 | 1,074 |
| Gain on sale of fixed assets | (14) | (37) |
| Non-cash interest | 129 | 163 |
| Stock-based compensation | 746 | 758 |
| Provision for reserve on accounts receivable | 180 | 243 |
| Provision for excess and obsolete inventory | 922 | 541 |
| Other | 2 | (3) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 444 | (3,114) |
| Inventories | (1,611) | (535) |
| Prepaid and other assets | 152 | 280 |
| Accounts payable | 1,641 | (890) |
| Accrued liabilities | (2,150) | 2,740 |
| Net cash (used in) provided by operating activities | <u>(2,114)</u> | <u>1,278</u> |
| Investing activities: | | |
| Purchases of property and equipment | (194) | (1,191) |
| Proceeds from sale of fixed assets | 46 | 48 |
| Proceeds from divestitures | 10,368 | — |
| Net cash provided by (used in) investing activities | <u>10,220</u> | <u>(1,143)</u> |
| Financing activities: | | |
| Borrowings on line of credit | 1,630 | 25,158 |
| Repayments on line of credit | (12,045) | (26,017) |
| Payments on long-term debt | (2,841) | — |
| Debt issuance costs | — | (34) |
| Payments on financing leases | (9) | (17) |
| Payment of taxes from withholding of common stock on settlement of restricted stock units | (10) | (9) |
| Net cash used in financing activities | <u>(13,275)</u> | <u>(919)</u> |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | <u>(2)</u> | <u>(2)</u> |
| Net change in cash and cash equivalents and restricted cash | (5,171) | (786) |
| Cash and cash equivalents and restricted cash at beginning of period | 17,328 | 6,221 |
| Cash and cash equivalents and restricted cash at end of period | <u>\$ 12,157</u> | <u>\$ 5,435</u> |
| Reconciliation of cash and cash equivalents and restricted cash reported in the condensed consolidated balance sheets | | |
| Cash and cash equivalents | \$ 12,137 | \$ 5,032 |
| Restricted cash | 20 | 403 |
| Total cash and restricted cash reported in condensed consolidated balance sheets | <u>\$ 12,157</u> | <u>\$ 5,435</u> |

See notes to unaudited condensed consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

(1) 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 fixation systems to facilitate spinal fusion in complex spine, deformity, and degenerative procedures.

The accompanying condensed consolidated balance sheet as of December 31, 2025, 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 (“GAAP”). 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, 2026.

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, 2025. 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.

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; 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.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates market value. 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.

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, 2026 and December 31, 2025 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.

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, 2026 and 2025.

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, 2026 and 2025.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification (“ASC”) 718, *Compensation-Stock Compensation*. ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all stock-based payments including stock options, restricted stock units, performance stock units, and shares issued under its employee stock purchase plan. ASC 718 requires companies to estimate the fair value of all share-based payment option awards on the date of grant using an option pricing model. The fair value of stock options is recognized over the period during which an optionee is required to provide services in exchange for the option award, known as the requisite service period (usually the vesting period), on a straight-line basis. The Company accounts for option forfeitures as they occur.

The Company accounts for stock-based compensation for restricted stock units and deferred stock units at their fair value, based on the closing market price of the Company’s common stock on the date of grant. These costs are recognized on a straight-line basis over the requisite service period, which is usually the vesting period.

The Company accounts for stock-based compensation for performance stock units with market-based conditions at their fair value on the date of the award using the Monte Carlo simulation model. These costs are recognized over the requisite service period, which is usually the vesting period, regardless of the likelihood of achievement of the market-based performance criteria.

Recently Issued Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40). This ASU requires that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The prescribed categories include purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. This authoritative guidance is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect of this new guidance on its consolidated financial statements.

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 (loss). Foreign currency transaction gains and losses are reported in unrealized foreign currency translation (loss) gain.

Fair Value of Financial Instruments

The carrying values of financial instruments, including trade accounts receivable, note receivable, accounts payable, accrued liabilities and long-term debt, approximate their fair values based on terms and related interest rates as of March 31, 2026 and December 31, 2025.

(2) Sale of Coflex/CoFix Assets and International Hardware Business

On December 1, 2025, we completed the sale of certain assets relating to our Coflex and CoFix products (the “Coflex/CoFix Divestiture”) to Companion Spine, LLC and one of its affiliates, Companion Spine SAS (collectively, “Companion Spine”), pursuant to an Asset Purchase Agreement dated July 7, 2025 (the “Coflex/CoFix Agreement”). The total purchase price of the Coflex/CoFix Divestiture was \$17.5 million (subject to a closing inventory valuation adjustment set forth in the Coflex/CoFix Agreement). Of the total purchase price, an aggregate of \$7.5 million was previously paid to us in cash as non-refundable deposits during third and fourth quarters of 2025, \$1.8 million was paid to us in cash at the closing, and \$8.2 million was paid to us as an unsecured promissory note issued by Companion Spine to us the closing (the “Companion Spine Note”). Pursuant to subsequent amendments to the Coflex/CoFix Agreement, the maturity date of the Companion Spine Note was extended to January 31, 2026. The outstanding principal balance of the Companion Spine Note, together with the related accrued interest, totaling \$8.5 million, was paid to us on February 27, 2026.

