

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 15, 2019**

XTANT MEDICAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34951
(Commission
File Number)

20-5313323
(IRS Employer
Identification No.)

664 Cruiser Lane
Belgrade, Montana
(Address of principal executive offices)

59714
(Zip Code)

(406) 388-0480
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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

Item 2.02 Results of Operations and Financial Condition.

On May 15, 2019, Xtant Medical Holdings, Inc. (the “Company”) announced its financial results for the first quarter ended March 31, 2019. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this report (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly provided by specific reference in such a filing.

To supplement its consolidated financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”), the Company uses certain non-GAAP financial measures, such as non-GAAP adjusted EBITDA, which are included in the press release furnished as Exhibit 99.1 to this report. The Company’s non-GAAP adjusted EBITDA is calculated by adding back to net loss the charges for other expense, depreciation and amortization expense, and interest expense and further adjusted by adding back in or excluding, as appropriate, non-cash special charges, provision for losses on inventory and accounts receivable, non-cash impairment charges, non-cash compensation, change in warrant derivative liability, separation related expenses, litigation reserve, facility consolidation costs, and restructuring expenses.

The Company uses adjusted EBITDA and the other non-GAAP measures in making operating decisions because it believes these measures provide meaningful supplemental information regarding its core operational performance and give the Company a better understanding of how it should invest in sales and marketing and research and development activities and how it should allocate resources to both ongoing and prospective business initiatives. The Company also uses these measures to help make budgeting and spending decisions, for example, among sales and marketing expenses, general and administrative expenses, and research and development expenses. Additionally, the Company believes its use of non-GAAP adjusted EBITDA and other non-GAAP measures facilitates management’s internal comparisons to historical operating results by factoring out potential differences caused by charges not related to its regular, ongoing business, including, without limitation, non-cash charges and certain large and unpredictable charges.

As described above, the Company excludes the following items from its non-GAAP financial measures for the following reasons:

Non-cash impairment charges. The Company excludes non-cash impairment of goodwill and intangible assets and fixed assets primarily because such charges are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding these charges from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Non-cash provision for losses on inventory and accounts receivable. The Company excludes non-cash provision for losses on inventory and accounts receivable primarily because such item is not reflective of its ongoing operating results and is not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Non-cash compensation expense. The Company excludes non-cash compensation expense, which is a non-cash charge related to equity awards granted by the Company. Although non-cash compensation expense is a recurring charge to the Company’s operations, management has excluded it because it relies on valuations based on future events, such as the market price of the Company’s common stock, that are difficult to predict and are affected by market factors that are largely not within the control of the Company. Thus, management believes that excluding non-cash compensation expense facilitates comparisons of the Company’s operational performance in different periods, as well as with similarly determined non-GAAP financial measures of comparable companies.

Change in warrant derivative liability. The Company excludes the change in fair market value of its warrants that are accounted for as liabilities from non-GAAP adjusted EBITDA primarily because it is a non-cash charge, it is not reflective of the Company's ongoing operating results, and it is not used by management to assess the core profitability of the Company's business operations. Because it is a non-cash expense, it does not impact the Company's operational performance, liquidity, or ability to invest in sales and marketing, research and development, and fund acquisitions and capital expenditures. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Separation related expenses. The Company excludes separation related expenses from non-GAAP adjusted EBITDA primarily because such expenses are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Litigation reserve. The Company excludes litigation reserve from non-GAAP adjusted EBITDA primarily because it is not reflective of its ongoing operating results and is not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Facility consolidation costs and Dayton transition costs. The Company excludes costs incurred in connection with the consolidation of its facilities and the transition of certain business activities from Dayton, Ohio, to Belgrade, Montana, from non-GAAP adjusted EBITDA primarily because such costs are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Restructuring expenses. The Company excludes restructuring expenses from non-GAAP adjusted EBITDA primarily because such expenses are not reflective of its ongoing operating results and are not used by management to assess the core profitability of its business operations. The Company further believes that excluding this item from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

Non-GAAP adjusted EBITDA is reconciled to net loss, the most directly comparable GAAP measure, in the press release.

