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 September 30, 2026

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 ☐	Accelerated filer ☐
Non-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 ☒

As of November 13, 2026, there were 140,452,061 shares of common stock of the registrant outstanding.

XTANT MEDICAL HOLDINGS, INC.
FORM 10-Q
September 30, 2026

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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:

- Risks associated with our recently announced review by our Board of Directors of a broad range of strategic, operational and financial alternatives, including the scope, timing, conduct and potential outcomes of the review, costs and expenses associated with the review, the effect of the review on our business, employees, independent agents, customers, suppliers and other business relationships, and our ability to implement successfully our priorities to improve execution, improve financial performance, and maximize stockholder value;

- our ability to maintain and increase revenue and improve our gross margins and operating expenses as a percentage of revenue, and obtain and sustain profitability;

- our ability to execute our strategic priorities and 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 would allow us to be a larger and more diverse producer of biologics;

- our ability to implement successfully key growth and process improvement initiatives designed to increase our production capacity, revenue, and scale, and risks associated with such initiatives;

- risks associated with strategic transactions, including our exclusive distribution agreement with Dilon Technologies, Inc. ("Dilon"), the sale of certain assets relating to our Coflex and CoFix products and our international hardware business to Companion Spine, LLC ("Companion Spine"), and prior acquisitions;

- our ability to sell successfully the HEMOBLAST® Bellows product that we distribute on an exclusive basis and the effect of this arrangement, including our hiring of approximately 20 additional sales personnel in connection therewith, on our business, operating results and financial condition, and our ability to leverage this expanded sales force and take advantage of potential cross-selling opportunities to sell our biologics and other products;

- the fact that Dilon has the right to terminate the distribution agreement, subject to repayment by Dilon of the $5.0 million exclusivity fee, and could exercise its right to terminate the distribution agreement at any time, which would cause us to lose our rights to sell the HEMOBLAST® Bellows product in the United States and adversely affect our business, operating results and financial condition, especially in light of the additional sales personnel we hired in connection therewith;

- the effect of global economic and geopolitical conditions, including economic uncertainty and a possible future recession, tariffs, inflation, rising interest rates, and supply chain disruptions on our business, operating results and financial position, which, among other effects, could result in delayed product launches, lost revenue, higher costs, decreased profit margins, and other adverse effects on our business and operating results;

- our dependence on and ability to retain and recruit qualified sales personnel, independent sales agents and distributors and motivate and incentivize them to engage with customers and sell our products, including, in particular, our dependence on the sales personnel we hired in connection with our exclusive distribution agreement with Dilon and on key independent agents, which account for a significant portion of our revenue;

- the ability of our sales personnel, independent sales agents and distributors to achieve expected results, including leveraging our additional sales personnel to sell other Xtant products, and the potential adverse effects on our business and operating results if anticipated sales are not achieved, including the possibility of future inventory impairment, restructuring, and other charges;

- our ability to innovate, develop, introduce, market and license new products and technologies and the success of such new products and technologies, including the HEMOBLAST® Bellows product that we began distributing on an exclusive basis in April 2026; our recently launched nanOss Strata™, an advanced synthetic bone graft designed to closely resemble natural bone; CollagenX™, a bovine collagen particulate product for surgical wound closure; OsteoFactor Pro™, an allogenic growth factor solution; and Trivium™, a next-generation demineralized bone matrix;

- 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, and the possibility that we may become more active in the OEM business;

- our ability to retain and expand our agreements with group purchasing organizations ("GPOs") and integrated delivery networks ("IDNs") and sell products to members of such GPOs and IDNs;

- our ability to remain competitive;

- our ability to integrate acquired products with our existing product line and successfully transition our customers from legacy to new products and the anticipated adverse effect of these transitions on our organic revenue growth rate;

- our reliance on third-party suppliers and manufacturers, including, in particular, Dilon and the manufacturing and supply of the HEMOBLAST® Bellows product;

- the effect of product liability claims and other litigation to which we may be subjected and product recalls and defects;

- 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;

- our ability to remain accredited with the Association for Advancing Tissue and Biologics ("AATB") and continue to obtain a sufficient number of donor cadavers and placentas for our biologics products, including the risk that changes in Food and Drug Administration ("FDA") regulations and/or AATB requirements could reduce donor supply, increase donor procurement costs, and adversely affect profitability;