Also, on December 1, 2025, we completed the sale of all of our shares of equity securities of Paradigm Spine GmbH, one of our then wholly owned subsidiaries engaged in the operation of our hardware business outside of the United States (“Paradigm”), which constituted 100% of the issued and outstanding shares of equity securities of Paradigm (the “Paradigm Divestiture” and together with the Coflex/CoFix Divestiture, the “Divestitures”), to Companion Spine pursuant to an Equity Purchase Agreement dated July 7, 2025 between us, Paradigm and Companion Spine (the “Paradigm Agreement” and together with the Coflex/CoFix Agreement, the “Divestiture Agreements”). The total purchase price of the Paradigm Divestiture was \$3.9 million, \$1.7 million of which was paid to us in cash at the closing of the Paradigm Divestiture and \$2.2 million of which was paid to us on February 27, 2026 in settlement of the net working capital and other purchase price adjustments.

The aggregate purchase price associated with the two Divestitures was \$21.4 million.

The Company determined that the Divestitures do not meet the criteria for classification as discontinued operations for accounting purposes. As a result, all historical operating results for the Coflex/CoFix assets and international hardware business are reflected within the consolidated statements of operations in the consolidated financial statements.

(3) Revenue

In the United States, the Company generates a substantial portion of its revenue from independent commissioned sales agents. The Company consigns its orthobiologics products to hospitals and consigns 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 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 payment. 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 group purchasing organization 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 recognizes revenue in certain circumstances before product delivery occurs (commonly referred to as bill-and-hold transactions). When the Company enters into bill-and-hold arrangements, the Company determines if the customer obtains control of the product by determining (a) the reason for the bill-and-hold arrangement; (b) whether the product was identified separately as belonging to the customer; (c) whether the product was ready for physical transfer to the customer; and (d) whether the Company was unable to utilize the product or direct it to another customer. For bill-and-hold arrangements, the associated product inventory is identified separately by the Company as belonging to the customer and is ready for physical transfer. At March 31, 2026, \$0.1 million was included in revenue for products that had not shipped. Occasionally the Company will receive consideration in advance of transferring products to its customers and records a contract liability. Contract liabilities are recognized as revenue in proportion to when control of the goods is transferred to the customer.

License revenue

License revenue is recognized when control of the intellectual property ("IP") rights is transferred to a customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for the licensing of the Company's IP. Revenue for IP rights is accounted for based on the nature of the promise to grant the license. In determining whether the Company's promise is to provide a right to access its IP or a right to use its IP, the Company considers the nature of its IP to which the customer will have rights. IP is either functional IP which has significant standalone functionality or symbolic IP which does not have significant standalone functionality. Revenue from functional IP is recognized at the point in time when control of the distinct license is transferred to the customer. Revenue from symbolic IP is recognized over the access period to the Company's IP.

Revenues from sales-based royalties promised in exchange for a license of IP is recognized at the later of when the underlying sale occurs, or the performance obligation to which some or all of the sales based royalty has been allocated is satisfied.

The Company has a license agreement which grants an exclusive, nontransferable, non-sublicensable, royalty bearing right to manufacture and commercialize one of our products in the United States. The Company concluded that this agreement represented one performance obligation of transferring the IP rights to manufacture and commercialize the product. This was determined to be functional IP. The transaction price included quarterly royalty payments based on the volume of product sold subject to guaranteed quarterly minimums. Due to policy changes by the Centers for Medicare & Medicaid Services that went into effect on January 1, 2026, no revenue was recognized in connection with the license agreement during the three months ended March 31, 2026.

Disaggregation 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, 2026 and 2025 (in thousands):

| | Three Months Ended March 31, 2026 | Percentage of Total Revenue | Three Months Ended March 31, 2025 | Percentage of Total Revenue |
|-----------------|--|--|--|--|
| Orthobiologics | \$ 15,609 | 75% | \$ 18,074 | 55% |
| Spinal implant | 5,275 | 25% | 11,210 | 34% |
| License revenue | — | —% | 3,620 | 11% |
| Total revenue | <u>\$ 20,884</u> | <u>100%</u> | <u>\$ 32,904</u> | <u>100%</u> |

(4) Trade Accounts Receivable, Net

Trade accounts receivable is reduced by an estimated allowance for credit losses based on historical collection experience adjusted for current economic conditions affecting collectability and reasonable and supportable forecasts concerning the future. 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. Activity within the allowance for credit losses consist of the following (in thousands):

| | March 31, 2026 | March 31, 2025 |
|--|-----------------------|-----------------------|
| Balance at January 1 | \$ 2,165 | \$ 1,437 |
| Provision for current expected credit losses | 180 | 243 |
| (Write-offs) recoveries against allowance | (230) | 25 |
| Balance at March 31 | <u>\$ 2,115</u> | <u>\$ 1,705</u> |

(5) Inventories

Inventories consist of the following (in thousands):

| | March 31, 2026 | December 31, 2025 |
|-----------------|-----------------------|--------------------------|
| Raw materials | \$ 6,074 | \$ 5,689 |
| Work in process | 5,143 | 4,799 |
| Finished goods | 20,664 | 19,775 |
| Total | <u>\$ 31,881</u> | <u>\$ 30,263</u> |

(6) Property and Equipment, Net

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

| | March 31, 2026 | December 31, 2025 |
|--------------------------------|-----------------------|--------------------------|
| Equipment | \$ 7,503 | \$ 7,346 |
| Computer equipment | 1,257 | 1,252 |
| Computer software | 361 | 361 |
| Leasehold improvements | 4,483 | 4,483 |
| Surgical instruments | 13,861 | 14,070 |
| Assets not yet in service | 835 | 897 |
| Total cost | <u>28,300</u> | <u>28,409</u> |
| Less: accumulated depreciation | (22,446) | (22,207) |
| Property and equipment, net | <u>\$ 5,854</u> | <u>\$ 6,202</u> |

Depreciation expense related to property and equipment, including property under finance leases, for the first three months of 2026 and 2025 was \$0.5 million and \$0.6 million, respectively.

