

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 June 30, 2024

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

20-5313323

(State or other jurisdiction of  
incorporation or organization)

(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

Number of shares of common stock, par value \$ 0.000001 per share, of registrant outstanding at August 2, 2024: 130,314,372.

XTANT MEDICAL HOLDINGS, INC.  
FORM 10-Q  
June 30, 2023

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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 increase revenue and our ability to improve our gross margins, our operating expenses as a percentage of revenue, and obtain and sustain profitability;
- our ability to 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 to integrate the products acquired as part of the acquisition of Surgalign SPV, Inc., the acquisition of certain assets and liabilities of Surgalign Holdings, Inc., and the acquisition of certain assets of RTI Surgical, Inc. and achieve future sales of those products as anticipated, especially given their respective declines in sales before we acquired them, and other risks associated with those acquisitions and any future business combinations or acquisitions we may pursue;
- 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;
- 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;
- our ability to implement successfully our four key growth pillars, which are focused on introducing new products; expanding our distribution network and achieving greater contract access; leveraging and penetrating adjacent markets and completing targeted strategic acquisitions;
- risks associated with our international operations, including but not limited to the effect of foreign currency exchange rate fluctuations and compliance with foreign legal and regulatory requirements, current and future wars, related sanctions and geopolitical tensions, political risks associated with the potential instability of governments and legal systems in countries in which we or our customers or suppliers conduct business, and other potential conflicts;
- our ability to operate in international markets and effectively manage our international subsidiaries, which require management attention and financial resources;
- our ability to navigate manufacturing challenges related to the production of biologics products and recover from our prior stem cell shortage and our ability to win back stem cell customers and achieve future stem cell revenue as anticipated;
- our ability to retain and expand our agreements with group purchasing organizations ("GPOs") and independent delivery networks ("IDNs") and sell products to members of such GPOs and IDNs;
- the effect of inflation and supply chain disruptions, which could result in delayed product launches, lost revenue, higher costs, decreased profit margins, and other adverse effects on our business and operating results;
- the effect of labor and staffing shortages at hospitals and other medical facilities on the number of elective procedures in which our products are used and as a result our revenues, as well as global and local labor shortages and loss of personnel, which have adversely affected and may continue to adversely affect our ability to produce product to meet demand;
- our ability to remain competitive;
- our ability to rebrand and integrate acquired products with our existing product line and successfully transition our customers from some of our older legacy hardware products to these new products and the anticipated adverse effect of these transitions on our organic revenue growth rate;

- our ability to innovate, develop, introduce and market new products and technologies and the success of such new products and technologies, including our recently launched amniotic membrane allografts, SimpliGraft™ and SimpliMax™;
- our dependence on and ability to retain and recruit independent sales agents and distributors and motivate and incentivize them to sell our products, including in particular our dependence on key independent agents for a significant portion of our revenue;

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- the ability of our sales personnel, including our independent sales agents and distributors, to achieve expected results;
- our reliance on third party suppliers and manufacturers;
- the effect of product liability claims and other litigation to which we may be subjected and product recalls and defects;
- the effect of infectious diseases on our business, operating results and financial condition;
- the effect of fluctuations in foreign currency exchange rates on our earnings and our foreign currency translation adjustments;
- risks associated with and the effect of a shift in procedures using our products from hospitals to ambulatory surgical centers, which would put pressure on the price of our products and margins;
- 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;
- the ability of our clinical trials to demonstrate competent and reliable evidence of the safety and effectiveness of our products;
- our ability to remain accredited with the American Association of Tissue Banks and continue to obtain a sufficient number of donor cadavers for our products;
- our ability to obtain and maintain government and third-party coverage and reimbursement for our products;
- our ability to attract, retain and engage qualified technical, sales and processing personnel and members of our management team, especially in light of a tight labor market and increasing cost of living in and around the Belgrade, Montana area;
- our ability to maintain sufficient liquidity to fund our operations and obtain financing on reasonable terms when needed and the effect of such additional financing on our business, results of operations, financial condition and stockholders;
- 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, results of operations, financial condition and prospects;
- our expectations regarding operating trends, future financial performance and expense management and our estimates of our future revenue, 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 effectively remediate our outstanding material weaknesses and maintain effective internal control over financial reporting;
- our ability to obtain and protect our intellectual property and proprietary rights and operate without infringing the intellectual property rights of others;
- our ability to maintain our stock listing on the NYSE American Exchange;
- risks inherent in being a controlled company; and
- the effect of a global economic slowdown, rising interest rates and the prospects for recession, a possible U.S. government shutdown, as well as past and potential future disruptions in access to bank deposits or lending commitments due to bank failures, which could materially and adversely affect our revenue, liquidity, financial condition and results of operations.

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, 2023 and this Form 10-Q.

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.

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## **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)

As of June 30, 2024 (Unaudited)	As of December 31, 2023
---------------------------------------	----------------------------

ASSETS					
Current Assets:					
Cash and cash equivalents	\$	5,379	\$	5,715	
Restricted cash		99		208	
Trade accounts receivable, net of allowance for credit losses and doubtful accounts of \$1,012 and \$920, respectively		21,187		20,731	
Inventories		40,507		36,885	
Prepaid and other current assets		1,800		1,330	
Total current assets		68,972		64,869	
Property and equipment, net		8,837		8,692	
Right-of-use asset		1,117		1,523	
Goodwill		7,302		7,302	
Intangible assets, net		9,220		10,085	
Other assets		130		141	
Total Assets	\$	95,578	\$	92,612	
LIABILITIES & STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	\$	6,875	\$	7,054	
Accrued liabilities		8,676		10,419	
Current portion of lease liability		794		830	
Current portion of finance lease obligations		67		65	
Line of credit		11,899		4,622	
Total current liabilities		28,311		22,990	
Long-term Liabilities:					
Lease liability, less current portion		376		759	
Finance lease obligation, less current portion		82		116	
Long-term debt, plus premium and less issuance costs		21,770		17,167	
Other liabilities		34		231	
Total Liabilities		50,573		41,263	
Commitments and Contingencies (note 14)					
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; 130,314,372 shares issued and outstanding as of June 30, 2024 and 130,180,031 shares issued and outstanding as of December 31, 2023		—		—	
Additional paid-in capital		296,451		294,330	
Accumulated other comprehensive (loss) income		(175)		29	
Accumulated deficit		(251,271)		(243,010)	
Total Stockholders' Equity		45,005		51,349	
Total Liabilities & Stockholders' Equity	\$	95,578	\$	92,612	

See notes to unaudited condensed consolidated financial statements.

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**XTANT MEDICAL HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
(Uaudited, in thousands, except number of shares and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 29,943	\$ 20,232	\$ 57,816	\$ 38,176
Cost of sales	11,361	7,773	21,932	15,180
Gross Profit	18,582	12,459	35,884	22,995
Operating Expenses				
General and administrative	7,713	4,954	15,498	9,839
Sales and marketing	13,179	8,716	25,639	15,770
Research and development	636	180	1,163	354
Total Operating Expenses	21,528	13,850	42,300	25,963
Loss from Operations	(2,946)	(1,391)	(6,416)	(2,967)
Other Expense				
Interest expense	(992)	(786)	(1,827)	(1,360)
Interest income	—	—	—	85
Foreign currency exchange gain	118	—	79	—
Other (expense) income	(5)	—	7	—
Total Other Expense	(879)	(786)	(1,741)	(1,275)
Net Loss from Operations Before Provision for Income Taxes	(3,825)	(2,177)	(8,157)	(4,242)
Provision for Income Taxes Current and Deferred	(36)	(13)	(104)	(26)
Net Loss	\$ (3,861)	\$ (2,190)	\$ (8,261)	\$ (4,268)

Net Loss Per Share:								
Basic	\$	(0.03)	\$	(0.02)	\$	(0.06)	\$	(0.04)
Dilutive	\$	(0.03)	\$	(0.02)	\$	(0.06)	\$	(0.04)
Shares used in the computation:								
Basic		130,269,710		108,897,048		130,291,796		108,895,327
Dilutive		130,269,710		108,897,048		130,291,796		108,895,327

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	\$ (3,861)	\$ (2,190)	\$ (8,261)	\$ (4,268)
Net Loss	\$ (3,861)	\$ (2,190)	\$ (8,261)	\$ (4,268)
Other Comprehensive Loss				
Foreign currency translation adjustments	(42)	—	(204)	—
Comprehensive Loss	\$ (3,903)	\$ (2,190)	\$ (8,465)	\$ (4,268)

See notes to unaudited condensed consolidated financial statements.