- our ability to obtain and maintain government and third-party coverage and reimbursement for our products and the amount of such reimbursement;

- our expectations regarding future financial performance, expense management and operating trends, and our estimates of future revenues, 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 maintain sufficient liquidity, including cash and availability under the borrowing base of our revolving credit facility, to fund our operations and meet our debt service obligations, including scheduled term loan principal payments, our ability to comply with the covenants in our credit agreements, including the minimum liquidity and minimum net revenue covenants, and the effect of our significant indebtedness on our business, operating results, financial condition and prospects;

- our ability to obtain and protect our intellectual property and proprietary rights and operate without infringing the intellectual property rights of others; and

- the significant stock ownership of Nantahala Capital Management, LLC ("Nantahala"), the influence it exerts over our business and the impact of potential future sales of our common stock by Nantahala or other investors, or the perception that such sales may occur, on the market price of our common stock.

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, 2025 and this Form 10-Q, as well as our subsequent Securities and Exchange Commission ("SEC") filings.

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.

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 September 30, 2026 (Unaudited)	As of December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,793	$ 17,053
Restricted cash	92	275
Trade accounts receivable, net of allowance for credit losses and doubtful accounts of $2,756 and $2,165, respectively	18,823	17,803
Inventories	32,503	30,263
Note receivable	—	10,462
Prepaid and other current assets	1,395	2,389
Total current assets	60,606	78,245
Property and equipment, net	5,449	6,202
Right-of-use asset, net	2,738	3,192
Goodwill	6,074	6,074
Intangible assets, net	229	299
Other assets	127	133
Total Assets	$ 75,223	$ 94,145
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 5,364	$ 3,844
Accrued liabilities	7,699	10,626
Current portion of long-term debt	4,770	3,500
Current portion of lease liability	588	622
Current portion of finance lease obligations	19	35
Line of credit	11,833	10,857
Total current liabilities	30,273	29,484
Long-term Liabilities:		
Lease liability, less current portion	2,248	2,665
Finance lease obligation, less current portion	—	12
Long-term debt, plus premium and less issuance costs	5,436	11,026
Other liabilities	7	5
Total Liabilities	37,964	43,192
Commitments and Contingencies (note 13)		
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; 140,452,061 shares issued and outstanding as of September 30, 2026 and 140,039,557 shares issued and outstanding as of December 31, 2025	—	—
Additional paid-in capital	307,810	305,439
Accumulated other comprehensive loss	(1)	—
Accumulated deficit	(270,550)	(254,486)
Total Stockholders' Equity	37,259	50,953
Total Liabilities & Stockholders' Equity	$ 75,223	$ 94,145

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue				
Product revenue	$ 24,285	$ 27,772	$ 68,200	$ 87,492
License revenue	—	5,483	—	14,078
Total Revenue	24,285	33,255	68,200	101,570
Cost of Sales	10,623	11,263	29,237	35,051
Gross Profit	13,662	21,992	38,963	66,519
Operating Expenses				
General and administrative	5,013	7,071	17,722	22,082
Sales and marketing	11,181	11,746	29,735	34,566
Research and development	496	634	1,626	1,643
Write-off of distribution agreement deposit	—	—	5,000	—
Total Operating Expenses	16,690	19,451	54,083	58,291
(Loss) Income from Operations	(3,028)	2,541	(15,120)	8,228
Other Expense				
Interest expense	(590)	(904)	(1,731)	(2,953)
Interest income	—	—	220	—
Unrealized foreign currency transaction (loss) gain	(10)	(56)	12	146
Other income (expense)	231	(16)	820	(18)
Total Other Expense	(369)	(976)	(679)	(2,825)
Net (Loss) Income from Operations Before Provision for Income Taxes	(3,397)	1,565	(15,799)	5,403
Provision for Income Taxes Current and Deferred	(165)	(257)	(265)	(487)
Net (Loss) Income	$ (3,562)	$ 1,308	$ (16,064)	$ 4,916
Net (Loss) Income Per Share:				
Basic	$ (0.03)	$ 0.01	$ (0.11)	$ 0.04
Diluted	$ (0.03)	$ 0.01	$ (0.11)	$ 0.03
Shares used in the computation:				
Basic	140,363,595	139,712,969	140,228,117	139,366,489
Diluted	140,363,595	150,377,234	140,228,117	149,912,292

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net (Loss) Income	$ (3,562)	$ 1,308	$ (16,064)	$ 4,916
Other Comprehensive (Loss) Income				
Foreign currency translation adjustments	—	(13)	(1)	455
Comprehensive (Loss) Income	$ (3,562)	$ 1,295	$ (16,065)	$ 5,371

See notes to unaudited condensed consolidated financial statements.