(7) Intangible Assets

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

| March 31, 2026: | Weighted Average Life | Cost | Accumulated Amortization | Net |
|------------------------|----------------------------------|-------------|-------------------------------------|------------|
| Patents | 13 years | \$ 1,027 | \$ (752) | \$ 275 |

| December 31, 2025: | Weighted Average Life | Cost | Accumulated Amortization | Net |
|---------------------------|----------------------------------|-------------|-------------------------------------|------------|
| Patents | 13 years | \$ 1,027 | \$ (728) | \$ 299 |

Amortization expense was \$0.0 million and \$0.4 million for the three months ended March 31, 2026 and 2025, respectively.

(8) Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

| | March 31, 2026 | December 31, 2025 |
|---------------------------|-----------------------|--------------------------|
| Wages/commissions payable | \$ 6,238 | \$ 6,726 |
| Taxes payable | 1,830 | 2,183 |
| Other accrued liabilities | 407 | 1,717 |
| Accrued liabilities | <u>\$ 8,475</u> | <u>\$ 10,626</u> |

(9) Debt

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

| | March 31, 2026 | December 31, 2025 |
|---|-----------------------|--------------------------|
| Amounts due under term loan | \$ 11,159 | \$ 14,000 |
| Accrued end-of-term payments | 905 | 817 |
| Less: unamortized debt issuance costs | (249) | (291) |
| Less: current portion of long-term debt | (3,720) | (3,500) |
| Long-term debt, less issuance costs and current portion of long-term debt | <u>\$ 8,095</u> | <u>\$ 11,026</u> |

As of March 31, 2026, scheduled principal payments for our term credit agreement are as follows (in thousands):

| Period | Scheduled Quarterly Payments | Annually |
|-------------------|---|-----------------|
| Remainder of 2026 | \$ 930 | \$ 2,790 |
| 2027 | 930 | 3,720 |
| 2028 | 930 | 3,720 |
| 2029 | 930 | 930 |

As of March 31, 2026, the effective rate of the term loan under our term credit agreement, inclusive of authorization of debt issuance costs and accretion of the final payment, was 14.79%, and the effective rate of the revolving loan under our revolving credit agreement was 10.28%. As of March 31, 2026, we had \$0.4 million outstanding and \$11.8 million of availability under our revolving credit facility.

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 certain subsidiaries of the Company, as borrowers (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.

On March 26, 2026, we entered into Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for fourth quarter of 2025, adjusted the amortization of the term loan to have amortization calculated off the amount of principal outstanding when amortization payments start instead of the original principal amount of the term loan, and revised the minimum net revenue covenant to align solely with revenue generated from the orthobiologics products and correspondingly adjust the minimum net revenue amounts.

As of March 31, 2026, we were in compliance with all applicable covenants under the credit agreements.

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.

(10) 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 (as amended and restated, 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 2023 Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee or 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, as increased by an amendment approved by our stockholders on November 7, 2025, is (i) 17,800,000 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.

Total stock-based compensation expense recognized for employees and directors was \$0.7 million and \$0.8 million for the three months ended March 31, 2026 and 2025, respectively, and was recognized as general and administrative expense.

Stock Options

Stock option activity was as follows for the three months ended March 31, 2026 and 2025:

| | 2026 | | | 2025 | | |
|--------------------------|-----------|---------------------------------|--|-----------|---------------------------------|--|
| | 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 | 3,760,472 | 1.30 | | 3,925,403 | 1.29 | |
| Cancelled or expired | (53,125) | 1.10 | | (164,432) | 1.09 | |
| Outstanding at March 31 | 3,707,347 | 1.30 | 5.44 | 3,760,971 | 1.30 | 6.68 |
| Exercisable at March 31 | 3,295,444 | 1.32 | 5.21 | 2,894,964 | 1.37 | 6.25 |

As of March 31, 2026, there was approximately \$0.4 million of total unrecognized compensation expense related to unvested stock options, which expense is expected to be recognized over a weighted-average period of 1.3 years.

Restricted Stock Units and Deferred Stock Units

Restricted stock unit and deferred stock unit activity was as follows for the three months ended March 31, 2026 and 2025:

| | 2026 | | 2025 | |
|--------------------------|-----------|---|-----------|---|
| | Shares | Weighted Average Fair Value at Grant Date Per Share | Shares | Weighted Average Fair Value at Grant Date Per Share |
| Outstanding at January 1 | 7,669,138 | \$ 0.79 | 5,455,472 | \$ 0.90 |
| Vested | (44,496) | 0.71 | (44,496) | 0.71 |
| Cancelled | (114,486) | 0.67 | (34,197) | 0.98 |
| Outstanding at March 31 | 7,510,156 | \$ 0.79 | 5,376,779 | \$ 0.93 |

Total stock-based compensation expense related to unvested restricted stock units and deferred stock units not yet recognized was \$3.3 million as of March 31, 2026, which expense is expected to be allocated to expenses over a weighted-average period of 2.4 years.

Performance Stock Units

During 2024, the Company awarded performance stock units (“PSUs”) under the 2023 Plan to certain executive officers and key employees. The Company has awarded an aggregate of 1,894,985 PSUs, assuming target performance, and each PSU award can be earned and vested at the end of a three-year performance period based on the total stockholder return, or TSR, of the Company’s common stock price relative to a group of peer companies and subject to continued service to the Company. The number of shares of the Company’s common stock to be issued upon vesting and settlement of the PSUs range from 0% to 200% of the target number of shares underlying the award, depending on the Company’s performance against the group of peer companies.

