

**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): **August 1, 2023**

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))

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 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.

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2023, Xtant Medical Holdings, Inc. (the “Company”) announced its financial results for the three and six months ended June 30, 2023. 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 and organic revenue growth, 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 depreciation and amortization expense, interest expense, and tax expense and further adjusted by adding back in or excluding, as appropriate, non-cash compensation and acquisition-related expenses. Organic revenue growth is calculated by subtracting the revenue growth attributable from the Company’s recent acquisition of the Coflex and CoFix product lines from the Company’s total revenue growth.

The Company uses adjusted EBITDA, organic revenue growth and the other non-GAAP measures in making operating decisions because it believes these measures provide meaningful supplemental information regarding its core operational performance. Additionally, these measures 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, organic revenue growth 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 compensation. The Company excludes non-cash compensation, which is a non-cash charge related to equity awards granted by the Company. Although non-cash compensation 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 facilitates comparisons of the Company’s operational performance in different periods, as well as with similarly determined non-GAAP financial measures of comparable companies.

Acquisition-related expenses. The Company excludes expenses directly related to the Company’s recent acquisition of the Coflex and CoFix product lines and integration into the Company and other acquisition-related activity from non-GAAP adjusted EBITDA primarily because such expenses are not reflective of the Company’s ongoing operating results and are not used by management to assess the core profitability of the Company’s business operations. These expenses include legal and accounting fees, transition related services and amortization of fair value adjustments to acquired inventory and are not considered normal, recurring, cash operating expenses necessary to operate the Company’s business. 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.

Revenue growth from recent acquisitions. The Company uses the non-GAAP financial measure, organic revenue growth, which excludes revenue growth attributable to the Company's recent acquisition of the Coflex and CoFix product lines from the Company's total revenue growth, to allow for period-over-period comparability of the Company's legacy business.

Non-GAAP adjusted EBITDA is reconciled to net loss, the most directly comparable GAAP measure, and non-GAAP organic revenue growth is reconciled to GAAP revenue growth 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 August 1, 2023 entitled "Xtant Medical Announces Second Quarter 2023 Revenue Growth of 32%" (furnished herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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/ Scott Neils*

Scott Neils
Chief Financial Officer

Date: August 1, 2023



Xtant Medical Announces Second Quarter Revenue Growth of 32%

Raises 2023 Annual Revenue Guidance to \$75 Million - \$77 Million

BELGRADE, MT, August 1, 2023 – 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 second quarter ended June 30, 2023.

“In the second quarter, we achieved strong revenue growth on both a sequential and annual basis driven by our core biologics and fixation businesses,” said Sean Browne, President & CEO of Xtant Medical. “I am particularly pleased that we closed the quarter with positive adjusted EBITDA, which is ahead of our expectations. We are driving growth across all channels of our business, and with solid contributions from our newly acquired Coflex interlaminar stabilization device and the addition of new Coflex distributors, we are encouraged regarding our longer-term expansion opportunities. By leveraging and advancing our platform, we now expect to generate full year annual revenue growth of approximately 29% to 33%.”

Second Quarter 2023 Financial Results

Second quarter 2023 revenue grew 32%, representing organic growth of 14% plus an 18% increase from products added in the acquisition of the Coflex and CoFix lines, to \$20.2 million, compared to \$15.3 million for the same period in 2022. These revenue increases are attributed primarily to greater independent agent and private label sales, and sales from the acquired Coflex and CoFix product lines.

Gross margin for the second quarter of 2023 was 61.6%, compared to 54.8% for the same period in 2022. The increase was primarily attributable to the contribution of Coflex and CoFix products, partially offset by higher production costs.

Operating expenses for the second quarter of 2023 totaled \$13.9 million, compared to \$9.7 million for the second quarter of 2022. The increase was primarily due to additional independent agent sales commissions, higher employee compensation expenses and amortization of intangible assets associated with the Coflex and CoFix product lines.

Second quarter 2023 net loss totaled \$2.2 million, or \$0.02 per share, compared to the second quarter 2022 net loss of \$1.7 million, or \$0.02 per share.