XTANT MEDICAL HOLDINGS, INC.
Condensed Consolidated Statements of Equity
(Unaudited, in thousands, except number of shares)

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2024	139,045,664	$ —	$ 302,738	$ (316)	$ (259,459)	$ 42,963
Common stock issued upon settlement of restricted stock units	44,496	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(7,986)	—	(9)	—	—	(9)
Stock-based compensation	—	—	758	—	—	758
Foreign currency translation adjustment	—	—	—	107	—	107
Net income	—	—	—	—	58	58
Balance at March 31, 2025	139,082,174	—	303,487	(209)	(259,401)	43,877
Common stock issued upon settlement of restricted stock units	342,128	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(108,580)	—	(52)	—	—	(52)
Stock-based compensation	—	—	766	—	—	766
Foreign currency translation adjustment	—	—	—	361	—	361
Net income	—	—	—	—	3,550	3,550
Balance at June 30, 2025	139,315,722	—	304,201	152	(255,851)	48,502
Common stock issued upon settlement of restricted stock units	768,196	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(79,678)	—	(55)	—	—	(55)
Stock-based compensation	—	—	641	—	—	641
Foreign currency translation adjustment	—	—	—	(13)	—	(13)
Net income	—	—	—	—	1,308	1,308
Balance at September 30, 2025	140,004,240	—	304,787	139	(254,543)	50,383

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2025	140,039,557	$ —	$ 305,439	$ —	$ (254,486)	$ 50,953
Common stock issued upon settlement of restricted stock units	44,496	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(15,793)	—	(10)	—	—	(10)
Stock-based compensation	—	—	746	—	—	746
Foreign currency translation adjustment	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	(3,089)	(3,089)
Balance at March 31, 2026	140,068,260	—	306,175	(1)	(257,575)	48,599
Common stock issued upon settlement of restricted stock units	288,673	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(93,973)	—	(46)	—	—	(46)
Stock-based compensation	—	—	875	—	—	875
Net loss	—	—	—	—	(9,413)	(9,413)
Balance at June 30, 2026	140,262,960	—	307,004	(1)	(266,988)	40,015
Common stock issued upon settlement of restricted stock units	262,084	—	—	—	—	—
Withholding of common stock upon settlement of restricted stock units	(72,983)	—	(24)	—	—	(24)
Stock-based compensation	—	—	830	—	—	830
Net loss	—	—	—	—	(3,562)	(3,562)
Balance at September 30, 2026	140,452,061	—	307,810	(1)	(270,550)	37,259

See notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2026	**2025**
Operating activities:		
Net (loss) income	$ (16,064)	$ 4,916
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,525	3,404
Loss (gain) on sale of fixed assets	—	(16)
Non-cash interest	380	415
Stock-based compensation	2,451	2,165
Provision for reserve on accounts receivable	987	568
Provision for excess and obsolete inventory	2,904	1,318
Write-off of distribution agreement deposit	5,000	—
Other	4	68
Changes in operating assets and liabilities:		
Accounts receivable	(2,007)	(5,639)
Inventories	(4,215)	(2,789)
Prepaid and other assets	166	314
Accounts payable	1,519	(1,279)
Accrued liabilities	(2,927)	3,721
Net cash (used in) provided by operating activities	(10,277)	7,166
Investing activities:		
Purchases of property and equipment	(830)	(1,987)
Proceeds from sale of fixed assets	129	206
Distribution agreement deposit	(5,000)	—
Proceeds from divestitures	10,368	5,000
Net cash provided by investing activities	4,667	3,219
Financing activities:		
Borrowings on line of credit	51,879	77,573
Repayments on line of credit	(50,902)	(78,385)
Payments on long-term debt	(4,701)	(5,000)
Debt issuance costs	—	(49)
Payments on financing leases	(27)	(51)
Payment of taxes from withholding of common stock on settlement of restricted stock units	(80)	(116)
Net cash used in financing activities	(3,831)	(6,028)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(2)	63
Net change in cash and cash equivalents and restricted cash	(9,443)	4,420
Cash and cash equivalents and restricted cash at beginning of period	17,328	6,221
Cash and cash equivalents and restricted cash at end of period	$ 7,885	$ 10,641
Reconciliation of cash and cash equivalents and restricted cash reported in the condensed consolidated balance sheets		
Cash and cash equivalents	$ 7,793	$ 10,400
Restricted cash	92	241
Total cash and restricted cash reported in condensed consolidated balance sheets	$ 7,885	$ 10,641