During 2025, the Company awarded PSUs under the 2023 Plan to certain executive officers and key employees. The Company awarded 1,699,402 PSUs, assuming target performance, and each PSU award can be earned at the end of each of the three one-year performance periods based on stock appreciation goals and subject to continued service to the Company. After each one-year performance period, the amount earned in that period will vest equally over the remaining service periods. The number of shares of the Company’s common stock or deferred stock units to be issued upon vesting and settlement of the PSUs ranges from 0% to 200% of the target number of shares underlying the award, depending on the Company’s performance against the stock appreciation goals set forth in the awards.

Activity for PSU awards granted under the 2023 Plan, assuming target performance, was as follows for the three months ended March 31, 2026 and 2025:

| | 2026 | | 2025 | |
|--------------------------|-----------|-----------------------------|-----------|-----------------------------|
| | Shares | Weighted Average Fair Value | Shares | Weighted Average Fair Value |
| Outstanding at January 1 | 3,340,111 | 1.16 | 1,640,709 | 1.49 |
| Forfeited | (122,768) | 1.49 | — | — |
| Outstanding at March 31 | 3,217,343 | 1.15 | 1,640,709 | 1.49 |

The total stock-based compensation cost related to unvested PSUs not yet recognized was \$2.0 million as of March 31, 2026, which is expected to be allocated to expenses over a weighted-average period of 2.0 years.

(11) Warrants

Warrant activity was as follows for the three months ended March 31, 2026 and 2025:

| | 2026 | | | 2025 | | |
|--------------------------|-------------|---------------------------------|--|------------|---------------------------------|--|
| | 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 | 12,237,470 | 1.53 | | 12,237,470 | 1.53 | |
| Cancelled or expired | (7,111,112) | 2.29 | | — | — | |
| Outstanding at March 31 | 5,126,358 | 0.48 | 1.42 | 12,237,470 | 1.53 | 1.54 |
| Exercisable at March 31 | 5,126,358 | 0.48 | 1.42 | 12,237,470 | 1.53 | 1.54 |

(12) Commitments and Contingencies

Litigation

We may be subject to potential liabilities under government regulations and various claims and legal actions that are pending but we believe are immaterial at this time or may be asserted in the future 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. The amount of ultimate loss may exceed the Company's current accruals, and it is possible that its 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 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.

(13) Income Taxes

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

| | Three Months Ended March 31, | |
|--|------------------------------|---------|
| | 2026 | 2025 |
| Income tax expense (benefit) from continuing operations | \$ 27 | \$ (25) |
| (Loss) income from continuing operations before income taxes | \$ (3,062) | \$ 33 |
| Effective income tax rate | -0.9% | -75.8% |

Our effective tax rate for the three months ended March 31, 2026 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state taxes.

Our effective tax rate for the three months ended March 31, 2025 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, 2026, the Company is not currently under examination by tax authorities.

(14) Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing net (loss) income 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) income 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. Diluted net (loss) income per share was the same as basic net (loss) income per share for the three months ended March 31, 2025, as shares issuable upon the exercise of stock options and warrants were anti-dilutive as a result of the net loss incurred for the period.

The table below sets forth the computation of basic and diluted (loss) earnings per share (in thousands, except per share data):

| | Three Months Ended March 31, | |
|--|------------------------------|-------------|
| | 2026 | 2025 |
| Numerator: | | |
| Net (loss) income | \$ (3,089) | \$ 58 |
| Denominator: | | |
| Basic – weighted average shares outstanding | 140,058,787 | 139,068,831 |
| Effect of dilutive securities: | | |
| Employee restricted stock units and deferred stock units | — | 4,266,283 |
| Diluted – weighted average shares outstanding | 140,058,787 | 143,335,114 |
| Basic (loss) earnings per share | (0.02) | 0.00 |
| Diluted (loss) earnings per share | (0.02) | 0.00 |

For the three months ended March 31, 2026 and 2025, an aggregate of 19,261,204 and 16,068,993 shares underlying outstanding stock options, restricted stock units, deferred stock units, performance stock units and warrants were excluded for the diluted (loss) earnings per share calculation as they were anti-dilutive.

(15) Supplemental Disclosure of Cash Flow Information

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

| | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2026 | 2025 |
| <i>Cash paid during the period for:</i> | | |
| Interest | \$ 470 | \$ 882 |

(16) Segment and Geographic Information

The Company operates as one reportable and operating segment based upon the Company's organization structure and the way in which the operations and investments are managed and evaluated by the chief operating decision maker ("CODM"), who is the Company's Chief Executive Officer. The CODM uses consolidated net (loss) income as the primary measure of segment profit or loss to monitor performance and allocate resources.

The measure of segment assets is reported on the balance sheet as total assets. The CODM does not review segment assets at a level other than that presented in the Company's consolidated balance sheets.

