

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

FORM 8-K

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

Date of report (Date of earliest event reported): July 29, 2016

XTANT MEDICAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-34951
(Commission File Number)

20-5313323
(IRS Employer Identification No.)

664 Cruiser Lane
Belgrade, Montana
(Address of Principal Executive Offices)

59714
(Zip Code)

(406) 388-0480
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On July 29, 2016 (the “Closing Date”), Bacterin International, Inc. (“Bacterin”), a Nevada corporation and wholly-owned subsidiary of Xtant Medical Holdings, Inc. (the “Company”), ROS Acquisition Offshore LP (“ROS”), and OrbiMed Royalty Opportunities II, LP (“OrbiMed”), entered into the Fourth Amendment to Amended and Restated Credit Agreement (the “Amendment”), which amended its existing Amended and Restated Credit Agreement (the “Facility”). The Amendment modifies the Facility by including an additional “Tranche A Commitment” in an amount up to \$1,000,000 from ROS and OrbiMed, which will be made available to Bacterin on the Closing Date.

The foregoing descriptions of the Amendment does not purport to be complete and are qualified in their entirety by reference to the Amendment, which is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

Item 2.02 Results of Operating and Financial Condition.

The Company is furnishing this Item 2.02 in connection with the disclosure of information, in the form of the textual information from a press release on August 1, 2016 entitled “Xtant Medical Reports Second Quarter 2016 Results” and filed as Exhibit 99.1 hereto.

The information in this Item 2.02 (including Exhibit 99.1 hereto) is being furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

We do not have, and expressly disclaim, any obligation to release publicly any updates or any changes in our expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this report is available on our website located at www.xtantmedical.com, however the contents of our website are not incorporated by reference herein.

This Form 8-K contains forward-looking statements that are subject to various assumptions, risks and uncertainties. These forward-looking statements may include financial projections, revenue and earnings guidance and other statements or assumptions regarding our expectations and beliefs. The Company believes that its expectations, as expressed in these statements are based on reasonable assumptions regarding the risks and uncertainties inherent in achieving those expectations. These statements are not, however, guarantees of performance and actual results may differ materially. Risks and uncertainties which may cause actual results to be different than expressed or implied in our forward-looking statements include, but are not limited to, the risk factors described under the heading “Risk Factors” in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company expressly disclaims any current intention to update any forward-looking statements as a result of new information or future events or developments.

Item 2.03 Creation of Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Fourth Amendment to Amended and Restated Credit Agreement, dated as of July 29, 2016, by and among Bacterin International, Inc., ROS Acquisition Offshore LP and OrbiMed Royalty Opportunities II, LP.
99.1	Press Release dated August 1, 2016 entitled “Xtant Medical Reports Second Quarter 2016 Results”

SIGNATURE

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

Dated: August 1, 2016

XTANT MEDICAL HOLDINGS, INC.

By: /s/ John Gandolfo

Name: John Gandolfo

Title: Chief Financial Officer

EXHIBIT INDEX

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FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is made and entered into as of July 29, 2016 (the "Amendment Closing Date") by and among **BACTERIN INTERNATIONAL, INC.**, a Nevada corporation (the "Borrower"), **ROS ACQUISITION OFFSHORE LP**, a Cayman Islands Exempted Limited Partnership ("ROS") and OrbiMed Royalty Opportunities II, LP, a Delaware limited partnership ("Royalty Opportunities").