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 fixation systems to facilitate spinal fusion in complex spine, deformity, and degenerative procedures.

The accompanying condensed consolidated balance sheet as of December 31, 2025, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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, 2026.

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, 2025. 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.

Use of Estimates

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates market value. 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.

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 September 30, 2026 and December 31, 2025 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.

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 nine months ended September 30, 2026 and 2025.

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 nine months ended September 30, 2026 and 2025.

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 stock-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 and deferred 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.

Recently Issued Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). This ASU requires that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The prescribed categories include purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. This authoritative guidance is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect of this new guidance on its consolidated financial statements.

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 loss. Foreign currency transaction gains and losses are reported in unrealized foreign currency transaction (loss) gain.

Fair Value of Financial Instruments

The carrying values of financial instruments, including trade accounts receivable, note receivable, accounts payable, accrued liabilities and long-term debt, approximate their fair values based on terms and related interest rates as of September 30, 2026 and December 31, 2025.

(2) Dilon Distribution Agreement

On April 13, 2026, we announced that we entered into a Distribution Agreement (the "Distribution Agreement") with Dilon Technologies, Inc. pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST® Bellows product in the United States. The HEMOBLAST® Bellows product is an FDA-approved powder-based, topical, surgical hemostatic agent used to control bleeding during surgical procedures. In connection with the agreement, we hired approximately 20 Dilon sales personnel to assist in selling the product in the United States. The Distribution Agreement does not contain any minimum purchase requirements. Under the Distribution Agreement, Dilon agreed to continue to manufacture the HEMOBLAST® Bellows product at its facility in France and supply it to us at a specified transfer price, subject to adjustment in certain circumstances. Under the Distribution Agreement, we paid Dilon a $5.0 million exclusivity fee upon execution of the agreement. The fee is fully refundable to us in certain circumstances. Given the refundable nature of the payment, we initially recognized the $5.0 million as a deposit asset on our consolidated balance sheet. However, based on an assessment at the end of the second quarter of 2026 of facts and circumstances, including the uncertainty surrounding recovery of the payment and management's expectation that repayment was not probable at that time despite contractual repayment provisions, we recognized a $5.0 million charge to operating expenses during the nine months ended September 30, 2026. Activity within the allowance for credit losses related to the Dilon deposit consists of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Balance at beginning of period	$ —	$ —	$ —	$ —
Provision for current expected credit losses	—	—	5,000	—
Write-offs against allowance	$ —	$ —	$ (5,000)	$ —
Balance at September 30	$ —	$ —	$ —	$ —

(3) Sale of Coflex/CoFix Assets and International Hardware Business

On December 1, 2025, we completed the sale of certain assets relating to our Coflex and CoFix products (the "Coflex/CoFix Divestiture") to Companion Spine, LLC and one of its affiliates, Companion Spine SAS (collectively, "Companion Spine"), pursuant to an Asset Purchase Agreement dated July 7, 2025 (the "Coflex/CoFix Agreement"). The total purchase price of the Coflex/CoFix Divestiture was $17.5 million (subject to a closing inventory valuation adjustment set forth in the Coflex/CoFix Agreement). Of the total purchase price, an aggregate of $7.5 million was previously paid to us in cash as non-refundable deposits during the third and fourth quarters of 2025, $1.8 million was paid to us in cash at the closing, and $8.2 million was paid to us as an unsecured promissory note issued by Companion Spine to us at the closing (the "Companion Spine Note"). Pursuant to subsequent amendments to the Coflex/CoFix Agreement, the maturity date of the Companion Spine Note was extended to January 31, 2026. The outstanding principal balance of the Companion Spine Note, together with the related accrued interest, totaling $8.5 million, was paid to us on February 27, 2026.