The table below provides the calculation of consolidated net (loss) income, which is the performance measure that is most consistent with GAAP, and the significant operating expenses included in this performance measure (in thousands):

| | Three Months Ended March 31, | |
|---|-------------------------------------|--------------|
| | 2026 | 2025 |
| Revenue | \$ 20,884 | \$ 32,904 |
| Less cost of sales | 8,913 | 12,661 |
| Gross Profit | 11,971 | 20,243 |
| Gross Margin | 57.3% | 61.5% |
| Less: | | |
| General and administrative | 6,273 | 7,533 |
| Sales and marketing | 8,186 | 11,204 |
| Research and development | 435 | 443 |
| Interest expense | 599 | 1,045 |
| Interest income | (219) | — |
| Unrealized foreign currency translation (gain) loss | 1 | (24) |
| Other (income) expense | (242) | 9 |
| Provision (benefit) for income taxes | 27 | (25) |
| Net (Loss) Income | \$ (3,089) | \$ 58 |

The Company attributes revenues to geographic areas based on the location of the customer. Approximately 100% and 92% of revenue was in the United States for the three months ended March 31, 2026 and 2025, respectively. Total revenue by major geographic area is as follows (in thousands):

| | Three Months Ended March 31, | |
|----------------------|-------------------------------------|------------------|
| | 2026 | 2025 |
| United States | \$ 20,707 | \$ 30,117 |
| Rest of world | 177 | 2,787 |
| Total revenue | \$ 20,884 | \$ 32,904 |

(17) Subsequent Event

On April 13, 2026, we announced that we entered into a Distribution Agreement (the “Distribution Agreement”) with Dilon Technologies, Inc. (“Dilon”) pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST[®] Bellows product in the United States. The HEMOBLAST[®] Bellows product is an FDA-approved powder-based, topical, surgical hemostatic agent used to control bleeding during surgical procedures. In connection therewith, we hired approximately 20 Dilon sales personnel to assist in the sale of the HEMOBLAST[®] Bellows product in the United States. Under the terms of the Distribution Agreement, Dilon will continue to manufacture the HEMOBLAST[®] Bellows product from its current manufacturing location in France and will supply and sell it to us at a specified transfer price as provided in the Distribution Agreement, which price is subject to change under the terms of the Distribution Agreement. The Distribution Agreement does not contain any minimum purchase requirements. Under the terms of the Distribution Agreement, we paid Dilon a \$5.0 million exclusivity fee, which fee is subject to repayment by Dilon under certain circumstances, including upon a termination of the Distribution Agreement, which agreement can be terminated by either party upon certain specified events.

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, 2025. 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, as well as trauma, foot and ankle, sports medicine, wound care surgeons including orthobiologics for the promotion of bone healing, amniotic tissue and collagen for both surgical repair and chronic wound care, implants and instrumentation for the treatment of spinal disease. We promote our products primarily in the United States through a direct sales force, independent distributors and stocking agents.

We have an extensive sales channel of direct and 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 and through group purchasing organizations. 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 stocking distribution partners in Europe, Canada, Mexico, South America, and certain Pacific region countries. We have recently made and intend to continue to make measured investments in the expansion of our commercial team to support our new products and maximize the reach of our broad portfolio of orthobiologics solutions. We also recently hired approximately 20 sales personnel in connection with our exclusive distribution arrangement with Dilon Technologies, Inc. ("Dilon").

As previously disclosed, on December 1, 2025, we completed the sale of certain non-core assets relating to our Coflex and CoFix products and our international hardware business to Companion Spine, LLC ("Companion Spine") for an aggregate purchase price of \$21.4 million. Of the \$10.7 million purchase price received during the first quarter of 2026, \$2.8 million was used to repay a portion of our term debt. To assist in the transition of this business to Companion Spine, we agreed to certain transition services to Companion Spine for a limited period of time. In 2025, we recognized \$20.3 million in revenue from sales of our Coflex and CoFix products and international hardware products which we sold to Companion Spine. The loss of this revenue will adversely affect our 2026 revenue.

In addition, as previously disclosed, we recognized \$18.7 million in license revenue in 2025 that we indicated likely will not repeat in 2026 due primarily to changes in the reimbursement environment for our SimpliMax™ product effective January 1, 2026 and will adversely affect a portion of our product revenue in 2026. During first quarter of 2026, as anticipated, our revenue was adversely affected by such changes, including a decrease in license revenue of \$3.6 million and a decrease in product revenue, primarily related to skin substitute products, of \$2.0 million. The loss of this license and product revenue will continue to have an adverse impact on our revenues and other operating results, including in particular, our gross margins, during the remainder of 2026 as compared to 2025.

Recent Development

On April 13, 2026, we announced that we entered into a Distribution Agreement (the “Distribution Agreement”) with Dilon Technologies, Inc. pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST® Bellows product in the United States. The HEMOBLAST® Bellows product is an FDA-approved powder-based, topical, surgical hemostatic agent used to control bleeding during surgical procedures. In connection therewith, we hired approximately 20 Dilon sales personnel to assist in the sale of the HEMOBLAST® Bellows product in the United States. Under the terms of the Distribution Agreement, Dilon will continue to manufacture the HEMOBLAST® Bellows product from its current manufacturing location in France and will supply and sell it to us at a specified transfer price as provided in the Distribution Agreement, which price is subject to change under the terms of the Distribution Agreement. The Distribution Agreement does not contain any minimum purchase requirements. Under the terms of the Distribution Agreement, we paid Dilon a \$5.0 million exclusivity fee, which fee is subject to repayment by Dilon under certain circumstances, including upon a termination of the Distribution Agreement, which agreement can be terminated by either party upon certain specified events.

Results of Operations

Comparison of Three Months Ended March 31, 2026 and March 31, 2025

Revenue

Total revenue for the three months ended March 31, 2026 decreased 37% to \$20.9 million compared to \$32.9 million in the same period in 2025. The decrease is attributed primarily to the divestiture of Coflex/CoFix assets and the international hardware business of \$5.4 million and the reduction of license revenue of \$3.6 million. The remaining decrease related primarily to a decrease in revenue received from the sale of skin substitute products adversely affected by changes in the reimbursement environment effective January 1, 2026.