Non-GAAP Adjusted EBITDA for the second quarter of 2023 was \$0.1 million, compared to a Non-GAAP Adjusted EBITDA loss of \$0.4 million for the prior-year period. The Company defines Adjusted EBITDA as net income/loss from operations before depreciation, amortization and interest expense and provision for income taxes, and as further adjusted to add back in or exclude, as applicable, non-cash compensation and acquisition-related expenses. A calculation and reconciliation of Adjusted EBITDA to net loss can be found in the attached financial tables.

2023 Financial Guidance

Xtant Medical raises its expectation for full year 2023 revenue to \$75 million to \$77 million, up from the Company’s prior guidance of \$73 million to \$75 million. The revised guidance range represents annual revenue growth of approximately 29% to 33% compared to full year 2022 revenue, and excludes any potential contributions from the Surgalign transaction, if and when that transaction closes.

Conference Call

Xtant Medical will host a webcast and conference call to discuss the second quarter 2023 financial results on Tuesday, August 1, 2023 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 [™] 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 and organic revenue growth. 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.

Cautionary Statement 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 “intends,” “expects,” “anticipates,” “plans,” “believes,” “estimates,” “continue,” “future,” “will,” “potential,” “going forward,” similar expressions or the negative thereof, and the use of future dates. Forward-looking statements in this release include the Company’s financial guidance for 2023. 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; its ability to increase or maintain revenue; risks associated with its recent acquisition of the Coflex product line and its pending acquisition of certain assets and liabilities related to the domestic and international biologics and spinal fixation offerings of Surgalign Holdings, Inc.; possible future impairment charges to long-lived assets and goodwill and write-downs of excess inventory if revenues decrease; the ability to remain competitive; the ability to innovate, develop and introduce new products; the ability to engage and retain new and existing independent distributors and agents and qualified personnel and the Company’s dependence on key independent agents for a significant portion of its revenue; the effect of COVID-19, labor and hospital staffing shortages on the Company’s business, operating results and financial condition, especially when they affect key markets; the Company’s ability to implement successfully its future growth initiatives and risks associated therewith; the effect of inflation, increased interest rates and other recessionary factors and supply chain disruptions; the effect of product sales mix changes on the Company’s financial results; 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; 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, comply with its debt covenants and access additional indebtedness; the ability to obtain additional financing on favorable terms or at all; and other factors. Additional risk factors are contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (SEC) on March 8, 2023 and subsequent SEC filings by the Company, including without limitation its most recent Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 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

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XTANT MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except number of shares and par value)

	<u>As of</u> <u>June 30, 2023</u>	<u>As of</u> <u>December 31, 2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,138	\$ 20,298
Restricted Cash	310	209
Trade accounts receivable, net of allowance for credit losses and doubtful accounts of \$740 and \$515, respectively	13,744	10,853
Inventories	20,364	17,285
Prepaid and other current assets	1,015	673
Total current assets	<u>39,571</u>	<u>49,318</u>
Property and equipment, net	6,875	5,785
Right-of -use asset, net	1,155	1,380
Goodwill	6,514	3,205
Intangible assets, net	10,920	344
Other assets	183	197
Total Assets	<u>\$ 65,218</u>	<u>\$ 60,229</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 4,444	\$ 3,490
Accrued liabilities	6,255	5,496
Current portion of lease liability	488	458
Current portion of finance lease obligations	63	62
Line of credit	5,031	3,379
Current portion of long-term debt	708	2,333
Total current liabilities	<u>16,989</u>	<u>15,218</u>
Long-term Liabilities:		
Lease liability, less current portion	720	972
Finance lease obligations, less current portion	149	181
Long-term debt, plus premium and less issuance costs	16,401	9,687
Total Liabilities	<u>34,259</u>	<u>26,058</u>
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; 108,897,048 shares issued and outstanding as of June 30, 2023 and 108,874,803 shares issued and outstanding as of December 31, 2022	-	-
Additional paid-in capital	278,897	277,841
Accumulated deficit	(247,938)	(243,670)
Total Stockholders' Equity	<u>30,959</u>	<u>34,171</u>
Total Liabilities & Stockholders' Equity	<u>\$ 65,218</u>	<u>\$ 60,229</u>