WHEREAS, the Borrower, ROS and Royalty Opportunities are party to that certain Amended and Restated Credit Agreement, dated as of July 27, 2015, as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of March 31, 2016, that certain Second Amendment to Amended and Restated Credit Agreement, dated as of May 25, 2016 and that certain Third Amendment to Amended and Restated Credit Agreement, dated as of June 30, 2016 (the "Credit Agreement"), pursuant to which (i) ROS and Royalty Opportunities, as Lenders under the Credit Agreement, have extended credit to the Borrower on the terms set forth therein and (ii) each Lender has appointed ROS as the administrative agent (the "Administrative Agent") for the Lenders;

WHEREAS, pursuant to Section 11.1 of the Credit Agreement, the Credit Agreement may be amended by an instrument in writing signed by each of the Borrower and the Administrative Agent (acting on behalf of the Lenders);

WHEREAS, the Borrower and the Lenders desire to amend certain provisions of the Credit Agreement as provided in this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions; Loan Document.** Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

2. **Amendments to Section 1.1.**

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following new defined terms therein in the proper alphabetical order:

"Initial Commitment" means, with respect to each Lender, its obligations (if any) to make New Loans hereunder on the Restatement Date.

"Tranche A Closing Date" means July 29, 2016.

“Tranche A Commitment” means, with respect to the Tranche A Lender, its obligations (if any) to make the Tranche A Loan hereunder on the Tranche A Closing Date.

“Tranche A Commitment Amount” means \$1,000,000 in the aggregate. The Tranche A Commitment Amount of ROS is \$638,333 and the Tranche A Commitment Amount of Royalty Opportunities is \$361,667.

“Tranche A Commitment Termination Date” means the earliest to occur of (i) the Tranche A Closing Date (immediately after the making of the Tranche A Loan on such date) and (ii) July 30, 2016, if the Tranche A Loan shall not have been made hereunder prior to such date.

“Tranche A Loan” is defined in Section 2.1.

- (b) The definition of “Commitment” in Section 1.1 of the Credit Agreement is hereby amended by restating it in its entirety as

follows:

“Commitment” means (i) the Initial Commitment and (ii) the Tranche A Commitment.

- (c) The definition of “Loans” in Section 1.1 of the Credit Agreement is hereby amended by restating it in its entirety as follows:

“Loans” means (i) the Continuing Loans, (ii) the New Loans and (iii) the Tranche A Loan.

3. **Amendment to Section 2.1.** Section 2.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“SECTION 2.1 Restatement Date and Tranche A Closing Date Transactions. Subject to the terms and conditions set forth herein, (a) the Continuing Lender will continue as a Lender under this Agreement holding on the Restatement Date, after giving effect to the transactions provided for herein, a Loan in the amount set forth as a Continuing Loan opposite the name of such Lender on Schedule 2.1, (b) each Lender having an Initial Commitment as set forth in Schedule 2.1 agrees to make a New Loan to the Borrower on the Restatement Date in a principal amount equal to its Initial Commitment, with the result that each Lender will hold on the Restatement Date, after giving effect to the transactions provided for herein, Loans in the amount set forth opposite its name on Schedule 2.1 and (c) each agrees to make a term loan (the “Tranche A Loan”) to the Borrower on the Tranche A Closing Date in an amount equal to (but not less than) the Tranche A Commitment Amount of such Lender. Amounts paid or prepaid in respect of Loans may not be reborrowed. The Initial Commitment of the Lenders shall expire at 5:00 p.m., New York City time, on the Restatement Date. The Tranche A Commitment of each Lender shall expire at 5:00 p.m., New York City time, on the Tranche A Closing Date.”

4. **Amendment to Section 2.2.** Section 2.2 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“SECTION 2.2 Loans and Borrowing. Each Loan outstanding on the Restatement Date or the Tranche A Closing Date, after giving effect to the transactions provided for in Section 2.1, shall be part of a borrowing consisting of Loans held ratably by the Lenders in accordance with the percentages that their respective Loans bear to the aggregate principal amount of the outstanding Loans. The failure of any Lender having a Commitment to make any New Loan or Tranche A Loan required to be made by it on the Restatement Date or Tranche A Closing Date (as applicable) shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make New Loans or Tranche A Loans as required.”