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 and inventory on consignment that may be missing and not returned. Cost of sales decreased by 30%, or \$3.8 million, to \$8.9 million for the three months ended March 31, 2026 from \$12.7 million for the prior year period. The decrease in cost of sales is primarily due to lower revenue in the current year period compared to the prior year period, as described above.

Gross Profit

Gross profit as a percentage of revenue decreased to 57.3% for the three months ended March 31, 2026 compared to 61.5% for the same period in 2025. Of this decrease, 490 basis points were due to reduction in scale and change in sales mix with 470 basis points related to the reduction in license revenue.

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 other professional fees, as well as occupancy costs. General and administrative expenses decreased 17%, or \$1.3 million, to \$6.3 million for the three months ended March 31, 2026, compared to \$7.5 million for the prior year period. Of this decrease, \$1.6 million is due to the sale of certain assets relating to our Coflex and CoFix products and international hardware business to Companion Spine, partially offset by \$0.2 million in additional accounting and consulting fees incurred during the current year period.

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 decreased 27%, or \$3.0 million, to \$8.2 million for the three months ended March 31, 2026, compared to \$11.2 million for the prior year period. Of this decrease, \$2.5 million is due to the sale of certain assets relating to our Coflex and CoFix products and international hardware business to Companion Spine. The remaining decrease is primarily due to a \$0.4 million decrease in independent agent commissions expense resulting from the decline in revenue and a \$0.6 million decrease in professional fees during the current year period. The decrease was partially offset by a \$0.2 million increase in compensation expense related to increased headcount. We expect our sales and marketing expenses to increase in future periods due to our exclusive distribution agreement with Dilon and our recent hiring of approximately 20 sales personnel in connection therewith to assist in the sale of the HEMOBLAST® Bellows product in the United States.

Research and Development

Research and development expenses consist primarily of internal costs for the development of new technologies. Research and development expenses were \$0.4 million for each of the three months ended March 31, 2026 and 2025.

Interest Expense

Interest expense decreased \$0.4 million to \$0.6 million for the three months ended March 31, 2026, compared to \$1.0 million for the same period in 2025. This decrease resulted primarily from reduced borrowings under our revolving line of credit, as well as prepayments totaling \$10.8 million on our term loan. Based on our current outstanding borrowings, we expect that our annualized interest expense will increase approximately \$0.1 million for every 25 basis points of increase to the reference rate associated with our credit agreements.

Interest Income

We recognized \$0.2 million of interest income for the three months ended March 31, 2026 related to the promissory note that we received from Companion Spine in connection with the sale of assets related to our Coflex and CoFix products to Companion Spine. While we do not expect to receive any additional interest income from this promissory note since it was repaid by Companion Spine in February 2026, we do expect to receive nominal interest income from our invested cash and cash equivalents.

Other Income/(Expense)

We recognized \$0.2 million of other income for the three months ended March 31, 2026 primarily related to certain transition services provided to Companion Spine. We expect such other income to continue for approximately three months through the remaining term of the transition services agreement with Companion Spine.

Liquidity and Capital Resources

Working Capital

Since our inception, we have financed our operations primarily through 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, 2026 and December 31, 2025 (in thousands):

| | March 31, 2026 | December 31, 2025 |
|--|-----------------------|--------------------------|
| Cash, cash equivalents and restricted cash | \$ 12,157 | \$ 17,328 |
| Accounts receivable, net | 17,179 | 17,803 |
| Inventories | 31,881 | 30,263 |
| Note receivable | — | 10,462 |
| Total current assets | 62,621 | 78,245 |
| Accounts payable | 5,485 | 3,844 |
| Accrued liabilities | 8,475 | 10,626 |
| Current portion of long-term debt | 3,720 | 3,500 |
| Line of credit | 441 | 10,857 |
| Total current liabilities | 18,773 | 29,484 |
| Net working capital | 43,848 | 48,761 |

While our working capital decreased by \$4.9 million as of March 31, 2026 as compared to December 31, 2025, we used cash received from the Companion Spine transaction to repay some of our long-term debt, resulting in our long-term debt, less the current portion and plus premium and less issuance costs, being \$8.1 million as of March 31, 2026, compared to \$11.0 million as of December 31, 2025.

Subsequent to the end of first quarter of 2026, we used \$5.0 million of our cash and cash equivalents to pay the \$5.0 million exclusivity fee to Dillon under the terms of the Distribution Agreement, which fee is subject to repayment by Dillon under certain circumstances, including upon a termination of the Distribution Agreement.

Cash Flows

Net cash used in operating activities for the first three months of 2026 was \$2.1 million compared to net cash provided by operating activities of \$1.3 million for the first three months of 2025. This change relates primarily to the net loss in the first three months of 2026 compared to net income in the comparable prior year period.

Net cash provided by investing activities for the first three months of 2026 was \$10.2 million compared to net cash used in investing activities of \$1.1 million for the first three months of 2025. This change relates primarily to the proceeds received from the sale of certain assets relating to our Coflex and CoFix products and international hardware business to Companion Spine.

Net cash used in financing activities for the first three months of 2026 was \$13.3 million compared to net cash used in financing activities of \$0.9 million for the first three months of 2025. This change relates primarily to \$9.6 million of reduced borrowings, net of repayments, under our revolving line of credit during the current year period compared to the prior year period and a \$2.8 million payment on long-term debt from the proceeds from the sale of certain assets relating to our Coflex and CoFix products and international hardware business to Companion Spine in 2025.

