

**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): **November 7, 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))

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 November 7, 2019, Xtant Medical Holdings, Inc. (the “Company”) announced its financial results for the third quarter ended September 30, 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, interest expense and tax expense and further adjusted by adding back in or excluding, as appropriate, provision for losses on accounts receivable and inventory, non-cash compensation expense, change in warrant derivative liability, separation-related expenses, field action expenses, litigation reserve, 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 provision for losses on accounts receivable and inventory.* The Company excludes non-cash provision for losses on accounts receivable and inventory 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.

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*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.

*Field action expenses.* The Company excludes expenses incurred in connection with the December 2018 recall of the Company's Calix Lumbar Spine Implant System 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.

*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.

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**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release of Xtant Medical Holdings, Inc. dated November 7, 2019 entitled "Xtant Medical Announces Third Quarter 2019 Financial Results (filed herewith)</a>

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**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*

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Greg Jensen  
*Vice President, Finance and Chief  
Financial Officer*

Date: November 7, 2019

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## **Xtant Medical Announces Third Quarter 2019 Financial Results**

BELGRADE, MT, November 7, 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 third quarter ended September 30, 2019.

Third Quarter 2019 Financial Highlights and Recent Announcements:

- Revenue for the third quarter of 2019 was \$15.7 million, compared to \$17.3 million for the same prior year period
- Operating expenses in the third quarter of 2019 were \$11.2 million, compared to \$13.0 million for the same prior year period
- Net loss incurred in the third quarter of 2019 was \$1.9 million, compared to a net loss of \$3.2 million for the same prior year period
- Non-GAAP Adjusted EBITDA for the third quarter of 2019 was \$0.6 million, compared to \$1.8 million for the same prior year period
- Board of Directors appoints Sean Browne President and Chief Executive Officer effective October 7, 2019 and a member of the Board effective October 30, 2019

Sean Browne, President and CEO of Xtant Medical, said, “After my first month with Xtant, I am excited about the Company, our unique products and dedicated employees. I am pleased with our efforts and results over the past three quarters enhancing the operational effectiveness of our business. We remain committed to continuing to develop and release new products, expand our marketing programs, and pursue operational improvements intended to assist us in our overall commercial performance.”

### **Third Quarter 2019 Financial Results**

Third quarter 2019 revenue was \$15.7 million, compared to \$17.3 million for the same period in 2018. This decrease was due primarily to reduced demand for hardware products, which was attributable in part to the termination of an advisory agreement with an entity that provided services to certain customers, and the continued transition of independent sales agents.

Gross margin for the third quarter of 2019 was 66.6%, which was comparable to the same period in 2018.

Operating expenses for the third quarter of 2019 were \$11.2 million, compared to \$13.0 million for the third quarter of 2018, a decrease of 13.7%. The decrease was primarily attributable to lower sales commissions and travel expenses, restructuring expenses incurred during the year-ago period, and a decrease in amortization expense related to the impairment of intangible assets that occurred in the fourth quarter of 2018, which were partially offset by higher general and administrative expenses.

Third quarter 2019 net loss was \$1.9 million, or \$0.14 per share, compared to third quarter 2018 net loss of \$3.2 million, or \$0.24 per share.

Non-GAAP Adjusted EBITDA for the third quarter of 2019 was \$0.6 million compared to \$1.8 million for the same period of 2018. The Company defines non-GAAP 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 accounts receivable and inventory, non-cash compensation, changes in warrant derivative liability, field action expenses, separation related expenses, litigation reserves, 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 third quarter 2019 financial results on Thursday, November 7, 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](http://www.xtantmedical.com), under “Investor Info.”