5. **Amendment to Section 2.3.** Section 2.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“SECTION 2.3 Borrowing Procedure. The Borrower may irrevocably request that the New Loans be made by delivering to the Administrative Agent a Loan Request on or before 10:00 a.m. on the Restatement Date. The Borrower may irrevocably request that the Tranche A Loan be made by delivering to the Administrative Agent a Loan Request on or before 10:00 a.m. on the Tranche A Closing Date.”

6. **Amendment to Section 2.4.** Section 2.4 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“SECTION 2.4 Funding. After receipt of the Loan Request for the New Loans or the Tranche A Loans, the Lenders shall, on the Restatement Date or on the Tranche A Closing Date (as applicable) and subject to the terms and conditions hereof, make the requested proceeds of the New Loans or the Tranche A Loans (as applicable) available to the Borrower by wire transfer to the account the Borrower shall have specified in its Loan Request.”

7. **Amendment to Section 2.5.** Section 2.5 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“SECTION 2.5 Reduction of the Commitment Amounts. The Commitment Amount shall automatically and permanently be reduced to zero on the Commitment Termination Date. The Tranche A Commitment Amount shall automatically and permanently be reduced to zero on the Tranche A Commitment Amount Termination Date.”

8. **Conditions to Effectiveness of Amendment.** This Amendment shall become effective upon:

(a) receipt by the Borrower and the Administrative Agent of a counterpart signature of the other to this Amendment duly executed and delivered by each of the Borrower and the Administrative Agent; and

(b) the receipt by the Administrative Agent, from Holdings, the Borrower and each Subsidiary party to a Loan Document, of a certificate, dated as of the Amendment Closing Date, duly executed and delivered by such Person's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to (i) resolutions of each such Person's Board of Directors (or other managing body, in the case of other than a corporation) then in full force and effect authorizing the execution, delivery and performance of each Loan Document to be executed by such Person and the transactions contemplated hereby and thereby; (ii) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and (iii) the full force and validity of each Organic Document of such Person and copies thereof; upon which certificates the Administrative Agent may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person.

9. **Expenses.** The Borrower agrees to pay on demand all expenses of the Administrative Agent (including, without limitation, the fees and out-of-pocket expenses of Covington & Burling LLP, counsel to the Administrative Agent) incurred in connection with the Administrative Agent's review, consideration and evaluation of this Amendment, including the rights and remedies available to it in connection therewith, and the negotiation, preparation, execution and delivery of this Amendment.

10. **Representations and Warranties.** The Borrower represents and warrants to each Lender as follows:

(a) After giving effect to this Amendment, the representations and warranties of the Borrower and the Guarantors contained in the Credit Agreement or any other Loan Document shall, (i) with respect to representations and warranties that contain a materiality qualification, be true and correct in all respects on and as of the date hereof, and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects on and as of the date hereof, and except that the representations and warranties limited by their terms to a specific date shall be true and correct as of such date.

(b) After giving effect to this Amendment, no Default or Event of Default under the Credit Agreement will occur or be continuing.

11. **No Implied Amendment or Waiver.** Except as expressly set forth in this Amendment, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Administrative Agent or the Lenders under the Credit Agreement or the other Loan Documents, or alter, modify, amend or in any way affect any of the terms, obligations or covenants contained in the Credit Agreement or the other Loan Documents, all of which shall continue in full force and effect. Nothing in this Amendment shall be construed to imply any willingness on the part of the Administrative Agent or the Lenders to agree to or grant any similar or future amendment, consent or waiver of any of the terms and conditions of the Credit Agreement or the other Loan Documents.