Also, on December 1, 2025, we completed the sale of all of our shares of equity securities of Paradigm Spine GmbH, one of our then wholly owned subsidiaries engaged in the operation of our hardware business outside of the United States ("Paradigm"), which constituted 100% of the issued and outstanding shares of equity securities of Paradigm (the "Paradigm Divestiture" and together with the Coflex/CoFix Divestiture, the "Divestitures"), to Companion Spine pursuant to an Equity Purchase Agreement dated July 7, 2025 between us, Paradigm and Companion Spine (the "Paradigm Agreement" and together with the Coflex/CoFix Agreement, the "Divestiture Agreements"). The total purchase price of the Paradigm Divestiture was $3.9 million, $1.7 million of which was paid to us in cash at the closing of the Paradigm Divestiture and $2.2 million of which was paid to us on February 27, 2026 in settlement of the net working capital and other purchase price adjustments.

The aggregate purchase price associated with the two Divestitures was $21.4 million.

We determined that the Divestitures do not meet the criteria for classification as discontinued operations for accounting purposes. As a result, all historical operating results for the Coflex/CoFix assets and international hardware business are reflected within the consolidated statements of operations in the consolidated financial statements.

(4) Revenue

In the United States, the Company generates a substantial portion of its revenue from independent commissioned sales agents. The Company consigns its orthobiologics products to hospitals and consigns 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 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 payment. 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 group purchasing organization 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 recognizes revenue in certain circumstances before product delivery occurs (commonly referred to as bill-and-hold transactions). When the Company enters into bill-and-hold arrangements, the Company determines if the customer obtains control of the product by determining (a) the reason for the bill-and-hold arrangement; (b) whether the product was identified separately as belonging to the customer; (c) whether the product was ready for physical transfer to the customer; and (d) whether the Company was unable to utilize the product or direct it to another customer. For bill-and-hold arrangements, the associated product inventory is identified separately by the Company as belonging to the customer and is ready for physical transfer. At September 30, 2026, $0.2 million was included in revenue for products that had not shipped. Occasionally the Company will receive consideration in advance of transferring products to its customers and records a contract liability. Contract liabilities are recognized as revenue in proportion to when control of the goods is transferred to the customer.

The Company distributes HEMOBLAST® Bellows product in the United States under the Distribution Agreement as discussed above in Note 2. Under the terms of the agreement, Dilon fulfilled certain customer orders during a transitionary period during which customer contracts were transitioned to the Company. We evaluated whether our performance obligation is a promise to transfer product to a customer as the principal, or to arrange for a product to be provided by another party using a control model as the agent. This evaluation determined that we are not in control of establishing the transaction price, managing all aspects of the shipment process and taking the risk of loss for delivery, collection and returns. Based on our evaluation of the control model, we determined that our responsibility under the Distribution Agreement during the transition period was as an agent and not as the principal. Correspondingly, during the three and nine months ended September 30, 2026, revenues recognized by the Company included $0.7 million and $2.0 million, respectively, recognized from purchase orders fulfilled by Dilon on behalf of the Company, recognized net of Dilon's fulfillment costs.

License revenue

License revenue is recognized when control of the intellectual property ("IP") rights is transferred to a customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for the licensing of the Company's IP. Revenue for IP rights is accounted for based on the nature of the promise to grant the license. In determining whether the Company's promise is to provide a right to access its IP or a right to use its IP, the Company considers the nature of the IP to which the customer will have rights. IP is either functional IP which has significant standalone functionality or symbolic IP which does not have significant standalone functionality. Revenue from functional IP is recognized at the point in time when control of the distinct license is transferred to the customer. Revenue from symbolic IP is recognized over the access period to the Company's IP.

Revenues from sales-based royalties promised in exchange for a license of IP is recognized at the later of when the underlying sale occurs, or the performance obligation to which some or all of the sales based royalty has been allocated is satisfied.