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP measures and may be different from non-GAAP financial measures used by other companies. In addition, non-GAAP financial measures are not based on any comprehensive or standard set of accounting rules or principles. Accordingly, the calculation of the Company's non-GAAP financial measures may differ from the definitions of other companies using the same or similar names limiting, to some extent, the usefulness of such measures for comparison purposes. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with the Company's financial results as determined in accordance with GAAP. Non-GAAP financial measures should only be used to evaluate the Company's financial results in conjunction with the corresponding GAAP measures. Accordingly, the Company qualifies its use of non-GAAP financial information in a statement when non-GAAP financial information is presented.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Xtant Medical Holdings, Inc. dated May 15, 2019 entitled "Xtant Medical Announces First Quarter 2019 Financial Results" (furnished herewith)

SIGNATURE

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

XTANT MEDICAL HOLDINGS, INC.

By: */s/ Greg Jensen*

Greg Jensen

Vice President, Finance, Interim Chief

Financial Officer

Date: May 15, 2019



Xtant Medical Announces First Quarter 2019 Financial Results

BELGRADE, MT, May 15, 2019 – Xtant Medical Holdings, Inc. (NYSE American: XTNT), a global medical technology company focused on surgical solutions for the treatment of spinal disorders, today reported financial and operating results for the first quarter ended March 31, 2019.

First Quarter 2019 Financial Highlights:

- Revenue for the first quarter of 2019 was \$16.7 million, compared to \$17.9 million for the same prior year period
- Operating expenses in the first quarter of 2019 were \$11.5 million, compared to \$13.9 million for the same prior year period
- Net loss incurred in the first quarter of 2019 was \$2.8 million, compared to a net loss of \$5.3 million for the same prior year period
- Non-GAAP Adjusted EBITDA for the first quarter of 2019 was \$1.0 million, compared to \$1.2 million for the same prior year period

Greg Jensen, VP, Finance and Interim CFO of Xtant Medical, said, “The first quarter of 2019 was a period of significant progress for Xtant, as we continue to position the company for renewed growth. Our solid execution resulted in a significant reduction in the company’s net loss and generated a positive year-over-year cash flow from operations, enabling us to invest further in our operations. These investments include key personnel hires to expand our sales capabilities and continue to improve the efficiency of our operations. Further boosted by OrbiMed’s recent commitment for an additional \$10 million in debt capital, we have strengthened our capital structure, enhanced our financial flexibility and continued to build a strong foundation on which to pursue our growth and value-creating objectives.”

First Quarter 2019 Financial Results

First quarter 2019 revenue was \$16.7 million, compared to \$17.9 million for the same period in 2018. The decrease occurred primarily due to lower sales in the spinal hardware implant product line.

Gross margin for the first quarter of 2019 was 64.6%, compared to 68.2% for the same period in 2018. The year-over-year decrease was attributed primarily to inventory reserves and manufacturing overhead absorption.

Operating expenses for the first quarter of 2019 were \$11.5 million, compared to \$13.9 million for the first quarter of 2018. The decrease was primarily attributable to lower sales commissions and travel expenses, as well as a decrease in amortization expense related to the impairment of intangible assets that occurred in the fourth quarter of 2018.

First quarter 2019 net loss was \$2.8 million, or \$0.21 per share, compared to first quarter 2018 net loss of \$5.3 million, or \$0.70 per share.

Non-GAAP Adjusted EBITDA for the first quarter of 2019 was \$1.0 million compared to \$1.2 million for the same period of 2018. The Company defines Adjusted EBITDA as net income/loss from operations before depreciation, amortization and interest expense, and as further adjusted to add back in or exclude, as applicable, non-cash special charges, provision for losses on inventory and accounts receivable, non-cash compensation, change in warrant derivative liability, separation related expenses, litigation reserve, facility consolidation costs and restructuring expenses. A calculation and reconciliation of non-GAAP Adjusted EBITDA to net loss can be found in the attached financial tables.