12. **Waiver and Release.** TO INDUCE THE ADMINISTRATIVE AGENT, ACTING ON BEHALF OF THE LENDERS, TO AGREE TO THE TERMS OF THIS AMENDMENT, THE BORROWER REPRESENTS AND WARRANTS THAT AS OF THE DATE HEREOF THERE ARE NO CLAIMS OR OFFSETS AGAINST OR RIGHTS OF RECOUPMENT WITH RESPECT TO OR DEFENSES OR COUNTERCLAIMS TO ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS AND IN ACCORDANCE THEREWITH IT:

(a) WAIVES ANY AND ALL SUCH CLAIMS, OFFSETS, RIGHTS OF RECOUPMENT, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE HEREOF; AND

(a) RELEASES AND DISCHARGES THE ADMINISTRATIVE AGENT, THE LENDERS, THEIR AFFILIATES AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS AND ATTORNEYS (COLLECTIVELY THE "RELEASED PARTIES") FROM ANY AND ALL OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, RIGHTS, CAUSES OF ACTION OR DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, IN LAW OR EQUITY, WHICH THE BORROWER EVER HAD, NOW HAS, CLAIMS TO HAVE OR

(b) MAY HAVE AGAINST ANY RELEASED PARTY ARISING PRIOR TO THE DATE HEREOF AND FROM OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

13. **Counterparts; Governing Law.** This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of such when so executed and delivered shall be an original, but all of such counterparts shall together constitute but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by fax transmission or other electronic mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

BACTERIN INTERNATIONAL, INC.,
as the Borrower

By: John P. Gandolfo
Name: John P. Gandolfo
Title: Chief Financial Officer

ROS ACQUISITION OFFSHORE LP,
as a Lender and as the Administrative Agent
By ROS Acquisition Offshore GP Ltd.,
its General Partner
By OrbiMed Advisors LLC,
its investment manager

By: W. Carter Neild
Name: W. Carter Neild
Title: Member

ORBIMED ROYALTY OPPORTUNITIES II, LP,
as a Lender
By OrbiMed ROF II LLC,
its General Partner
By OrbiMed Advisors LLC,
its Managing Member

By: W. Carter Neild
Name: W. Carter Neild
Title: Member

Signature Page to Fourth Amendment to A&R Credit Agreement



Xtant™ Medical Reports Second Quarter 2016 Results

*See footnote about the use of pro forma financial information

Second Quarter 2016 Highlights:

- Core recurring revenue (excluding OEM and other revenue) increased 5.6% to \$20.9 million compared to core pro forma recurring revenue of \$19.8 million in second quarter 2015
- Gross profit increased to \$14.7 million, compared to pro forma second quarter 2015 gross profit of \$14.0 million
- Gross margins improved to 68.5% compared to 64.9% for the second quarter of 2015
- The Company reported an EBITDA gain of \$332,973 for the second quarter 2016

BELGRADE, Mont., Aug 01, 2016 (GLOBE NEWSWIRE) -- Xtant™ Medical Holdings, Inc. (NYSE MKT:XTNT), a leader in the development of regenerative medical devices, today reported its financial results for the three months ended June 30th, 2016. The Company reported quarterly revenues of approximately \$21.5 million and an EBITDA gain of approximately \$332,973.

Revenue

Second quarter 2016 revenue was approximately \$21.5 million compared to pro forma revenue of approximately \$21.6 million for the same period during 2015. Core recurring revenue, which excludes other revenue and revenue associated with Original Equipment Manufacturer (OEM) customers, increased 5.6% to \$20.9 million.

Stated in 000's

	2Q15*	2Q16
Revenue	\$ 21,622	\$ 21,462
OEM & Other Revenue	\$ 1,857	\$ 586
Core Revenue	\$ 19,765	\$ 20,876
Core Revenue Growth		5.6%

* Pro Forma Results

Gross Profit

Gross profit for the second quarter of 2016 was \$14.7 million or 68.5% of revenue, compared to pro forma gross profit of \$14.0 million or 64.9% of revenues for the second quarter of 2015.

Sales and Marketing Expenses

Second quarter 2016 sales and marketing expenses increased to \$10.4 million, as compared to pro forma sales and marketing expenses of \$9.3 million during the same period in 2015. For the quarter, sales and marketing as a percentage of revenues increased to 48.6%, compared to 43.1% in the second quarter of 2015, on a pro forma basis. The increase was mainly due to the higher OEM revenue in the second quarter of 2015 which has no associated sales commissions. In addition, as part of its growth strategy, the Company increased its sales infrastructure to support the portfolio selling opportunity of the combined business.