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**XTANT MEDICAL HOLDINGS, INC.**  
**Condensed Consolidated Statements of Equity**  
(Uaudited, 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, 2022	108,874,803	\$ —	\$ 277,841	\$ —	\$ (243,670)	\$ 34,171
Common stock issued on vesting of restricted stock units	22,245	—	—	—	—	—
Stock-based compensation	—	—	617	—	—	617
Net loss	—	—	—	—	(2,078)	(2,078)
Balance at March 31, 2023	108,897,048	—	278,458	—	(245,748)	32,710
Stock-based compensation	—	—	439	—	—	439
Net loss	—	—	—	—	(2,190)	(2,190)
Balance at June 30, 2023	108,897,048	—	278,897	—	(247,938)	30,959
Balance at December 31, 2023	130,180,031	\$ —	\$ 294,330	\$ 29	\$ (243,010)	\$ 51,349
Common stock issued on vesting of restricted stock units	44,496	—	—	—	—	—
Withholding on common stock upon vesting of restricted stock units	(7,986)	—	(17)	—	—	(17)
Stock-based compensation	—	—	910	—	—	910
Foreign currency translation adjustment	—	—	—	(162)	—	(162)
Net loss	—	—	—	—	(4,400)	(4,400)
Balance at March 31, 2024	130,216,541	—	295,223	(133)	(247,410)	47,680
Common stock issued on vesting of restricted stock units	97,831	—	—	—	—	—
Stock-based compensation	—	—	1,228	—	—	1,228
Foreign currency translation adjustment	—	—	—	(42)	—	(42)
Net loss	—	—	—	—	(3,861)	(3,861)
Balance at June 30, 2024	130,314,372	—	296,451	(175)	(251,271)	45,005

See notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2024	2023
Operating activities:		

Operating activities:

Net loss	\$ (8,261)	\$ (4,268)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,003	1,274
Gain on sale of fixed assets	(142)	(21)
Non-cash interest	218	189
Stock-based compensation	2,138	1,056
Provision for reserve on accounts receivable	178	225
Provision for excess and obsolete inventory	388	243
Other	1	3
Changes in operating assets and liabilities, net of the effects of the acquisition:		
Accounts receivable	(688)	(3,116)
Inventories	(4,130)	(1,733)
Prepaid and other assets	(469)	(330)
Accounts payable	(15)	954
Accrued liabilities	(2,064)	758
Net cash used in operating activities	<u>(10,843)</u>	<u>(4,766)</u>
Investing activities:		
Purchases of property and equipment	(1,337)	(870)
Proceeds from sale of fixed assets	183	55
Acquisition of Surgalign SPV, Inc.	—	(17,000)
Net cash used in investing activities	<u>(1,154)</u>	<u>(17,815)</u>
Financing activities:		
Payments on financing leases	(32)	(30)
Borrowings on line of credit	59,565	36,256
Repayments on line of credit	(52,288)	(34,603)
Proceeds from issuance of long term debt	5,000	5,000
Debt issuance costs	(615)	(101)
Payment of taxes from withholding of common stock on vesting of restricted stock units	(17)	—
Net cash provided by financing activities	<u>11,613</u>	<u>6,522</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	<u>(61)</u>	<u>—</u>
Net change in cash and cash equivalents and restricted cash	(445)	(16,059)
Cash and cash equivalents and restricted cash at beginning of period	5,923	20,507
Cash and cash equivalents and restricted cash at end of period	<u>\$ 5,478</u>	<u>\$ 4,448</u>
Reconciliation of cash and cash equivalents and restricted cash reported in the condensed consolidated balance sheets		
Cash and cash equivalents	\$ 5,379	\$ 4,138
Restricted cash	99	310
Total cash and restricted cash reported in condensed consolidated balance sheets	<u>\$ 5,478</u>	<u>\$ 4,448</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 systems to facilitate spinal fusion in complex spine, deformity, and degenerative procedures.

The accompanying condensed consolidated balance sheet as of December 31, 2023, which has been derived from audited financial statements, and the unaudited interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. 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, 2024.

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, 2023. 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.

###### Liquidity

Since our inception, we have financed our operations through primarily operating cash flows, private placements of equity securities and convertible debt, debt facilities, common stock rights offerings, and other debt transactions. For the six months ended June 30, 2024, we incurred a net loss of \$8.3 million and negative cash flows from operating activities of \$10.8 million. We believe that our \$5.5 million of cash and cash equivalents as of June 30, 2024, together with our anticipated operating cash flows and amounts available under our recently amended credit facilities, as discussed further in Note 11, "Debt," will be sufficient to meet our anticipated cash requirements through at least August 2025. However, we may require or seek additional capital to fund our future operations and business strategy prior to August 2025. Accordingly, there is no assurance that we will not need or seek additional financing prior to such time. Additionally, 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. In addition, 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/or OrbiMed Royalty Opportunities II, LP ("Royalty Opportunities") and ROS Acquisition Offshore LP ("ROS") under our Investor Rights Agreement with them, 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.

#### **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; estimates for the fair value of assets acquired as part of business combinations; 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.

#### **Restricted Cash**

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 June 30, 2024 and December 31, 2023 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.

#### **Concentration of Credit Risk**

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash, cash equivalents and restricted cash. 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.

#### **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 and six months ended June 30, 2024 and 2023.

#### **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 and six months ended June 30, 2024 and 2023.

#### **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 share-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 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.

#### **Net Loss Per Share**

Basic net loss per share is computed by dividing net loss 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 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 per share was the same as basic net loss per share for the three and six months ended June 30, 2024 and 2023, as shares issuable upon the exercise of stock options and warrants were anti-dilutive as a result of the net losses incurred for those periods. Our diluted earnings per share is the same as basic earnings per share, as the effects of including 24,597,501 and 18,885,572 outstanding stock options, restricted stock units and warrants for the three and six months ended June 30, 2024 and 2023, respectively, are anti-dilutive.

#### **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. Foreign currency transaction gains and losses are reported in other income, net.

## Fair Value of Financial Instruments

The carrying values of financial instruments, including trade accounts receivable, accounts payable, accrued liabilities, and long-term debt, approximate their fair values based on terms and related interest rates as of June 30, 2024 and December 31, 2023.

### (2) Acquisition of Coflex and CoFix Product Lines

On February 28, 2023, the Company entered into an Equity Purchase Agreement (the "Equity Purchase Agreement") with Surgalign SPV, Inc. ("Surgalign SPV"), a wholly owned subsidiary of Surgalign Spine Technologies, Inc., ("Seller"), Seller and Surgalign Holdings, Inc., pursuant to which the Company purchased all of the issued and outstanding shares of common stock of Surgalign SPV, which shares constituted all of the outstanding equity of Surgalign SPV, for an aggregate purchase price of \$17.0 million in cash (the "Purchase Price"). The closing contemplated by the Equity Purchase Agreement occurred on February 28, 2023 (the "Closing").

Immediately prior to the Closing, Seller and its affiliates transferred and assigned to Surgalign SPV, a newly formed entity wholly owned by Seller, certain intellectual property, contractual rights and other assets related to the design, manufacture, sale and distribution of Seller's Coflex and CoFix products in the United States (the "Coflex Business"). The Coflex and CoFix products have been approved by the U.S. Food and Drug Administration for the treatment of moderate to severe lumbar spinal stenosis in conjunction with decompression and provide minimally invasive, motion preserving stabilization.