Conference Call

Xtant Medical will host a webcast and conference call to discuss the first quarter 2019 financial results on Wednesday, May 15, 2019 at 9:00 AM ET. To access the webcast, [Click Here](#). To access the conference call, dial 877-407-6184 within the U.S. or 201-389-0877 outside the U.S. A replay of the call will be available at www.xtantmedical.com, under “Investor Info.”

About Xtant Medical Holdings, Inc.

Xtant Medical Holdings, Inc. (www.xtantmedical.com) is a global medical technology company focused on the design, development, and commercialization of a comprehensive portfolio of orthobiologics and spinal implant systems to facilitate spinal fusion in complex spine, deformity and degenerative procedures. Xtant people are dedicated and talented, operating with the highest integrity to serve our customers.

The symbols TM and [®] denote trademarks and registered trademarks of Xtant Medical Holdings, Inc. or its affiliates, registered as indicated in the United States, and in other countries. All other trademarks and trade names referred to in this release are the property of their respective owners.

Non-GAAP Financial Measures

To supplement the Company’s consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures in this release, including Adjusted EBITDA. Reconciliations of the non-GAAP financial measures used in this release to the most comparable GAAP measures for the respective periods can be found in tables later in this release. The Company’s management believes that the presentation of these measures provides useful information to investors. These measures may assist investors in evaluating the Company’s operations, period over period. Management uses the non-GAAP measures in this release internally for evaluation of the performance of the business, including the allocation of resources. Investors should consider non-GAAP financial measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP.

Important Cautions Regarding Forward-looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “continue,” “future,” “will,” “potential” similar expressions or the negative thereof, and the use of future dates. The Company cautions that its forward-looking statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: the Company’s future operating results and financial performance; the ability to increase or maintain revenue; the ability to remain competitive; the ability to innovate and develop new products; the effect of recent management changes and the ability to engage and retain qualified personnel; government and third-party coverage and reimbursement for Company products; the ability to obtain and maintain regulatory approvals and comply with government regulations; the effect of product liability claims and other litigation to which the Company may be subject; the effect of product recalls and defects; timing and results of clinical studies; the ability to obtain and protect Company intellectual property and proprietary rights and operate without infringing the rights of others; the ability to service Company debt and comply with debt covenants; the ability to raise additional financing and other factors. Additional risk factors are contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission (SEC) on April 1, 2019 and subsequent SEC filings by the Company, including without limitation its most recent Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 anticipated to be filed with the SEC. Investors are encouraged to read the Company’s filings with the SEC, available at www.sec.gov, for a discussion of these and other risks and uncertainties. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

Investor Relations Contact

David Carey
Lazar Partners Ltd.
Ph: 212-867-1762
Email: dcarey@lazarpartners.com

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

	As of March 31, 2019 (Unaudited)	As of December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,097	\$ 6,797
Trade accounts receivable, net of allowance for doubtful accounts of \$2,161 and \$2,140, respectively	9,493	9,990
Inventories, net	16,526	17,301
Prepaid and other current assets	464	589
Total current assets	<u>33,580</u>	<u>34,677</u>
Property and equipment, net	6,382	7,174
Right-of-use asset, net	2,568	—
Goodwill	3,205	3,205
Intangible assets, net	558	573
Other assets	772	793
Total Assets	<u>\$ 47,065</u>	<u>\$ 46,422</u>
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	\$ 6,036	\$ 6,465
Accrued liabilities	4,429	5,150
Warrant derivative liability	25	10
Current portion of lease liability	374	—
Current portion of financing lease obligations	388	426
Total current liabilities	<u>11,252</u>	<u>12,051</u>
Long-term Liabilities:		
Lease liability	2,194	—
Financing lease obligation, less current portion	138	204
Long-term debt, less issuance costs	72,657	77,939
Total Liabilities	<u>86,241</u>	<u>90,194</u>
Stockholders' Equity (Deficit):		
Preferred stock, \$0.000001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.000001 par value; 50,000,000 shares authorized; 13,161,762 shares issued and outstanding as of March 31, 2019 and 13,172,179 shares issued and outstanding as of December 31, 2018	—	—
Additional paid-in capital	178,668	171,273
Accumulated deficit	(217,844)	(215,045)
Total Stockholders' Equity (Deficit)	<u>(39,176)</u>	<u>(43,772)</u>
Total Liabilities & Stockholders' Equity (Deficit)	<u>\$ 47,065</u>	<u>\$ 46,422</u>