General and Administrative Expenses

In the second quarter, general and administrative expenses decreased slightly to \$3.9 million compared to pro forma general and administrative expenses of \$4.0 million, for the same period last year. As a percentage of revenue, general and administrative expenses were 18.2% during the period as compared to pro forma 18.3% for the same period during 2015.

Net Income / Loss

Second quarter 2016 consolidated net loss remained flat at \$4.5 million, compared to the pro forma year-ago period.

EBITDA

The Company defines earnings before interest, taxes, depreciation and amortization ("EBITDA") as net income/loss from operations before depreciation, amortization, impairment charges, non-recurring expenses and non-cash stock-based compensation. Consolidated EBITDA for the second quarter of 2016 was a gain of \$332,973 compared to an EBITDA loss of \$144,749 for the first quarter of this year.

Financial Liquidity

Cash on hand as of June 30, 2016, was \$2.2 million, as compared to \$6.4 million as of December 31, 2015. This figure excludes cash resources available to be drawn down by the Company through its accounts receivable facility with Silicon Valley Bank and its equity credit facility with Aspire Capital.

Outlook for Full Year 2016

The Company decreased its full year 2016 revenue guidance based on the following:

Stated in 000's	2016 Guidance		
	Full-Year 2016		
	Low		High
Revenue	\$ 87,000	—	\$ 90,000
EBITDA	\$ 2,300	—	\$ 3,300
Cash Debt Service	\$ 5,450	—	\$ 5,450
Non-GAAP Profitability**	\$ (3,150)	—	\$ (2,150)

**Non-GAAP profitability is defined as EBITDA less total cash based interest expense.

Conference Call to be Held August 2, 2016

An accompanying conference call will be hosted by Dan Goldberger, Chief Executive Officer, and John Gandolfo, Chief Financial Officer, to discuss the results. The call will be held at 10:00 AM ET, on August 2, 2016. Please refer to the information below for conference call dial-in information and webcast registration.

Conference date: August 2, 2016, 10:00 AM ET

Conference dial-in: 877-269-7756

International dial-in: 201-689-7817

Conference Call Name: Xtant Medical's Second Quarter 2016 Results Call Webcast Registration: [Click Here](#)

Following the live call, a replay will be available on the Company's website, www.xtantmedical.com, under "Investor Info."

*Use of Pro Forma Financial Information

On July 31, 2015, Bacterin International Holdings, Inc. acquired all of the issued and outstanding stock of X-Spine Systems, Inc. and the combined company was renamed Xtant Medical Holdings, Inc. Except for the financial results for the three months ended June 30, 2016, the results presented are on a pro forma basis as if the two companies were combined for the periods shown. Certain pro forma adjustments have been made to reflect the impact of the purchase transaction, primarily consisting of amortization of intangible assets with determinable lives and interest expense on long-term debt. In addition, certain historical expenses, such as warrant expense and interest expense associated with debt that was immediately repaid, were eliminated from these pro-forma results. The pro forma information does not necessarily reflect the actual results of operations had the acquisition been consummated at the beginning of the fiscal reporting period indicated nor is it indicative of future operating results. The pro forma information does not include any adjustment for potential revenue enhancements, cost synergies or other operating efficiencies that could result from the acquisition.

Additional information regarding the business combination and its impact on the Company's financial position will be set forth in the Company's Form 10-Q for the quarter ended June 30, 2016, which will be filed with the Securities and Exchange Commission on or about August 8, 2016 and will include the Company's unaudited consolidated financial statements as of and for the quarters ended June 30, 2016 and June 30, 2015.

About Xtant™ Medical Holdings, Inc.