In conjunction with the Equity Purchase Agreement, on February 28, 2023, the Company entered into a Transition Services Agreement with Surgalign SVP and Seller, whereby Seller agreed to provide, or cause to be provided, to the Company on and after the effective date of the Equity Purchase Agreement, after giving effect to the Closing, certain transitional services related to the transition of the Coflex Business.

The Company funded the Purchase Price with cash on hand and approximately \$ 5.0 million of indebtedness incurred under our term loan, refer to Note 11, "Debt," for additional information.

The Company recorded the purchase of this acquisition using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the allocation of the total consideration for Surgalign SPV's assets and liabilities based on management's estimates of their respective fair values as of February 28, 2023 (in thousands):

Inventories	\$ 1,589
Equipment	947
Intangible assets	<u>10,940</u>
Net assets acquired	13,476
Goodwill	<u>3,524</u>
Total purchase consideration	\$ 17,000

The acquisition was recorded by allocating the costs of the net assets acquired based on their estimated fair values at the acquisition date. The fair values were based on management's analysis, including work performed by third-party valuation specialists.

The acquisition strengthened the Company's spine portfolio with the addition of the Coflex Business. Coflex is a differentiated and minimally invasive motion preserving stabilization implant that is premarket approved by the U.S. Food and Drug Administration for the treatment of moderate to severe lumbar spinal stenosis in conjunction with decompression. This potential benefit resulted in the Company paying a premium for the acquisition resulting in the recognition of \$3.5 million in goodwill. For tax purposes, goodwill is deductible.

### (3) Acquisition of Surgalign Holdings, Inc.'s Hardware and Biologics Business

On August 10, 2023, the Company completed the acquisition (the "Transaction") of the assets of Surgalign Holdings, Inc. ("Surgalign Holdings"), and its subsidiaries used in Surgalign Holdings' hardware and biologics business. The acquired assets included specified inventory, intellectual property and intellectual property rights, contracts, equipment and other personal property, records, the outstanding equity securities of Surgalign Holdings' international subsidiaries, and intangibles that were related to Surgalign Holdings' hardware and biologics business (collectively, the "Assets"). As part of the Transaction, the Company assumed and certain specified liabilities of Surgalign Holdings (collectively, the "Liabilities"), all pursuant to the Asset Purchase Agreement, dated June 18, 2023, between Surgalign Holdings and us (as amended, the "Asset Purchase Agreement").

The Transaction was conducted through a process supervised by the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "Bankruptcy Court") in connection with Surgalign Holdings' bankruptcy proceedings; and therefore, the Company acquired the Assets with limited representations and warranties. The Bankruptcy Court issued a Sale Order on August 9, 2023 approving and authorizing the Transaction. The Company funded the purchase price of \$5.0 million, plus Liabilities, with cash on hand.

The Company recorded the purchase of the Transaction using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the allocation of the total consideration for Surgalign Holdings' assets and liabilities based on management's estimates of their respective fair values as of August 10, 2023 (in thousands):

Cash	\$ 1,087
Accounts receivable	1,627
Inventories	<u>15,300</u>
Prepays and other current assets	825
Equipment	2,067
Right-of-use asset	576
Accounts payable	(530)
Accrued liabilities	(1,170)
Current portion of lease liability	(238)
Lease liability, less current portion	<u>(338)</u>
Net assets acquired	19,206
Bargain purchase gain	(11,694)
Deferred tax liability	<u>(1,922)</u>
Total purchase consideration	\$ 5,590

The Transaction was recorded by allocating the costs of the net assets acquired based on their estimated fair values at the acquisition date. The fair values were based on management's analysis, including work performed by third-party valuation specialists.

ASC 805, *Business Combinations*, requires that any excess of purchase price over the fair value of assets acquired, including identifiable intangibles and liabilities assumed, be recognized as goodwill and any excess of fair value of acquired net assets, including identifiable intangible assets over the acquisition consideration, results in a gain from bargain purchase. Prior to recording a gain, the acquiring entity must reassess whether all assets acquired and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued. The Transaction resulted in a gain on bargain purchase due to the estimated fair value of the identifiable net assets acquired exceeding the purchase consideration transferred by \$11.7 million and is shown as a gain on bargain purchase on our consolidated statement of operations. Upon completion of our assessment, the Company concluded that recording a gain on bargain purchase was appropriate and required under ASC 805. The bargain purchase was primarily attributable to the Transaction occurring as part of bankruptcy proceedings.

The Company believes that the Transaction will strengthen our growing orthobiologics and spinal fusion device portfolio, while expanding the Company's commercial footprint with new contracts and distributors.

#### (4) Acquisition of NanOss Production Operations

On October 23, 2023, the Company acquired the nanOss production operations from RTI Surgical, Inc. ("RTI") pursuant to an Asset Purchase Agreement dated October 23, 2023 between the Company and RTI (the "Asset Purchase Agreement"). Under the terms of the Asset Purchase Agreement, the Company acquired certain assets, including equipment and inventory, used in RTI's synthetic bone graft business and assumed from RTI the lease for the nanOss production facility located in Greenville, North Carolina. The purchase price for the assets was \$2 million in cash on hand plus \$0.2 million of contingent payments based on future sales of next generation nanOss products. The Company previously acquired nanOss distribution rights and certain nanOss intellectual property with the acquisition of assets related to the biologics and spinal fixation business of Surgalign Holdings, Inc. in August 2023. The potential benefit associated with the improved economics of internal production of nanOss products resulted in the Company paying a premium for the acquisition resulting in the recognition of \$0.6 million of goodwill. For tax purposes, goodwill is deductible.

The Company recorded the purchase of this acquisition using the acquisition method of accounting and, accordingly, recognized the assets acquired at their fair values as of the date of acquisition. The table below represents the allocation of the total consideration for certain RTI assets based on management's estimates of their respective fair values as of October 23, 2023 (in thousands):

Inventories	\$ 1,150
Fixed assets	267
Intangible assets	220
Net assets acquired	<u>1,637</u>
Goodwill	<u>573</u>
Total purchase consideration	<u><u>\$ 2,210</u></u>

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The following unaudited pro forma combined financial information summarizes the results of operations for the periods indicated as if the acquisition of the assets of Surgalign Holdings, Inc., the acquisition of Surgalign SPV, Inc. and the acquisition of nanOss production operations from RTI Surgical, Inc. had been completed as of January 1, 2023 (in thousands):

	Six Months Ended June 30, 2023
Revenues	\$ 68,191
Net loss	(5,962)

Pro forma information reflects adjustments that are expected to have a continuing impact on the Company's results of operations and are directly attributable to the acquisition of the assets of Surgalign Holdings, Inc., the acquisition of Surgalign SPV, Inc. and the acquisition of nanOss production operations from RTI Surgical, Inc. The unaudited pro forma results include adjustments to reflect the amortization of the inventory step-up and the incremental intangible asset amortization to be incurred based on the values of each identifiable intangible asset. The pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the transactions had occurred as of January 1, 2023 or that may be obtained in the future, and do not reflect future synergies, integration costs, or other such costs or savings.

#### (5) Revenue

In the United States, the Company generates most of its revenue from independent commissioned sales agents. The Company consigns its orthobiologics products to hospitals and consign 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 customer 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 pay. 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 GPO 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 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 and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30, 2024	Percentage of Total Revenue	Three Months Ended June 30, 2023	Percentage of Total Revenue
Orthobiologics	\$ 16,128	54%	\$ 14,315	71%
Spinal implant	13,815	46%	5,917	29%
Total revenue	<u><u>\$ 29,943</u></u>	<u><u>100%</u></u>	<u><u>\$ 20,232</u></u>	<u><u>100%</u></u>
	Six Months Ended June 30, 2024	Percentage of Total Revenue	Six Months Ended June 30, 2023	Percentage of Total Revenue
Orthobiologics	\$ 31,544	55%	\$ 27,867	73%
Spinal implant	26,272	45%	10,309	27%
Total revenue	<u><u>\$ 57,816</u></u>	<u><u>100%</u></u>	<u><u>\$ 38,176</u></u>	<u><u>100%</u></u>

#### (6) Receivables

The Company's provision for current expected credit loss is determined based on historical collection experience adjusted for current economic conditions affecting collectability. 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.