Term Loan and Revolving Credit Facilities

Xtant, as guarantor, and certain of our subsidiaries, as borrowers (collectively, the “Borrowers”), are parties to a term loan credit agreement (the “Term Credit Agreement”) and revolving loan credit agreement (the “Revolving Credit Agreement” and together with the Term Loan Credit Agreement, the “Loan Agreements”) with MidCap Financial Trust and MidCap Funding IV Trust, respectively and each in its respective capacity as agent, and lenders from time to time party thereto. As of March 31, 2026, \$11.2 million was outstanding under the term loan facility under the Term Credit Agreement (the “Term Facility”), reduced from \$17.0 million as of December 31, 2025. This reduction was due to the final purchase price payment of \$2.8 million by Companion Spine to us during the current year period in connection with the sale of certain assets relating to our Coflex and CoFix products and international hardware business to Companion Spine.

The Revolving Credit Agreement provides for a secured revolving credit facility (the “Revolving Facility,” and, together with the secured term credit facility under the Term Credit Agreement, the “Facilities”) under which the Borrowers may borrow up to \$17.0 million 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. Each of the Borrowers, and Xtant, 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 Xtant'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 Xtant and the Borrowers. As of March 31, 2026, we had \$0.4 million outstanding and \$11.8 million of availability under the Revolving Credit Facility.

The loans and other obligations pursuant to the Credit Agreements 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 March 31, 2026, the effective rate of the Term Credit Agreement, inclusive of authorization of debt issuance costs and accretion of the final payment, was 14.80%, and the effective rate of the Revolving Credit Agreement was 8.49%.

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, undergo a change in control and change the nature of their businesses. In addition, the Credit Agreements require us to maintain net product revenue at or above certain minimum levels and to maintain a certain minimum liquidity level, in each case as specified in the Credit Agreements. On March 26, 2026, we entered into Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for fourth quarter of 2025, adjusted the amortization of the term loan to have amortization calculated off the amount of principal outstanding when amortization payments start instead of the original principal amount of the term loan, and revised the minimum net revenue covenant to align solely with revenue generated from our orthobiologics products and correspondingly adjusted the minimum net revenue amounts. As of March 31, 2026, we were in compliance with all covenants under the Credit Agreements.

Cash Requirements

We believe that our \$12.2 million of cash and cash equivalents as of March 31, 2026, together with our anticipated operating cash flows and amounts available under the Facilities, will be sufficient to meet our anticipated cash requirements through at least May 2027. However, we may require or seek additional capital to fund our future operations and business strategy prior to May 2027. 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, debt restructurings or refinancings or through strategic transactions, dispositions, collaborations or 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 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. There have been no changes in our critical accounting estimates for the three months ended March 31, 2026 as compared to the critical accounting estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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, 2026. 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, 2026, 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, 2025, in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2025, we identified certain control deficiencies in the design and implementation of our internal control over financial reporting, which constituted a material weakness. 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 our evaluation of inventory net realizable value were insufficient and did not operate at an appropriate level of precision. Our review and evaluation of inventory failed to identify specific items not assessed for net realizable value under our existing control, which constitutes a material weakness as of December 31, 2025. This material weakness, 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 weakness. The remediation actions we are taking, and expect to take, include evaluating inventory balances outside of the scope of our current process for estimating net realizable value to determine if there are other inventory items that need to be assessed for a specific reserve.

As management continues to evaluate and work to remediate the material weakness, we may determine to take additional measures to address the material weakness. 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 weakness 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, 2026, 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 12, “*Commitments and Contingencies*,” in the notes to our condensed consolidated financial statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

Although as a smaller reporting company, we are not required to provide the information required by this Item 1A, we hereby disclose the following new risk factor:

We recently entered into a distribution agreement with Dilon Technologies, Inc. and hired approximately 20 sales personnel in connection therewith, which will result in increased sales and marketing costs and involves other risks, which could adversely affect our business, operating results, and financial condition.

On April 13, 2026, we announced that we entered into a distribution agreement with Dilon Technologies, Inc. pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST® Bellows product in the United States and Dilon agreed to transition its existing U.S. customer base for the product to us. In connection with the agreement, we hired approximately 20 Dilon sales personnel to assist in the sale of the HEMOBLAST® Bellows product in the United States. While the agreement expands our portfolio with a unique and versatile hemostatic solution while also bolstering our own commercial capabilities with the integration of Dilon’s approximately 20-person U.S. sales team into our organization, no assurance can be provided that we will be successful in selling the HEMOBLAST® Bellows product or successfully integrating it with our portfolio. In addition, while we believe we will be able to leverage new cross-selling opportunities between the HEMOBLAST® Bellows product and our existing products, no assurance can be provided that we will be effective in doing so or otherwise realize the benefits that we anticipate receiving as a result of this new arrangement and the addition of these new sales personnel. We expect our sales and marketing expenses to increase substantially compared to prior periods beginning in our second quarter of 2026. While we anticipate that the additional revenue from the sale of the HEMOBLAST® Bellows product will offset these additional expenses, no assurance can be provided that it will or that the transition to us of Dilon’s existing U.S. customer base for the product will be successful.