Xtant Medical Holdings, Inc. (NYSE MKT:XTNT) develops, manufactures and markets class-leading regenerative medicine products and medical devices for domestic and international markets. Xtant 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, tissue grafts for the treatment of orthopedic disorders, and biologics to promote healing following cranial, and foot and ankle surgeries. With core competencies in both biologic and non-biologic surgical technologies, Xtant can leverage its resources to successfully compete in global neurological and orthopedic surgery markets. For further information, please visit www.xtantmedical.com.

Important Cautions Regarding Forward-looking Statements

This press release contains certain disclosures that may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to significant risks and uncertainties. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “continue,” “efforts,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “projects,” “forecasts,” “strategy,” “will,” “goal,” “target,” “prospects,” “potential,” “optimistic,” “confident,” “likely,” “probable” or similar expressions or the negative thereof.

Statements of historical fact also may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: our ability to integrate the acquisition of X-spine Systems, Inc. and any other business combinations or acquisitions successfully; our ability to remain listed on the NYSE MKT; our ability to obtain financing on reasonable terms; our ability to increase revenue; our ability to comply with the covenants in our credit facility; our ability to maintain sufficient liquidity to fund our operations; the ability of our sales force to achieve expected results; our ability to remain competitive; government regulations; our ability to innovate and develop new products; our ability to obtain donor cadavers for our products; our ability to engage and retain qualified technical personnel and members of our management team; the availability of our facilities; government and third-party coverage and reimbursement for our products; our ability to obtain regulatory approvals; our ability to successfully integrate recent and future business combinations or acquisitions; our ability to use our net operating loss carry-forwards to offset future taxable income; our ability to deduct all or a portion of the interest payments on the notes for U.S. federal income tax purposes; our ability to service our debt; product liability claims and other litigation to which we may be subjected; product recalls and defects; timing and results of clinical studies; our ability to obtain and protect our intellectual property and proprietary rights; infringement and ownership of intellectual property; our ability to remain accredited with the American Association of Tissue Banks; influence by our management; our ability to pay dividends; our ability to issue preferred stock; and other factors.

Additional risk factors are listed in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading “Risk Factors.” You should carefully consider the trends, risks and uncertainties described in this document, the Form 10-K and other reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Operations
Unaudited Actual and Proforma Results

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016 Actual Unaudited	2015 Pro Forma	2016 Actual Unaudited	2015 Pro Forma
	Amount	Amount	Amount	Amount
Orthopedic Product Sales	\$ 21,311,322	\$ 21,438,329	\$ 42,119,357	\$ 42,885,947
Other	150,248	183,795	319,548	464,538
Total Revenue	21,461,570	21,622,124	42,438,905	43,350,485
Cost of sales	6,758,071	7,588,523	13,635,338	15,351,544
Gross Profit	14,703,499	14,033,601	28,803,567	27,998,941
Operating Expenses				
General and administrative	3,899,280	3,964,237	7,383,992	7,878,508
Sales and marketing	10,420,028	9,321,087	20,932,994	18,894,329
Research and development	783,897	784,455	1,683,472	1,826,359
Depreciation and amortization	1,216,696	1,264,357	2,425,030	2,638,838
Acquisition and Integration related expenses	450,756	0	752,529	0
Non-cash consulting	55,296	74,073	110,592	140,869
Total Operating Expenses	16,825,952	15,408,209	33,288,608	31,378,903
Net Gain (Loss) from Operations	(2,122,453)	(1,374,608)	(4,485,041)	(3,379,962)
Other Income (Expense)				
Interest expense	(2,984,186)	(2,999,971)	(5,811,361)	(5,992,052)
Change in warrant derivative liability	477,639	(14,081)	496,329	(476,289)
Non-cash consideration associated with stock purchase agreement	0	0	0	(558,185)
Other income (expense)	166,426	(115,858)	(258,574)	(104,021)
Total Other Income (Expense)	(2,340,121)	(3,129,910)	(5,573,606)	(7,130,547)
Net Gain (Loss) from Operations Before Benefit (Provision) for Income Taxes	(4,462,575)	(4,504,518)	(10,058,647)	(10,510,509)
Benefit (Provision) for Income Taxes				
Current	0	29,312	0	54,244
Deferred	0	0	0	0
Net Income (Loss)	\$ (4,462,575)	\$ (4,533,830)	\$ (10,058,647)	\$ (10,564,753)
Net Income (loss) per share:				
Basic	\$ (0.37)	\$ (0.64)	\$ (0.84)	\$ (1.53)
Dilutive	\$ (0.37)	\$ (0.64)	\$ (0.84)	\$ (1.53)
Shares used in the computation:				
Basic	12,101,356	7,137,391	11,999,478	6,914,698
Dilutive	12,101,356	7,137,391	11,999,478	6,914,698