#### (7) Inventories

Inventories consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Raw materials	\$ 6,834	\$ 7,269
Work in process	2,636	1,562
Finished goods	31,037	28,054
Total	<u><u>\$ 40,507</u></u>	<u><u>\$ 36,885</u></u>

#### (8) Property and Equipment, Net

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

	June 30, 2024	December 31, 2023
Equipment	\$ 7,015	\$ 6,858
Computer equipment	1,372	1,330
Computer software	392	230
Leasehold improvements	4,355	4,347
Surgical instruments	15,376	14,648
Assets not yet in service	877	959
Total cost	<u><u>29,387</u></u>	<u><u>28,372</u></u>
Less: accumulated depreciation	(20,550)	(19,680)
Property and equipment, net	<u><u>\$ 8,837</u></u>	<u><u>\$ 8,692</u></u>

Depreciation expense related to property and equipment, including property under finance leases, for the three months ended June 30, 2024 and 2023 was \$0.5 million and \$0.4 million, respectively, and \$1.1 million and \$0.7 million for the six months ended June 30, 2024 and 2023, respectively.

#### (9) Intangible Assets

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

June 30, 2024:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	11 years	\$ 2,777	\$ (810)	\$ 1,967
Customer List	6 years	8,000	(1,778)	6,222
Tradenames	10 years	1,190	(159)	1,031
		<u><u>\$ 11,967</u></u>	<u><u>\$ (2,747)</u></u>	<u><u>\$ 9,220</u></u>
December 31, 2023:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	11 years	\$ 2,777	\$ (672)	\$ 2,105
Customer List	6 years	8,000	(1,111)	6,889
Tradenames	10 years	1,190	(99)	1,091
		<u><u>\$ 11,967</u></u>	<u><u>\$ (1,882)</u></u>	<u><u>\$ 10,085</u></u>

Amortization expense for both the three months ended June 30, 2024 and 2023 was \$ 0.5 million, and \$0.9 million and \$0.6 million for the six months ended June 30, 2024 and 2023, respectively.

#### (10) Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Cash compensation/commissions payable	\$ 7,144	\$ 8,890
Other accrued liabilities	1,532	1,529
Accrued liabilities	<u>8,676</u>	<u>10,419</u>

#### (11) Debt

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

	June 30, 2024	December 31, 2023
Amounts due under the term loan	\$ 22,000	\$ 17,000
Accrued end-of-term payments	254	456
Less: unamortized debt issuance costs	<u>(484)</u>	<u>(289)</u>
Long-term debt, less issuance costs	<u>\$ 21,770</u>	<u>\$ 17,167</u>

On March 7, 2024, the Company's term credit agreement was amended and restated to, among other things, extend the maturity date to March 1, 2029. An additional \$ 10.0 million tranche, available solely at the discretion of MidCap Financial Trust and the lenders, was added to the term credit agreement and the applicable margin used to determine the per annum interest rate was reduced from 7.00% to 6.50%. The date of certain fees payable in connection with optional prepayments were also reset by the amendment to be determined based on the date the amendment. The Company's revolving credit agreement was also amended and restated on March 7, 2024, to among other things, increase the commitment amount from \$8.0 million to \$17.0 million. The maturity of the revolving credit agreement was also extended to March 1, 2029. Minimum net product revenue requirements specified in the credit agreements were reset and minimum adjusted EBITDA requirements were removed.

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On May 14, 2024, the term credit agreement was amended to increase the amount of term loans that may be borrowed by \$ 5.0 million to a maximum of \$22.0 million, which were fully drawn as of May 14, 2024. In addition, the amendments to the term credit agreement and revolving credit agreement re-set the date certain fees payable in connection with optional prepayments are determined to May 14, 2024 and consequently extend such fees' original expiration. The exit fees were increased by 2.50% to 6.50% of the principal amount borrowed pursuant to the term credit agreement. The terms of borrowing under the term credit agreement and revolving credit agreement otherwise remain materially unchanged.

The effective rate of the term loan, inclusive of amortization of debt issuance costs and accretion of the final payment, was 14.65% as of June 30, 2024. The effective rate of the revolving credit agreement was 9.94% as of June 30, 2024. As of June 30, 2024, the Company had \$ 5.1 million available under the revolving credit agreement and was in compliance with all covenants under the credit agreements.

#### (12) 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 (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 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, is (i) 5,500,000 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.

##### Stock Options

Stock option activity, including options granted under the 2023 Plan and 2018 Plan, was as follows for the six months ended June 30, 2024 and 2023:

	2024			2023		
	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	4,875,828	\$ 1.31	—	3,360,664	\$ 1.51	—
Granted	—	—	—	130,000	0.74	—
Cancelled or expired	<u>(156,243)</u>	<u>1.03</u>	<u>—</u>	<u>(75,460)</u>	<u>18.61</u>	<u>—</u>
Outstanding at June 30	4,719,585	1.32	7.28	3,415,204	1.49	7.7
Exercisable at June 30	2,313,011	1.46	6.22	1,438,894	1.93	7.3

As of June 30, 2024, there was approximately \$ 1.6 million of total unrecognized compensation expense related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 2.4 years.

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##### Restricted Stock Units

Restricted stock unit activity for awards granted under the 2023 Plan and 2018 Plan was as follows for the six months ended June 30, 2024 and

	2024		2023	
	Shares	Weighted Average Fair Value at Grant Date Per Share	Shares	Weighted Average Fair Value at Grant Date Per Share
Outstanding at January 1	3,524,675	\$ 1.07	3,612,433	\$ 0.88
Granted	2,641,549	0.98	186,831	0.71
Vested	(142,327)	0.67	(22,245)	0.65
Cancelled	(155,668)	1.03	(494,121)	0.54
Outstanding at June 30	5,868,229	\$ 1.04	3,282,898	\$ 0.92

Total compensation expense related to unvested restricted stock units not yet recognized was \$ 4.2 million as of June 30, 2024, which is expected to be allocated to expenses over a weighted-average period of 3.1 years.

#### Performance Stock Units

In April 2024, the Company began awarding performance stock units, or PSUs, under the 2023 Plan to certain executive officers and key employees. The Company has awarded an aggregate of 1,772,217 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. The fair value of the PSUs was estimated using the Monte Carlo simulation model and the following assumptions: peer companies volatility was unique to each company used in simulation, Company volatility of 93.34%, risk-free interest rate of 4.53%, correlation with index of 0.06, and dividend yield of 0%.

Activity for PSU awards granted under the 2023 Plan was as follows for the six months ended June 30, 2024:

	2024	
	Shares	Weighted Average Fair Value
Outstanding at January 1	—	\$ —
Granted	1,772,217	1.49
Forfeited	—	—
Vested	—	—
Outstanding at June 30	1,772,217	\$ 1.49

The total compensation cost related to unvested PSUs was \$ 2.4 million as of June 30, 2024, which is expected to be allocated to expenses over a weighted-average period of 2.7 years.

#### (13) Warrants

As of June 30, 2024 and December 31, 2023, there were outstanding and exercisable warrants to purchase 12,237,470 and 12,187,470 shares of our common stock at a weighted average exercise price of \$1.53 per share with a weighted average remaining contractual term of 2.3 years and 2.8 years, respectively.