Under the terms of the agreement, Dilon will continue to manufacture the HEMOBLAST® Bellows product from its current manufacturing location in France and will supply and sell it to us at a specified transfer price as provided in the agreement, which price is subject to change in certain circumstances. We, therefore, rely on Dilon, as the sole manufacturer, to produce the product for us and in sufficient quantities and at an appropriate transfer price. This arrangement involves risk since we do not control the manufacturing process and Dilon will remain responsible for all manufacturing decisions, as well as compliance with all applicable rules and regulations in connection therewith. In addition, since the product is manufactured in France, we are also subject to risks associated with international operations.

We paid Dilon a \$5.0 million exclusivity fee upon execution of the agreement, which fee is subject to repayment by Dilon under certain circumstances, including upon a termination of the agreement. Since the agreement can be terminated by either party upon certain specified events, no assurance can be provided that the agreement will not be terminated, which would result in our loss of the U.S. distribution rights for the product and possibly not being repaid the \$5.0 million exclusivity fee we paid Dilon. In addition, if the agreement terminates, we would need to reassign or terminate the additional sales personnel that we hired to sell the product.

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

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

During the three months ended March 31, 2026, 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 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>Asset Purchase Agreement, dated July 7, 2025, among Xtant Medical Holdings, Inc., Surgalign SPV, Inc., and Companion Spine, LLC, or its Affiliate designee (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 8, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</u> |
| 2.2† | <u>Amendment to Asset Purchase Agreement, dated as November 30, 2025, between Xtant Medical Holdings, Inc., Surgalign SPV, Inc., and Companion Spine, LLC or its Affiliate designee (filed as Exhibit 2.3 to the Registrant's Current Report on Form 8-K filed with the SEC on December 3, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</u> |
| 2.3† | <u>Equity Purchase Agreement, dated July 7, 2025, among Xtant Medical Holdings, Inc., Paradigm Spine GmbH, and Companion Spine, LLC (filed as Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 8, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</u> |
| 2.4 | <u>Amendment to and Assignment of Equity Purchase Agreement, dated November 30, 2025, among Xtant Medical Holdings, Inc., Paradigm Spine GmbH, Companion Spine, LLC and Companion Spine France SAS (filed as Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on December 3, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</u> |
| 2.5 | <u>Second Amendment to Equity Purchase Agreement, dated January 14, 2026, between Xtant Medical Holdings, Inc. and Companion Spine France SAS (filed herewith)</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. 001-34951) 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>Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of March 26, 2026, 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 as Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</u> |
| 10.2 | <u>Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of March 26, 2026, 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 as Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2025 (SEC File No. 001-34951) and incorporated by reference herein)</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, 2026, 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 Company 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 13, 2026

By: /s/ Sean E. Browne

Name: Sean E. Browne

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

Date: May 13, 2026

By: /s/ Scott C. Neils

Name: Scott C. Neils

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

SECOND AMENDMENT TO EQUITY PURCHASE AGREEMENT

This **SECOND AMENDMENT TO EQUITY PURCHASE AGREEMENT** (this “**Amendment**”) is entered into this January 14, 2026 (“**Effective Date**”), by and between XTANT MEDICAL HOLDINGS, INC., a Delaware corporation (“**Seller**”), and COMPANION SPINE FRANCE SAS, a French société par actions simplifiée (“**Buyer**”), as the assignee of Companion Spine, LLC.

WHEREAS, Seller and Buyer are parties to that certain Equity Purchase Agreement, dated as of July 7, 2025 and an amendment thereto dated November 30, 2025 as may be further amended, supplemented, or modified, the “**Purchase Agreement**”;

WHEREAS, in accordance with Section 2.4(a) of the Purchase Agreement, Seller delivered the Closing Certificate setting forth, among other things, the Estimated Net Working Capital, the Estimated Net Working Capital Adjustment, and Estimated Closing Date Cash;

WHEREAS, the Estimated Net Working Capital exceeded the Target Net Working Capital by an amount equal to \$1,217,000.00 and the Estimated Closing Date Cash was in the amount of \$525,000.00, resulting in an increase to the Estimated Purchase Price pursuant to Section 2.3 of the Purchase Agreement in the amount of \$1,742,000.00 (the “**Estimated Purchase Price Increase**”);

WHEREAS, the parties desire to amend the timing for Buyer’s payment of the Estimated Purchase Price Increase as set forth herein; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Amendment of Estimated Purchase Price Payment Date.** Buyer and Seller hereby agree that the amount of the Estimated Purchase Price Increase, equal to \$1,742,000.00, shall be paid by Buyer to Seller by wire transfer of immediately available funds on or before January 31, 2026 to the account or accounts designated in the Closing Certificate, or such other account(s) designated by Seller.

2. **No Other Amendments.** Except as expressly amended by this Amendment, the Purchase Agreement remains unmodified and in full force and effect. In the event of any conflict between the terms of this Amendment and the Purchase Agreement, the terms of this Amendment shall control.

3. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws governing the Purchase Agreement.

4. **Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts (including by facsimile, .pdf or electronic transmission), each of which shall be deemed an original, but all of which when taken together shall constitute one instrument. Electronic signatures shall have the same force and effect as original signatures.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first written above.

Seller:

XTANT MEDICAL HOLDINGS, INC.

By: /s/ Sean E. Browne

Name: Sean Browne

Title: CEO

Buyer:

COMPANION SPINE FRANCE SAS

By: /s/ Anthony G. Viscogliosi

Name: Anthony G. Viscogliosi

Title: CEO

[Signature Page to Amendment to Equity Purchase Agreement]

**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 13, 2026

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 13, 2026

By: /s/ Scott C. Neils

Scott C. 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, 2026 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 13, 2026

/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, 2026 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 13, 2026

/s/ Scott C. Neils

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