XTANT MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except number of shares and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue				
Orthopedic product sales	\$ 20,232	\$ 15,277	\$ 38,175	\$ 28,227
Other revenue	-	-	1	9
Total Revenue	20,232	15,277	38,176	28,236
Cost of sales				
	7,773	6,903	15,180	12,302
Gross Profit	12,459	8,374	22,996	15,934
Gross Profit %	61.6%	54.8%	60.2%	56.4%
Operating Expenses				
General and administrative	4,954	3,797	9,839	7,766
Sales and marketing	8,716	5,636	15,770	10,845
Research and development	180	241	354	454
Total Operating Expenses	13,850	9,674	25,963	19,065
Loss from Operations	(1,391)	(1,300)	(2,967)	(3,131)
Other Expense				
Interest expense	(786)	(397)	(1,360)	(757)
Interest income	-	-	85	-
Total Other Expense	(786)	(397)	(1,275)	(757)
Net Loss from Operations Before Provision for Income Taxes	(2,177)	(1,697)	(4,242)	(3,888)
Provision for Income Taxes	(13)	(13)	(26)	(35)
Net Loss	\$ (2,190)	\$ (1,710)	\$ (4,268)	\$ (3,923)
Net Loss Per Share:				
Basic	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.04)
Dilutive	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.04)
Shares used in the computation:				
Basic	108,897,048	87,313,701	108,895,327	87,252,521
Dilutive	108,897,048	87,313,701	108,895,327	87,252,521

XTANT MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six Months Ended June 30,	
	2023	2022
Operating activities:		
Net loss	\$ (4,268)	\$ (3,923)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,274	599
Gain on disposal of fixed assets	(21)	(84)
Non-cash interest	189	116
Non-cash rent expense	3	(1)
Stock-based compensation	1,056	1,184
Provision for reserve on accounts receivable	225	143
Provision for excess and obsolete inventory	243	825
Changes in operating assets and liabilities, net of the effects of the acquisition:		
Accounts receivable	(3,116)	(1,589)
Inventories	(1,733)	659
Prepaid and other assets	(330)	465
Accounts payable	954	428
Accrued liabilities	758	189
Net cash used in by operating activities	<u>(4,766)</u>	<u>(989)</u>
Investing activities:		
Purchases of property and equipment	(870)	(810)
Proceeds from sale of fixed assets	55	165
Acquisition of Suralign SPV, Inc.	(17,000)	-
Net cash used in investing activities	<u>(17,815)</u>	<u>(645)</u>
Financing activities:		
Payments on financing leases	(30)	(22)
Borrowings on line of credit	36,256	26,567
Repayments of line of credit	(34,603)	(26,451)
Net proceeds from issuance of long-term debt, net of issuance costs	4,899	-
Net cash provided by financing activities	<u>6,522</u>	<u>94</u>
Net change in cash and cash equivalents and restricted cash	(16,059)	(1,540)
Cash and cash equivalents and restricted cash at beginning of period	20,507	18,387
Cash and cash equivalents and restricted cash at end of period	<u>\$ 4,448</u>	<u>\$ 16,847</u>
Reconciliation of cash and restricted cash reported in the condensed consolidated balance sheets		
Cash and cash equivalents	\$ 4,138	\$ 16,495
Restricted cash	310	352
Total cash and restricted cash reported in the condensed consolidated balance sheets	<u>\$ 4,448</u>	<u>\$ 16,847</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Loss	\$ (2,190)	\$ (1,710)	\$ (4,268)	\$ (3,923)
Depreciation and amortization	800	317		599
Interest expense	786	397	1,275	757
Tax expense	13	13	26	35
Non-GAAP EBITDA	<u>(591)</u>	<u>(983)</u>	<u>(2,967)</u>	<u>(2,532)</u>
Non-GAAP EBITDA/Total revenue	-2.9%	-6.4%	-7.8%	-9.0%
NON-GAAP ADJUSTED EBITDA CALCULATION				
Non-cash compensation	438	571	1,055	1,185
Acquisition-related expenses	254	-	465	-
Non-GAAP Adjusted EBITDA	<u>\$ 101</u>	<u>\$ (412)</u>	<u>\$ (1,447)</u>	<u>\$ (1,347)</u>
Non-GAAP Adjusted EBITDA/Total revenue	0.5%	-2.7%	-3.8%	-4.8%