#### (14) Commitments and Contingencies

##### Litigation

We are subject to potential liabilities under government regulations and various claims and legal actions that are pending or may be asserted 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. While we do not believe that the ultimate resolution of any claims and lawsuits will have a material adverse effect upon our consolidated financial position, results of operations or cash flows, it is possible that the amount of ultimate loss may exceed our current accruals and that our 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 condensed 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.

#### (15) Income Taxes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Income tax expense from continuing operations	\$ 36	\$ 13	\$ 104	\$ 26
Income from continuing operations before income taxes	\$ (3,825)	\$ (2,177)	\$ (8,157)	\$ (4,242)
Effective income tax rate	-1.0%	-0.6%	-1.3%	-0.6%

Our effective tax rate for the three and six months ended June 30, 2024 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state and foreign taxes.

Our effective tax rate for the three and six months ended June 30, 2023 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state taxes.

As of June 30, 2024, the Company is not currently under examination by tax authorities.

#### (16) Supplemental Disclosure of Cash Flow Information

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

	Six Months Ended June 30,	
	2024	2023
<i>Cash paid during the period for:</i>		
Interest	\$ 774	\$ 1,171

#### (17) Related Party Transactions

As described in more detail under Note 1, "Business Description and Summary of Significant Accounting Policies," and Note 19, "Related Party Transactions," in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, we are party to an Investor Rights Agreement, as amended, Registration Rights Agreements and certain other agreements with OrbiMed Royalty Opportunities II, LP and ROS Acquisition Offshore LP, which are funds affiliated with OrbiMed Advisors LLC ("OrbiMed"). OrbiMed beneficially owns 56.2% of the Company's common stock.

All related party transactions are reviewed and approved by the Audit Committee or the disinterested members of the full Board of Directors.

#### (18) Segment and Geographic Information

The Company operates in one segment based upon the Company's organizational structure, the way in which the operations and investments are managed and evaluated by the chief operating decision maker ("CODM"). The Company shares common, centralized support functions which report directly to the CODM and decision-making regarding the Company's overall operating performance and allocation of Company resources is assessed on a consolidated basis. Net revenue by geographic region are as follows:

	Three Months Ended June 30,	
	2024	2023
United States	\$ 26,276	\$ 19,987
Rest of world	3,667	245
<b>Total revenue</b>	<b>\$ 29,943</b>	<b>\$ 20,232</b>

  

	Six Months Ended June 30,	
	2024	2023
United States	\$ 51,409	\$ 37,501
Rest of world	6,407	675
<b>Total revenue</b>	<b>\$ 57,816</b>	<b>\$ 38,176</b>

#### (19) Subsequent Event

On August 7, 2024, the Company entered into a securities purchase agreement with an accredited investor to sell shares of its common stock in a private placement. The Company agreed to issue an aggregate of 7.8 million shares of common stock at a purchase price of \$ 0.64 per share, resulting in gross proceeds of \$5.0 million. The Company expects to use the net proceeds from the private placement for working capital and other general corporate purposes. The closing of the private placement is expected to occur on or about August 9, 2024, subject to the satisfaction of customary closing conditions.

## 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, 2023. 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, including orthobiologics for the promotion of bone healing, implants and instrumentation for the treatment of spinal disease. We promote our products in the United States through independent distributors and stocking agents, supported by direct employees.

We have an extensive sales channel of 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 ("IDNs") and through group purchasing organizations ("GPOs"). 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 direct sales representatives and stocking distribution partners in Canada, Mexico, South America, Australia, and certain Pacific region countries.

We have focused and intend to continue to focus primarily on four key growth initiatives: (1) introduce new products; (2) expand our distribution network; (3) penetrate adjacent markets; and (4) leverage our growth platform with technology and strategic acquisitions. In furtherance of our growth initiatives, and as described elsewhere in this report, we made the following three acquisitions last year:

- On February 28, 2023, we acquired all of the issued and outstanding capital stock of Surgalign SPV, Inc. ("Surgalign SPV"), a then indirect wholly owned subsidiary of Surgalign Holdings, Inc. ("Surgalign Holdings"), which held certain intellectual property, contractual rights and other assets related to the design, manufacture, sale and distribution of the Coflex and CoFix products in the United States, for a purchase price of \$17.0 million in cash.
- On August 10, 2023, we acquired out of a bankruptcy proceeding certain additional assets of Surgalign Holdings and its subsidiaries, including specified inventory, intellectual property and intellectual property rights, contracts, equipment and other personal property, records, all outstanding equity securities of Surgalign Holdings' international subsidiaries, and intangibles related to the business of designing, developing and manufacturing hardware medical technology and distributing biologics medical technology, and assume certain related liabilities, for a purchase price of \$5 million in cash.
- On October 23, 2023, we acquired the nanOss production operations from RTI Surgical, Inc. ("RTI") including certain equipment and inventory used in RTI's synthetic bone graft business and assumed from RTI the lease for the nanOss production facility located in Greenville, North Carolina. The purchase price for the assets was \$2 million in cash plus a low single digit royalty on sales prior to October 23, 2028 of next generation nanOss products.

While the intent of these four key growth initiatives is to increase our future revenues, no assurance can be provided that we will be successful in implementing these growth initiatives or increasing our future revenues.

Since one of our key growth initiatives is to leverage our growth platform with technology and strategic acquisitions and explore other strategic transactions with respect to our products and our company, including licenses, business collaborations and other business combinations or transactions with other companies, we, as a matter of course, often engage in discussions with third parties regarding such matters.

## Results of Operations

### **Comparison of Three and Six Months Ended June 30, 2024 and June 30, 2023**

#### **Revenue**

Total revenue for the three and six months ended June 30, 2024 was \$29.9 million and \$57.8 million, respectively, which represents an increase of 48% and 51%, respectively, compared to \$20.2 million and \$38.2 million for the three and six months ended June 30, 2023, respectively. These increases are attributed primarily to the contribution of additional sales resulting from the acquisition of the Surgalign Holdings' hardware and biologics business.

#### **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, inventory on consignment that may be missing and not returned, and reserves for estimated missing and damaged consigned surgical instruments. Cost of sales increased by 46%, or \$3.6 million, to \$11.4 million for the three months ended June 30, 2024 from \$7.8 million for the three months ended June 30, 2023. Cost of sales increased by 44%, or \$6.8 million, to \$21.9 million for the six months ended June 30, 2024 from \$15.2 million for the six months ended June 30, 2023. These increases are primarily due to greater revenue in the 2024 periods compared to the comparable 2023 periods, as mentioned above.

#### **Gross Profit**

Gross profit as a percentage of revenue increased to 62.1% for the three months ended June 30, 2024 compared to 61.6% for the same period in 2023 and increased to 62.1% for the six months ended June 30, 2024 compared to 60.2% for the same period in 2023. Of the increase for the three-month comparison, 550 basis points were due to greater scale and improved production efficiency, partially offset by 260 basis points related to increased charges for excess and obsolete inventory and non-absorbed costs and 110 basis points related to sales mix. Of the increase for the six-month comparison, 570 basis points were due to greater scale and improved production efficiency, partially offset by 200 basis points related to increased charges for excess and obsolete inventory and non-absorbed costs and 100 basis points related to higher product cost.

#### **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 professional fees, as well as occupancy costs. General and administrative expenses increased 56%, or \$2.8 million, to \$7.7 million for the three months ended June 30, 2024, compared to \$5.0 million for the same period in 2023. General and administrative expenses increased 58%, or \$5.7 million, to \$15.5 million for the six months ended June 30, 2024, compared to \$9.8 million for the same period in 2023. The increase for the three-month comparison is primarily attributable to \$0.7 million of additional compensation expense related to additional headcount, \$0.8 million additional stock-based compensation, \$0.3 million additional professional service fees and \$0.2 million of additional hardware and software expense. The increase for the six-month comparison is primarily attributable to \$1.7 million of additional compensation expense related to additional headcount, \$1.1 million of additional stock-based compensation expense, \$0.7 million of additional professional service fees, \$0.5 million of additional consultant fees and \$0.4 million of additional hardware and software expense.