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Operations
Unaudited Actual Results

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2016 Actual Unaudited	2015 Actual Unaudited	2016 Actual Unaudited	2015 Actual Unaudited
	Amount	Amount	Amount	Amount
Orthopedic Product Sales	\$ 21,311,322	\$ 9,732,909	\$ 42,119,357	\$ 19,009,956
Other	150,248	159,706	319,548	385,773
Total Revenue	21,461,570	9,892,615	42,438,905	19,395,729
Cost of sales	6,758,071	3,375,289	13,635,338	6,847,766
Gross Profit	14,703,499	6,517,327	28,803,567	12,547,963
Operating Expenses				
General and administrative	3,899,280	2,399,133	7,383,992	4,824,300
Sales and marketing	10,420,028	5,035,577	20,932,994	9,749,249
Research and development	783,897	291,171	1,683,472	724,732
Depreciation and amortization	1,216,696	100,663	2,425,030	224,774
Acquisition and Integration related expenses	450,756	0	752,529	0
Non-cash consulting	55,296	74,074	110,592	140,869
Total Operating Expenses	16,825,952	7,900,618	33,288,608	15,663,924
Net Gain (Loss) from Operations	(2,122,453)	(1,383,291)	(4,485,041)	(3,115,960)
Other Income (Expense)				
Interest expense	(2,984,186)	(1,383,642)	(5,811,361)	(2,819,220)
Change in warrant derivative liability	477,639	(14,081)	496,329	(476,289)
Non-cash consideration associated with stock purchase agreement	0	0	0	(558,185)
Other income (expense)	166,426	(114,963)	(258,574)	(103,126)
Total Other Income (Expense)	(2,340,121)	(1,512,686)	(5,573,606)	(3,956,820)
Net Gain (Loss) from Operations Before Benefit (Provision) for Income Taxes	(4,462,575)	(2,895,977)	(10,058,647)	(7,072,781)
Benefit (Provision) for Income Taxes				
Current	0	0	0	0
Deferred	0	0	0	0
Net Income (Loss)	\$ (4,462,575)	\$ (2,895,977)	\$ (10,058,647)	\$ (7,072,781)
Net Income (loss) per share:				
Basic	\$ (0.37)	\$ (0.41)	\$ (0.84)	\$ (1.02)
Dilutive	\$ (0.37)	\$ (0.41)	\$ (0.84)	\$ (1.02)
Shares used in the computation:				
Basic	12,101,356	7,137,391	11,999,478	6,914,698
Dilutive	12,101,356	7,137,391	11,999,478	6,914,698