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,	
	2019	2018
Revenue		
Orthopedic product sales	\$ 16,686	\$ 17,830
Other revenue	40	104
Total Revenue	<u>16,726</u>	<u>17,934</u>
Cost of sales	5,913	5,702
Gross Profit	<u>10,813</u>	<u>12,232</u>
Gross Profit %	64.6%	68.2%
Operating Expenses		
General and administrative	4,196	3,025
Sales and marketing	6,742	8,349
Research and development	262	414
Depreciation and amortization	159	1,004
Restructuring expenses	—	733
Non-cash compensation expense	122	364
Total Operating Expenses	<u>11,481</u>	<u>13,889</u>
Loss from Operations	<u>(668)</u>	<u>(1,657)</u>
Other (Expense) Income		
Interest expense	(2,018)	(3,545)
Change in warrant derivative liability	(15)	(38)
Other (expense) income	(75)	(13)
Total Other (Expense)	<u>(2,108)</u>	<u>(3,596)</u>
Provision for income taxes		
Current and deferred	(23)	—
Net Loss	<u>\$ (2,799)</u>	<u>\$ (5,253)</u>
Net loss per share:		
Basic	<u>(0.21)</u>	<u>(0.70)</u>
Dilutive	<u>\$ (0.21)</u>	<u>\$ (0.70)</u>
Shares used in the computation:		
Basic	<u>13,170,721</u>	<u>7,481,550</u>
Dilutive	<u>13,170,721</u>	<u>7,481,550</u>

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

	Three Months Ended	
	March 31,	
	2019	2018
Operating activities:		
Net loss	\$ (2,799)	\$ (5,253)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	776	1,586
Loss/(gain) on disposal of fixed assets	116	(23)
Non-cash interest	1,991	3,446
Non-cash consulting expense/stock option expense	122	364
Provision for losses on accounts receivable and inventory	247	39
Change in derivative warrant liability	15	38
Changes in operating assets and liabilities:		
Accounts receivable	403	2,290
Inventories	623	(182)
Prepaid and other assets	146	660
Accounts payable	(429)	(1,884)
Accrued liabilities	(721)	(845)
Net cash provided by operating activities	490	236
Investing activities:		
Purchases of property and equipment and intangible assets	(137)	(132)
Proceeds from sale of fixed assets	51	—
Net cash used in investing activities	(86)	(132)
Financing activities:		
Payments on financing leases	(104)	(79)
Expense associated with private placement and convertible debt conversion/exchange	—	(3,519)
Proceeds from issuance of stock	—	6,810
Net cash (used in) provided by financing activities	(104)	3,212
Net change in cash and cash equivalents	300	3,316
Cash and cash equivalents at beginning of period	6,797	2,856
Cash and cash equivalents at end of period	\$ 7,097	\$ 6,172

XTANT MEDICAL HOLDINGS, INC.
CALCULATION OF NON-GAAP CONSOLIDATED EBITDA AND ADJUSTED EBITDA
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2019	2018
Net Loss	\$ (2,799)	\$ (5,253)
Other expense	75	13
Depreciation and amortization	776	1,586
Interest expense	2,018	3,545
Tax expense	23	-
Non-GAAP EBITDA gain (loss)	<u>93</u>	<u>(109)</u>
Non-GAAP EBITDA/Total revenue	0.6%	-0.6%
NON-GAAP ADJUSTED EBITDA CALCULATION		
Provision for losses on AR and inventory	247	39
Non-cash compensation	122	364
Change in warrant derivative liability	15	38
Litigation reserve	530	-
Dayton transition costs	-	113
Restructuring expenses	-	733
Non-GAAP Adjusted EBITDA gain (loss)	<u>\$ 1,007</u>	<u>\$ 1,178</u>
Non-GAAP EBITDA/Total revenue	6.0%	6.6%