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 increased 51%, or \$4.5 million, to \$13.2 million for the three months ended June 30, 2024, compared to \$8.7 million for the same period in 2023. Sales and marketing expenses increased 63%, or \$9.9 million, to \$25.6 million for the six months ended June 30, 2024, compared to \$15.8 million for the same period in 2023. The increase for the three-month comparison is primarily due to additional commission expense of \$2.8 million resulting from revenue growth and \$1.2 million of additional compensation expense related to additional headcount. The increase for the six-month comparison is primarily due to additional commission expense of \$5.7 million resulting from revenue growth, \$2.8 million of additional compensation expense related to additional headcount and \$0.6 million of additional consulting fees.

#### *Research and Development*

Research and development expenses consist primarily of internal costs for the development of new technologies. Research and development expenses were \$0.6 million for the three months ended June 30, 2024, compared to \$0.2 million for the same period in 2023. Research and development expenses were \$1.2 million for the six months ended June 30, 2024, compared to \$0.4 million for the same period in 2023. The increases for the three- and six-month comparisons are primarily due to \$0.2 million and \$0.4 million, respectively, of compensation expense related to additional headcount.

#### *Interest Expense*

Interest expense consists of interest incurred from our debt instruments and finance leases. Interest expense was \$1.0 million and \$1.8 million for the three and six months ended June 30, 2024, respectively, compared to \$0.8 million and \$1.4 million for the three and six months ended June 30, 2023. The increase in interest expense during the three- and six-month comparisons resulted primarily from additional borrowings on our revolving line of credit and the additional borrowing of \$5.0 million under our term credit agreement in May 2024.

#### *Provision for Income Taxes Current and Deferred*

The increase in income tax expense for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023 was primarily due to an increase in cash taxes in the domestic and foreign jurisdictions in 2024.

#### *Liquidity and Capital Resources*

##### *Working Capital*

Since our inception, we have financed our operations through primarily 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 June 30, 2024 and December 31, 2023 (in thousands):

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$ 5,478	\$ 5,923
Accounts receivable, net	21,187	20,731
Inventories	40,507	36,885
Total current assets	68,972	64,899
Accounts payable	6,875	7,054
Accrued liabilities	8,676	10,419
Line of credit	11,899	4,622
Total current liabilities	28,311	22,990
Net working capital	40,661	41,879

#### *Cash Flows*

Net cash used in operating activities for the first six months of 2024 was \$10.8 million compared to \$4.8 million for the first six months of 2023. This increase in net cash used in operating activities relates primarily to the combination of the increase in net losses during the first six months of 2024 compared to the prior year period and the effects of changes in operating assets and liabilities.

Net cash used in investing activities for the first six months of 2024 was \$1.2 million compared to \$17.8 million for the first six months of 2023. This decrease relates primarily to the use of \$17.0 in cash for the acquisition of Surgalign SPV, Inc. during the first six months of 2023.

Net cash provided by financing activities for the first six months of 2024 was \$11.6 million compared to \$6.5 million for the first six months of 2023. This increase relates primarily to \$5.6 million of additional borrowings under the Revolving Facility, as defined below, net of repayments.

#### *Current and Prior Credit Facilities*

On March 7, 2024, the Company, as guarantor, and certain of our subsidiaries, as borrowers (collectively, the "Borrowers"), entered into an Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) (as amended from time to time, the "Term Credit Agreement") and an Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) (as amended from time to time, the "Revolving Credit Agreement" and, together with the Term Credit Agreement, the "Credit Agreements") with MidCap Financial Trust and MidCap Funding IV Trust, each in its respective capacity as agent, and lenders from time to time party thereto. These Credit Agreements amend and restate the Credit, Security and Guaranty Agreement, dated as of May 6, 2021 (Term Loan), as amended (the "Prior Term Credit Agreement"), and the Credit, Security and Guaranty Agreement, dated as of May 6, 2021 (Revolving Loan), as amended (the "Prior Revolving Credit Agreement" and, together with the Prior Term Credit Agreement, the "Prior Credit Agreements"), in each case, by and among the Borrowers, the Company and MidCap Financial Trust and MidCap Funding IV Trust, as respective agents, and the lenders from time to time party thereto.

On May 14, 2024, we entered into Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Term Loan) ("Term Amendment No. 1"), which amends the Term Credit Agreement, and Amendment No. 1 to Amended and Restated Credit, Security and Guarantee Agreement (Revolving Loan) ("Revolving Amendment No. 1" and, together with Term Amendment No. 1, the "Amendments No. 1"), which amends the Revolving Credit Agreement. The Term Amendment No. 1 increases the amount of term loans that may be borrowed by \$5.0 million to a maximum of \$22.0 million, which are fully drawn as of June 30, 2024. In addition, the Amendments No. 1 re-set the date certain fees payable in connection with optional prepayments are determined to May 14, 2024 and consequently extend such fees' original expiration. The exit fees were increased by 2.50% to 6.50% of the principal amount borrowed pursuant to the Term Credit Agreement. The terms of borrowing under the Credit Agreements otherwise remain materially unchanged.

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 (such amount, the "Revolving

Loan Commitment") 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 (the "Maturity Date"). 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. As of June 30, 2024, the Company had \$11.9 million outstanding and \$5.1 million of availability under the Revolving Facility.

The loans and other obligations pursuant to the Credit Agreements will 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 December 31, 2023, the effective rate of the Prior Term Credit Agreement, inclusive of authorization of debt issuance costs and accretion of the final payment, was 14.42%, and the effective rate of the Prior Revolving Credit Agreement was 9.94%.

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, 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. As of June 30, 2024, we were in compliance with all covenants under the Credit Agreements.

#### *Cash Requirements*

We believe that our \$5.5 million of cash and cash equivalents as of June 30, 2024, together with the net proceeds to our recent \$5.0 million private placement, our anticipated operating cash flows and amounts available under the Facilities, will be sufficient to meet our anticipated cash requirements through at least August 2025. However, we may require or seek additional capital to fund our future operations and business strategy prior to August 2025. 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, additional debt restructurings or refinancings, or through strategic collaborations and 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/or ROS and Royalty Opportunities under our Investor Rights Agreement with them, 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. The preparation of these financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and any such differences may be material.

There have been no changes in our critical accounting estimates for the three months ended June 30, 2024 as compared to the critical accounting estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### **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 June 30, 2024. 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 June 30, 2024, 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, 2023, in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2023, we identified certain control deficiencies in the design and implementation of our internal control over financial reporting, which constituted two material weaknesses. 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 the completeness and accuracy of information utilized in determining the open balance sheet fair value of inventory, which includes the establishment of inventory reserves, related to the acquisition of the hardware and biologics business of Surgalign Holdings, were insufficient and did not operate at an appropriate level of precision. Our review of certain data and assumptions utilized in our valuation of opening balance sheet inventory failed to identify inconsistent assumptions related to inventory utilization and inventory costing. This constituted a material weakness. In addition to the foregoing material weakness, due to insufficient time and resources, we did not appropriately design, implement and execute sufficient controls and procedures to verify the existence of inventory on consignment that was acquired in connection with our acquisitions of Surgalign SPV, and the hardware and biologics business of Surgalign Holdings during the year ended December 31, 2023, resulting in a second material weakness.

The material weaknesses described above, 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.

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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 weaknesses. The remediation actions we are taking, and expect to take, include the following:

- *Precision of Controls Related to Completeness and Accuracy of Information Utilized in Determining the Opening Balance Sheet Fair Value of Inventory.* To prevent similar occurrences in the future, we plan to add additional accounting personnel to allow for more robust review of nonrecurring, complex transactions. We expect to have additional headcount in place by end of fiscal 2024. Additionally, if necessary, we may utilize external accounting resources to review future valuations of acquired inventory.
- *Insufficient Procedures to Confirm the Existence of Acquired Consigned Inventory.* Beginning in the first quarter of 2024, we began subjecting our acquired consigned inventory to our ongoing inventory field audits, with the goal of verifying all consigned inventory acquired during the year ended December 31, 2024. We expect this process to be completed by the end of fiscal 2024.