XTANT MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

	For the Six months ended June 30,	
	2016	2015
Operating activities:		
Net loss	\$ (10,058,647)	\$ (7,072,781)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,649,361	446,799
Non-cash Interest	2,371,919	363,375
Non-cash consideration associated with stock purchase agreement	0	558,164
(Gain)/Loss on sale of fixed assets	0	(17,194)
Amortization of debt discount	169,971	848,773
Non-cash consulting expense/stock option expense	271,374	444,395
Provision for losses on accounts receivable and inventory	432,781	(19,394)
Change in derivative warrant liability	(496,329)	476,289
Changes in operating assets and liabilities:		
Accounts receivable	207,934	(1,076,784)
Inventories	(2,673,670)	209,760
Prepaid and other assets	(708,693)	(352,704)
Accounts payable	3,652,111	742,767
Accrued liabilities	(4,793,571)	358,298
Net cash used in operating activities	<u>(7,975,458)</u>	<u>(4,090,237)</u>
Investing activities:		
Purchases of property and equipment and intangible assets	(5,336,784)	(70,441)
Proceeds from sale of fixed assets	0	16,415
Net cash used in investing activities	<u>(5,336,784)</u>	<u>(54,026)</u>
Financing activities:		
Payments on capital leases	(49,428)	(64,442)
Payment on Royalty Obligation	0	(325,230)
Payment on long term debt	0	(25,727)
Proceeds from the issuance of capital leases	967,221	0
Proceeds from the issuance of Convertible Debt	2,238,166	0
Proceeds from the Revolving Line of Credit	5,480,671	0
Net proceeds from the issuance of stock	525,000	2,117,560
Net cash provided by financing activities	<u>9,161,630</u>	<u>1,702,161</u>
Net change in cash and cash equivalents	(4,150,611)	(2,442,102)
Cash and cash equivalents at beginning of period	6,368,016	4,468,208
Cash and cash equivalents at end of period	<u>\$ 2,217,405</u>	<u>\$ 2,026,106</u>

XTANT MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2016 (Unaudited) and As of December 31, 2015 (Audited)

	As of June 30, 2016	As of Dec. 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,217,405	\$ 6,368,016
Trade accounts receivable, net of allowance for doubtful accounts of \$3,032,246 and \$2,579,634, respectively	14,724,671	15,385,218
Inventories, net	25,510,143	22,684,716
Prepaid and other current assets	1,279,019	601,697
Total current assets	43,731,238	45,039,647
Non-current inventories	1,475,988	1,607,915
Property and equipment, net	15,618,117	11,816,629
Goodwill	41,534,626	41,534,626
Intangible assets, net	38,123,223	40,237,289
Other assets	822,594	791,221
Total Assets	\$ 141,305,786	\$ 141,027,327
LIABILITIES & STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities:		
Accounts payable	\$ 12,787,119	\$ 9,386,531
Accounts payable - related party	1,658,286	1,406,763
Accrued liabilities	5,480,671	9,595,851
Revolving Line of Credit	4,912,872	
Warrant derivative liability	554,022	1,050,351
Current portion of capital lease obligations	203,595	35,139
Total current liabilities	25,596,565	21,474,635
Long-term Liabilities:		
Capital lease obligation, less current portion	757,137	7,800
Long term convertible debt, less current portion	68,792,700	66,436,647
Long-term debt, less current portion	46,655,722	44,231,718
Total Liabilities	141,802,124	132,150,800
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock	—	—
Common stock	11	11
Additional paid-in capital	82,603,271	81,917,488
Accumulated deficit	(83,099,620)	(73,040,973)
Total Stockholders' Equity (Deficit)	(496,338)	8,876,527
Total Liabilities & Stockholders' Equity	\$ 141,305,786	\$ 141,027,327

XTANT MEDICAL HOLDINGS, INC.
Calculation of Consolidated EBITDA for the Three and Six Months Ended June 30, 2016
and for the Pro Forma Three and Six Months Ended June 30, 2015
Unaudited

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Loss from Operations	(2,122,453)	(1,374,608)	(4,485,041)	(3,379,962)
Acquisition and Integration related expenses	450,756	0	752,529	0
Non-Cash Compensation	135,296	214,368	271,374	444,353
Depreciation & Amortization	1,869,375	2,109,123	3,649,361	4,166,847
EBITDA Gain	<u>332,973</u>	<u>948,883</u>	<u>188,223</u>	<u>1,231,238</u>

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