The Company has a license agreement which grants an exclusive, nontransferable, non-sublicensable, royalty bearing right to manufacture and commercialize one of our products in the United States. The Company concluded that this agreement represented one performance obligation of transferring the IP rights to manufacture and commercialize the product. This was determined to be functional IP. The transaction price included quarterly royalty payments based on the volume of product sold subject to guaranteed quarterly minimums. Due to policy changes by the Centers for Medicare & Medicaid Services that went into effect on January 1, 2026, no revenue was recognized in connection with the license agreement during the three and nine months ended September 30, 2026.

Disaggregation 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 nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,			
	2026	Percentage of Total Revenue	2025	Percentage of Total Revenue
Orthobiologics	$ 19,341	80%	$ 17,149	52%
Spinal implant	4,944	20%	10,623	32%
License revenue	—	—	5,483	16%
Total revenue	$ 24,285	100%	$ 33,255	100%

	Nine Months Ended September 30,			
	2026	Percentage of Total Revenue	2025	Percentage of Total Revenue
Orthobiologics	$ 52,310	77%	$ 54,593	54%
Spinal implant	15,890	23%	32,899	32%
License revenue	—	—	14,078	14%
Total revenue	$ 68,200	100%	$ 101,570	100%

(5) Trade Accounts Receivable, Net

Trade accounts receivable is reduced by an estimated allowance for credit losses based on historical collection experience adjusted for current economic conditions affecting collectability and reasonable and supportable forecasts concerning the future. 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. Activity within the allowance for credit losses consists of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Balance at beginning of period	$ 2,234	$ 1,795	$ 2,165	$ 1,437
Provision for current expected credit losses	524	178	987	568
(Write-offs) recoveries against allowance	(2)	52	(396)	20
Balance at September 30	$ 2,756	$ 2,025	$ 2,756	$ 2,025

(6) Inventories

Inventories consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 6,993	$ 5,689
Work in process	6,001	4,799
Finished goods	19,509	19,775
Total	$ 32,503	$ 30,263

(7) Property and Equipment, Net

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

	September 30, 2026	December 31, 2025
Equipment	$ 7,715	$ 7,346
Computer equipment	1,303	1,252
Computer software	361	361
Leasehold improvements	4,660	4,483
Surgical instruments	13,921	14,070
Assets not yet in service	744	897
Total cost	28,704	28,409
Less: accumulated depreciation	(23,255)	(22,207)
Property and equipment, net	$ 5,449	$ 6,202

Depreciation expense related to property and equipment, including property under finance leases, for the three months ended September 30, 2026 and 2025 was $0.5 million and $0.7 million, respectively, and $1.5 million and $2.1 million for the nine months ended September 30, 2026 and 2025, respectively.

(8) Intangible Assets

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

September 30, 2026:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	13 years	$ 1,027	$ (798)	$ 229

December 31, 2025:	Weighted Average Life	Cost	Accumulated Amortization	Net
Patents	13 years	$ 1,027	$ (728)	$ 299

Amortization expense for the three months ended September 30, 2026 and 2025 was $0.1 million and $0.4 million, respectively, and $0.1 million and $1.3 million for the nine months ended September 30, 2026 and 2025, respectively.

(9) Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Wages/commissions payable	$ 6,675	$ 6,726
Taxes payable	275	2,183
Other accrued liabilities	749	1,717
Accrued liabilities	$ 7,699	$ 10,626

(10) Debt

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

	September 30, 2026	December 31, 2025
Amounts due under term loan	$ 9,299	$ 14,000
Accrued end-of-term payments	1,075	817
Less: unamortized debt issuance costs	(168)	(291)
Less: current portion of long-term debt	(4,770)	(3,500)
Long-term debt, plus premium and less issuance costs	$ 5,436	$ 11,026

As of September 30, 2026, scheduled principal payments for our term credit agreement are as follows (in thousands):

Period	Scheduled Quarterly Payments	Annually
Remainder of 2026	$ 1,080	$ 1,080
2027	1,230	4,920
2028	1,230	3,299

As of September 30, 2026, the effective rate of the term loan under our term credit agreement, inclusive of amortization of debt issuance costs and accretion of the final payment, was 15.84%, and the effective rate of the revolving loan under our revolving credit agreement was 8.30%. As of September 30, 2026, we had $11.8 million outstanding and $2.1 million of availability under our revolving credit facility.

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 certain subsidiaries of the Company, as borrowers (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.