As management continues to evaluate and work to remediate the material weaknesses, we may determine to take additional measures to address the material weaknesses. 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 weaknesses 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 June 30, 2024, 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 14, "Commitments and Contingencies," in the notes to our condensed consolidated financial statements in this Form 10-Q.

##### **ITEM 1A. RISK FACTORS**

As a smaller reporting company, we are not required to provide the information required by this Item.

##### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On June 24, 2024, we issued a warrant to purchase 50,000 shares of our common stock to one of our vendors in exchange for anticipated services to be rendered, which warrant has an \$0.82 per share exercise price, a term through April 22, 2029 and vests in equal monthly installments from April 22, 2024. The offer and sale of the warrant to the vendor was exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") as it did not involve any public offering and was made without general solicitation or general advertising.

We did not sell any other unregistered equity securities of our Company during the quarter ended June 30, 2024.

##### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

##### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

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##### **ITEM 5. OTHER INFORMATION**

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

During the three months ended June 30, 2024, 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 Securities and

**Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

*Departure of Chief Commercial Officer*

As part of the integration activities undertaken following our acquisition of the hardware and biologics business of Surgalign Holdings, we are restructuring and streamlining our sales organization and in connection thereto are eliminating the position of Chief Commercial Officer held by Kevin D. Brandt effective as of August 16, 2024. As a result of the elimination of this position, Sean E. Browne, the Company's Chief Executive Officer, will assume the role of head of sales.

In connection with Mr. Brandt's termination and pursuant to the terms of his employment agreement with the Company, we anticipate entering into a Separation Agreement with Mr. Brandt (the "Separation Agreement") pursuant to which and in exchange for his execution and non-revocation of a general release of claims against the Company and its subsidiaries and affiliates and his compliance with certain covenants contained in his employment agreement and the Separation Agreement, he will be entitled to receive: (i) continuing severance pay at a rate equal to his base salary for 12 months from the date of termination of employment, less all required tax withholdings and other applicable deductions, payable in accordance with our standard payroll procedures, and (ii) if timely elected, payment of COBRA continuation coverage premiums for up to 12 months. The Separation Agreement also will include customary non-disparagement and confidentiality undertakings by Mr. Brandt.

The foregoing summary of the Separation Agreement is not complete and is qualified in its entirety by reference to the full text of the Separation Agreement, which if executed by the parties thereto will be filed as an exhibit to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024.

*Amendment to Sean Browne Employment Agreement*

Effective as of August 8, 2024, we entered into Amendment No. 1 to Employment Agreement with Sean E. Browne, the Company's Chief Executive Officer (the "Amendment"), which Amendment reflects the following changes to Mr. Browne's employment agreement:

- In the event Mr. Browne is terminated by the Company without "cause" or by Mr. Browne for "good reason" in connection with or within 12 months after a "change in control" (as such terms are defined in the agreement), the Amendment entitles Mr. Browne to receive (i) a lump-sum severance payment equal to 1.5 times the sum of his base salary plus his annual target bonus, rather than a lump-sum severance payment equal to his base salary; and (ii) if timely elected, payment of COBRA continuation coverage premiums for up to 18 months, instead of 12 months. To be eligible to receive these payments, Mr. Browne will be required to execute and not revoke a release of claims against the Company.
- The definition of "change in control" has been revised to clarify that a "change in control" for purposes of Mr. Browne's employment agreement does not include any change in percentage ownership of the Company held by OrbiMed Advisors LLC or any of its affiliates, whether as a result of the sale or other transfer of its shares, a conversion of debt into equity, or otherwise, or the sale or other transfer of shares of capital stock of the Company by OrbiMed Advisors LLC or any of its affiliates to one or more third parties regardless of the percentage ownership of the Company acquired by such third party or third parties.

The foregoing summary of the Amendment is not complete and is qualified in its entirety by reference to the full text of the Amendment, which is filed as an exhibit to this Quarterly Report on Form 10-Q.

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**ITEM 6. EXHIBITS**

The following exhibits are being filed or furnished with this Quarterly Report on Form 10-Q:

<b>Exhibit No.</b>	<b>Description</b>
2.1†	<a href="#">Equity Purchase Agreement, dated February 28, 2023, by and among Xtant Medical Holdings, Inc., Surgalign SPV, Inc., Surgalign Spine Technologies, Inc., and Surgalign Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 1, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>
2.2†	<a href="#">Asset Purchase Agreement, dated as of June 18, 2023, between Surgalign Holdings, Inc. and Xtant Medical Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 20, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>
2.3†	<a href="#">First Amendment to Asset Purchase Agreement, dated as of July 10, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>
2.4†	<a href="#">Second Amendment to Asset Purchase Agreement, dated as of July 20, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>
2.5†	<a href="#">Third Amendment to Asset Purchase Agreement, dated as of July 24, 2023, between Xtant Medical Holdings, Inc. and Surgalign Holdings, Inc. (filed as Exhibit 2.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>
3.1	<a href="#">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).</a>
3.2	<a href="#">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).</a>
4.1	<a href="#">Form of Vendor Common Stock Purchase Warrant (filed herewith).</a>
10.1	<a href="#">Form of Employee Performance Stock Unit Award Agreement for use with the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (SEC File No. 001-34951) and incorporated by reference herein).</a>

10.2 [Amendment No. 1 to Employment Agreement effective as of August 8, 2024 between Xtant Medical Holdings, Inc. and Sean E. Browne \(filed herewith\).](#)

31.1 [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 \(filed herewith\).](#)

31.2 [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 \(filed herewith\).](#)

32.1 [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 \(furnished herewith\).](#)

32.2 [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 \(furnished herewith\).](#)

101 The following materials from Xtant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024, 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 (Deficit), (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 Registrant will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

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#### 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: August 8, 2024

By: /s/ Sean E. Browne

Name: Sean E. Browne

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

Date: August 8, 2024

By: /s/ Scott C. Neils

Name: Scott C. Neils

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

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NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

### COMMON STOCK PURCHASE WARRANT

#### XTANT MEDICAL HOLDINGS, INC.

Warrant Shares: \_\_\_\_\_

Issue Date: \_\_\_\_\_

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, \_\_\_\_\_, or its assigns (the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, in accordance with Section 1(a) hereof and on or prior to 5:00 p.m. (New York City time) on \_\_\_\_\_ (the "Termination Date") but not thereafter, to subscribe for and purchase from Xtant Medical Holdings, Inc., a Delaware corporation (the "Company"), up to \_\_\_\_\_ shares (as subject to adjustment hereunder, the "Warrant Shares") of the Company's common stock, par value \$0.000001 per share (the "Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 1(c).

#### Section 1. Vesting and Exercise.

a) Vesting of Warrant. The Warrant shall vest and become exercisable in \_\_\_\_\_ equal monthly/quarterly/annual installments \_\_\_\_\_, commencing on \_\_\_\_\_ (the "Vesting Schedule").

b) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, in accordance with the Vesting Schedule and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) days on which the Company's then current Trading Market (as defined in Section 1(d) herein) is open for trading (each, a "Trading Day") and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 1(e)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 1(d) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) day, other than Saturday, Sunday or any other day on which commercial banks in The City of New York are authorized or required by law to remain closed (each, a "Business Day"), of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

c) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be \$\_\_\_\_\_, subject to adjustment hereunder (the "Exercise Price").

d) Cashless Exercise. This Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

- (A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 1(b) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(b) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. ("Bloomberg") as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 1(b) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 1(b) hereof after the close of "regular trading hours" on such Trading Day;
- (B) = the Exercise Price of this Warrant, as adjusted hereunder; and
- (X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 1(d).

then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

**"Trading Market"** means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

**"VWAP"** means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

e) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the **"Warrant Share Delivery Date"**). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, **"Standard Settlement Period"** means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

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ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

iv. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 2. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

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b) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case

may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

c) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 2, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company (or any of its subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register (as defined in Section 3(c) herein) of the Company, at least five (5) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of its subsidiaries, the Company shall simultaneously file such material non-public information with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

d) Voluntary Adjustment By Company. Subject to the rules and regulations of the Trading Market, the Company may at any time during the term of this Warrant, subject to the prior written consent of the Holder, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

Section 3. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, subject to applicable securities laws, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 3(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144 of the Securities Act, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, provide to the Company an opinion of counsel selected by the Holder or transferee of this Warrant, as the case may be, and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of the Warrant under the Securities Act.