### **About Xtant Medical Holdings, Inc.**

Xtant Medical Holdings, Inc. ([www.xtantmedical.com](http://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 <sup>™</sup> and <sup>®</sup> 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, including the success of the Company’s initiatives to stabilize and increase revenues; 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 retain and recruit independent sales agents and the impact of the termination of a consulting agreement with an entity that had close relationships with several of customers; 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 September 30, 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](http://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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Lazar FINN Partners  
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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>September 30, 2019</u>	<u>As of</u> <u>December 31, 2018</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,749	\$ 6,797
Trade accounts receivable, net of allowance for doubtful accounts of \$1,375 and \$2,140, respectively	9,121	9,990
Inventories	16,025	17,301
Prepaid and other current assets	714	589
Total current assets	<u>31,609</u>	<u>34,677</u>
Property and equipment, net	5,068	7,174
Right-of -use asset, net	2,198	-
Goodwill	3,205	3,205
Intangible assets, net	529	573
Other assets	428	793
Total Assets	<u>\$ 43,037</u>	<u>\$ 46,422</u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts payable	\$ 2,249	\$ 6,465
Accrued liabilities	6,196	5,150
Warrant derivative liability	17	10
Current portion of lease liability	387	-
Current portion of financing lease obligations	229	426
Total current liabilities	<u>9,078</u>	<u>12,051</u>
Long-term Liabilities:		
Lease liability, less current portion	1,827	-
Financing lease obligation, less current portion	6	204
Long-term debt, less issuance costs	74,985	77,939
Total Liabilities	<u>85,896</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 September 30, 2019 and 13,172,179 shares issued and outstanding as of December 31, 2018	-	-
Additional paid-in capital	178,802	171,273
Accumulated deficit	(221,661)	(215,045)
Total Stockholders' Equity (Deficit)	<u>(42,859)</u>	<u>(43,772)</u>
Total Liabilities & Stockholders' Equity (Deficit)	<u>\$ 43,037</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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenue</b>				
Orthopedic product sales	\$ 15,691	\$ 17,139	\$ 47,574	\$ 53,622
Other revenue	30	127	144	319
Total revenue	<u>15,721</u>	<u>17,266</u>	<u>47,718</u>	<u>53,941</u>
<b>Cost of sales</b>				
Cost of sales	5,249	5,743	16,527	17,711
Gross profit	<u>10,472</u>	<u>11,523</u>	<u>31,191</u>	<u>36,230</u>
Gross profit %	66.6%	66.7%	65.4%	67.2%
<b>Operating expenses</b>				
General and administrative	4,155	3,121	12,513	10,006
Sales and marketing	6,682	7,847	19,496	24,742
Research and development	203	347	675	1,179
Depreciation and amortization	137	1,029	442	3,074
Restructuring expenses	-	614	-	2,582
Total operating expenses	<u>11,177</u>	<u>12,958</u>	<u>33,126</u>	<u>41,583</u>
Loss from operations	(705)	(1,435)	(1,935)	(5,353)
<b>Other (expense) income</b>				
Interest expense	(1,185)	(1,790)	(4,504)	(8,156)
Change in warrant derivative liability	4	42	(8)	83
Other (expense) income	30	30	(101)	18
Total Other (Expense) Income	<u>(1,151)</u>	<u>(1,718)</u>	<u>(4,613)</u>	<u>(8,055)</u>
Net Loss from Operations Before Provision for Income Taxes	<u>(1,856)</u>	<u>(3,153)</u>	<u>(6,548)</u>	<u>(13,408)</u>
<b>Provision for income taxes</b>				
Current and deferred	(23)	-	(68)	-
Net Loss from Operations	<u>\$ (1,879)</u>	<u>\$ (3,153)</u>	<u>\$ (6,616)</u>	<u>\$ (13,408)</u>
<b>Net loss per share:</b>				
Basic	\$ (0.14)	\$ (0.24)	\$ (0.50)	\$ (1.19)
Dilutive	\$ (0.14)	\$ (0.24)	\$ (0.50)	\$ (1.19)
<b>Shares used in the computation:</b>				
Basic	13,161,762	13,158,326	13,164,694	11,262,642
Dilutive	13,161,762	13,158,326	13,164,694	11,262,642

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

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities:</b>		
Net loss	\$ (6,616)	\$ (13,408)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>		
Depreciation and amortization	2,338	4,943
Gain on disposal of fixed assets	(27)	(15)
Non-cash interest	4,467	7,853
Non-cash rent expense	16	-
Non-cash stock option expense / change in derivative warrant liability	263	502
Provision for losses on accounts receivable and inventory	970	298
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	417	2,842
Inventories	760	(508)
Prepaid and other assets	240	1,138
Accounts payable	(4,216)	(3,557)
Accrued liabilities	1,046	(867)
Net cash provided by operating activities	<u>(342)</u>	<u>(779)</u>
<b>Investing activities:</b>		
Purchases of property and equipment and intangible assets	(403)	(308)
Proceeds from sale of fixed assets	241	251
Net cash used in investing activities	<u>(162)</u>	<u>(57)</u>
<b>Financing activities:</b>		
Payments on financing leases	(395)	(260)
Costs associated with either loan or equity transactions	(149)	-
Costs associated with private placement and convertible debt exchange	-	(3,507)
Proceeds from equity private placement	-	6,810
Proceeds from issuance of stock	-	1
Net cash (used in) provided by financing activities	<u>(544)</u>	<u>3,044</u>
Net change in cash and cash equivalents	(1,048)	2,208
Cash and cash equivalents at beginning of period	6,797	2,856
Cash and cash equivalents at end of period	<u>\$ 5,749</u>	<u>\$ 5,064</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Loss	\$ (1,879)	\$ (3,153)	\$ (6,616)	\$ (13,408)
Other expense	(30)	(30)	101	(18)
Depreciation and amortization	779	1,655	2,338	4,943
Interest expense	1,185	1,790	4,504	8,156
Tax expense	23	-	68	-
Non-GAAP EBITDA	<u>78</u>	<u>262</u>	<u>395</u>	<u>(327)</u>
Non-GAAP EBITDA/Total revenue	0.5%	1.5%	0.8%	-0.6%
<b>NON-GAAP ADJUSTED EBITDA CALCULATION</b>				
Provision for losses on accounts receivable and inventory	220	312	970	296
Non-cash compensation	95	41	256	585
Change in warrant derivative liability	(4)	(42)	8	(83)
Separation-related expenses	-	566	-	2,535
Field action expenses	182	-	307	-
Litigation reserve	-	-	800	-
Restructuring expenses	-	614	-	2,582
Non-GAAP Adjusted EBITDA	<u>\$ 571</u>	<u>\$ 1,753</u>	<u>\$ 2,736</u>	<u>\$ 5,588</u>
Non-GAAP Adjusted EBITDA/Total revenue	3.6%	10.2%	5.7%	10.4%