On March 26, 2026, we entered into Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust (collectively, the "Amendment No. 4s") pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for the fourth quarter of 2025, adjusted the amortization of the term loan to have amortization calculated off the amount of principal outstanding when amortization payments start instead of the original principal amount of the term loan, and revised the minimum net revenue covenant to align solely with revenue generated from the orthobiologics products and correspondingly adjust the minimum net revenue amounts.

On August 10, 2026, we entered into Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust (collectively, the "Amendment No. 5s") pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for the second quarter of 2026, adjusted the amortization schedule for the Term Loan to increase quarterly principal payments by $0.15 million in the fourth quarter of 2026 and by $0.3 million thereafter until the outstanding principal balance of the Term Loan has been paid in full, and revised the minimum net revenue covenant to new minimum net revenue amounts.

As of September 30, 2026, the Company was in compliance with all applicable covenants under the credit agreements.

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.

(11) 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 (as amended and restated, 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 2023 Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee or 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, as increased by an amendment approved by our stockholders on November 7, 2025, is (i) 17,800,000 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.

Total stock-based compensation expense recognized for employees and directors was $0.8 million and $0.6 million for the three months ended September 30, 2026 and 2025, respectively, and $2.5 million and $2.2 million for the nine months ended September 30, 2026 and 2025, respectively, and was recognized as general and administrative expense.

Stock Options

Stock option activity was as follows for the nine months ended September 30, 2026 and 2025:

	2026			2025		
	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	3,760,472	$ 1.30		3,925,403	$ 1.29	
Cancelled or expired	(149,689)	1.08		(164,931)	1.19	
Outstanding at September 30	3,610,783	1.31	4.65	3,760,472	1.30	6.11
Exercisable at September 30	3,379,735	$ 1.32	4.50	3,006,140	$ 1.34	5.77

As of September 30, 2026, there was approximately $0.2 million of total unrecognized compensation expense related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 0.8 years.

Restricted Stock Units and Deferred Stock Units

Restricted stock unit and deferred stock unit activity was as follows for the nine months ended September 30, 2026 and 2025:

	2026		2025	
	Shares	Weighted Average Fair Value at Grant Date Per Share	Shares	Weighted Average Fair Value at Grant Date Per Share
Outstanding at January 1	7,669,141	$ 0.79	5,455,472	$ 0.90
Granted	5,191,593	0.31	100,000	0.62
Vested	(595,253)	0.96	(1,154,820)	0.67
Cancelled	(434,431)	0.60	(80,116)	0.98
Outstanding at September 30	11,831,050	$ 0.58	4,320,536	$ 0.96

Total stock-based compensation expense related to unvested restricted stock units and deferred stock units not yet recognized was $3.7 million as of September 30, 2026, which is expected to be allocated to expenses over a weighted-average period of 2.6 years.

Performance Stock Units

During 2024, the Company awarded performance stock units ("PSUs") under the 2023 Plan to certain executive officers and key employees. The Company has awarded an aggregate of 1,894,985 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.

During 2025, the Company awarded PSUs under the 2023 Plan to certain executive officers and key employees. The Company awarded 1,699,402 PSUs, assuming target performance, and each PSU award can be earned at the end of each of the three one-year performance periods based on stock appreciation goals and subject to continued service to the Company. After each one-year performance period, the amount earned in that period will vest equally over the remaining service periods. The number of shares of the Company's common stock or deferred stock units to be issued upon vesting and settlement of the PSUs ranges from 0% to 200% of the target number of shares underlying the award, depending on the Company's performance against the stock appreciation goals set forth in the awards.

Activity for PSU awards granted under the 2023 Plan, assuming target performance, was as follows for the nine months ended September 30, 2026 and 2025:

	2026		2025	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Outstanding at January 1	3,340,111	$ 1.16	1,640,709	$ 1.49
Forfeited	(262,914)	1.29	—	—
Outstanding at September 30	3,077,197	$ 1.15	1,640,709	$ 1.49

The total stock-based compensation cost related to unvested PSUs not yet recognized was $1.3 million as of September 30, 2026, which is expected to be allocated to expenses over a weighted-average period of 1.7 years.