Section 4. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 1(e)(i), except as expressly set forth in Section 2. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 1(d) or to receive cash payments pursuant to Section 1(e)(i) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of

loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party hereto agrees that all legal proceedings concerning the Warrant (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts in the State of Delaware.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the \_\_\_\_\_ Agreement, dated \_\_\_\_\_, between the Company and the Holder.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a

part of this Warrant.

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[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**XTANT MEDICAL HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**NOTICE OF EXERCISE**

TO: XTANT MEDICAL HOLDINGS, INC.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or  
 if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 1(d), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 1(d).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_  
The Warrant Shares shall be delivered to the following DWAC Account Number:  
\_\_\_\_\_

\_\_\_\_\_

Name of Investing Entity:

*Signature of Authorized Signatory of Investing Entity:* \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

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**ASSIGNMENT FORM**

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to:

Name: \_\_\_\_\_ (Please Print)

Address: \_\_\_\_\_ (Please Print)

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature

Holder's Address: \_\_\_\_\_

**AMENDMENT NO. 1 TO  
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to Employment Agreement ("Amendment") is effective as of August 8, 2024 ("Effective Date"), by and between Xtant Medical Holdings, Inc., a Delaware corporation (the "Company"), and Sean E. Browne, an individual ("Employee"). The Company and Employee are sometimes referred to as the "Parties" or "Party" in this Amendment.

The Parties entered into an Employment Agreement dated October 7, 2019 (the "Agreement"). The Agreement may be amended in a writing signed by the Parties, and the Parties desire to amend the Agreement as set forth herein.

In consideration of the mutual promises, covenants and agreements contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Agreement.

2. Termination Upon a Change in Control. Paragraph 12C of the Agreement is hereby amended and restated in its entirety as follows (deleted language ~~striken~~ and added language double underlined):

"Termination Upon a Change in Control. If the Company or any successor in interest to the Company terminates Employee's employment without Cause in connection with or within twelve (12) months after a Change in Control (defined below) or if Employee terminates his employment for Good Reason (defined below) within twelve (12) months after a Change in Control, Employee shall be entitled to receive (i) his accrued but unpaid Base Salary and other benefits earned under any Company-provided plans, policies and arrangements for the period preceding the effective date of the termination of employment, and (ii) a lump-sum payment equal to one and a half (1.5) times the sum of (a) Employee's Base Salary, as then in effect, plus (b) Employee's target bonus, as contemplated in Paragraph 2B of the Agreement, less all tax withholdings and other applicable deductions the Company reasonably determines are required to be made, payable on the first regular payroll date after the effective date of a Separation Agreement and Release that has been executed and not revoked within any applicable rescission period that has expired within sixty (60) days of the Employee's termination of employment, in substantially the form of Exhibit C attached hereto, the execution and performance by Employee of which is specifically a condition to his receipt of any of the payments and benefits provided under this Paragraph 12C; provided that Employee shall not be required to execute a release of any claims arising from the Company's failure to comply with its obligations under Paragraph 12A. If Employee timely and effectively elects continuation coverage under the Company's group health plan pursuant to COBRA or similar state law, the Company will pay or reimburse the premiums for such coverage of Employee (and his dependents, as applicable) at the same rate it pays for active employees for a period for eighteen~~twelve~~-(18~~12~~) months from the date of termination of employment; provided that the Company's obligation to make such payments shall immediately expire if Employee ceases to be eligible for continuation coverage under COBRA or similar state law or otherwise terminates such coverage. Notwithstanding the previous provisions of this Paragraph 12C, any payments due under this Paragraph 12C shall commence within sixty (60) days of Employee's termination of employment, provided that if such sixty (60)-day period spans two calendar years, payments shall commence in the latter calendar year. In addition to the foregoing and subject to Employee's timely execution of a Separation Agreement and Release that has been executed and not revoked within any applicable rescission period that has expired within sixty (60) days of the Employee's termination of employment, Employee shall be entitled to the pro-rated amount of any unpaid bonus for the calendar year in which his termination of employment occurs, if earned pursuant to the terms thereof (except for the provision of remaining an employee through the date of payment thereof) and at such time and in such manner as determined by the Board (or a committee thereof) in its sole discretion pursuant to the terms thereof, provided such bonus shall be paid no later than as soon as reasonably practicable after the earlier of the filing of the Company's Annual Report on Form 10-K with the SEC and December 31 of the calendar year immediately following the calendar year in which the bonus is being measured. The payments and benefits described in this Paragraph 12C are in lieu of, and not in addition to, the payments and benefits described in Paragraph 12B, it being understood by Employee that he shall be paid and receive only one set of severance payments and benefits."

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2. Paragraph 12E3 of the Agreement is hereby amended and restated in its entirety as follows (added language double underlined):

"Change in Control.' For all purposes under this Agreement, a 'Change in Control' means a Change in Control, as defined in the Plan, that occurs after the date hereof; provided, however, that a liquidation, dissolution or winding up of the Company or change in the state of the Company's incorporation shall not constitute a Change in Control event for purposes of this Agreement nor shall any change in percentage ownership of the Company held by OrbiMed Advisors LLC or any of its affiliates, whether as a result of the sale or other transfer of its shares, a conversion of debt into equity or otherwise, constitute a Change in Control event for purposes of this Agreement. For clarity and the avoidance of doubt, the sale or other transfer of shares of capital stock of the Company by OrbiMed Advisors LLC or any of its affiliates to one or more third parties shall not constitute a Change in Control event for purposes of this Agreement regardless of the percentage ownership of the Company acquired by such third party or third parties. "

3. Governing Law. The laws of the State of Minnesota shall govern this Amendment without regard to conflict of laws principles.

4. Miscellaneous. This Amendment sets forth this entire Amendment between the Company (and any of its related or affiliated entities, officers, agents, owners or representatives) and Employee relating to the subject matter herein, and supersedes any and all prior discussions and agreements, whether written or oral, on the subject matter hereof. To the extent that this Amendment may conflict with the terms of another written agreement between the Employee and the Company, the terms of this Amendment will control. No modification of or amendment to this Amendment will be effective unless in writing and signed by Employee and an authorized representative of the Company. Except as otherwise expressly set forth in this Amendment, the Agreement shall remain unchanged and in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this Amendment No. 1 to Employment Agreement as of the date first written above.

*/s/ Sean E. Browne*

Sean E. Browne

[Address redacted]

*/s/ Stavros Vizirgianakis*

Stavros Vizirgianakis

Chair of the Board of Directors

**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: August 8, 2024

By: /s/ Sean E. Browne

Sean E. Browne  
President and Chief Executive Officer  
(Principal Executive Officer)

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**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 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: August 8, 2024

By: /s/ Scott C. Neils  
Scott C. Neils  
Chief Financial Officer  
(Principal Financial Officer)

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**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 June 30, 2024 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.

August 8, 2024

*/s/ Sean E. Browne*

Sean E. Browne  
President and Chief Executive Officer  
(Principal Executive Officer)

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**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 June 30, 2024 of Xtant Medical Holdings, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott 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.

August 8, 2024

*/s/ Scott C. Neils*

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

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