(12) Warrants

Warrant activity was as follows for the nine months ended September 30, 2026 and 2025:

	2026			2025		
	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	12,237,470	$ 1.53		12,237,470	$ 1.53	1.8
Cancelled or expired	(7,111,112)	2.29		—	—	
Outstanding at September 30	5,126,358	0.48	0.92	12,237,470	1.53	1.0
Exercisable at September 30	5,126,358	$ 0.48	0.92	12,237,470	$ 1.53	1.0

(13) Commitments and Contingencies

Litigation

We may be subject to potential liabilities under government regulations and various claims and legal actions that are pending but we believe are immaterial at this time or may be asserted in the future 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. The amount of ultimate loss may exceed the Company's current accruals, and it is possible that its 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 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.

(14) Income Taxes

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Income tax expense from continuing operations	$ 165	$ 257	$ 265	$ 487
(Loss) income from continuing operations before income taxes	$ (3,397)	$ 1,565	$ (15,799)	$ 5,403
Effective income tax rate	-4.9%	16.4%	-1.7%	9.0%

Our effective tax rate for the three and nine months ended September 30, 2026 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state taxes.

Our effective tax rate for the three and nine months ended September 30, 2025 differs from the statutory rate due to a valuation allowance against deferred tax assets, offset by the impact of cash state and foreign taxes.

As of September 30, 2026, the Company is not currently under examination by tax authorities.

(15) Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing net (loss) income 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) income 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) income per share was the same as basic net (loss) income per share for the three and nine months ended September 30, 2026, as shares issuable upon the exercise of stock options and warrants were anti-dilutive as a result of the net losses incurred for the periods.

The table below sets forth the computation of basic and diluted (loss) earnings per share (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net (loss) income	$ (3,562)	$ 1,308	$ (16,064)	$ 4,916
Denominator:				
Basic – weighted average shares outstanding	140,363,595	139,712,969	140,228,117	139,366,489
Effect of dilutive securities:				
Employee restricted stock units and deferred stock units	—	5,412,153	—	5,293,691
Warrants	—	5,252,112	—	5,252,112
Diluted – weighted average shares outstanding	140,363,595	150,377,234	140,228,117	149,912,292
Basic (loss) earnings per share	(0.03)	0.01	(0.11)	0.04
Diluted (loss) earnings per share	(0.03)	0.01	(0.11)	0.03

For the three months ended September 30, 2026 and 2025, an aggregate of 23,645,358 and 11,294,922 shares, respectively, underlying outstanding stock options, restricted stock units, deferred stock units, performance stock units and warrants were excluded for the diluted (loss) earnings per share calculation as they were anti-dilutive. For the nine months ended September 30, 2026 and 2025, an aggregate of 23,645,358 and 11,413,384 shares, respectively, underlying outstanding stock options, restricted stock units, deferred stock units, performance stock units and warrants were excluded for the diluted (loss) earnings per share calculation as they were anti-dilutive.

(16) Supplemental Disclosure of Cash Flow Information

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

	Nine Months Ended September 30,	
	2026	2025
Cash paid during the period for:		
Interest	$ 1,351	$ 2,538
Income taxes	2,607	53
Non-cash activities:		
Increase in right of use assets and lease liability	$ —	$ 3,219

(17) Segment and Geographic Information

The Company operates as one reportable and operating segment based upon the Company's organization structure and the way in which the operations and investments are managed and evaluated by the chief operating decision maker ("CODM"), who is the Company's Chief Executive Officer. The CODM uses consolidated net (loss) income as the primary measure of segment profit or loss to monitor performance and allocate resources.

The measure of segment assets is reported on the balance sheet as total assets. The CODM does not review segment assets at a level other than that presented in the Company's consolidated balance sheets.

The table below provides the calculation of consolidated net (loss) income, which is the performance measure that is most consistent with GAAP, and the significant operating expenses included in this performance measure (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 24,285	$ 33,255	$ 68,200	$ 101,570
Less cost of sales	10,623	11,263	29,237	35,051
Gross Profit	13,662	21,992	38,963	66,519
Gross Margin	56.3%	66.1%	57.1%	65.5%
Less:				
General and administrative	5,013	7,071	17,722	22,082
Sales and marketing	11,181	11,746	29,735	34,566
Research and development	496	634	1,626	1,643
Write-off of distribution agreement deposit	—	—	5,000	—
Interest expense	590	904	1,731	2,953
Interest income	—	—	(220)	—
Unrealized foreign currency transaction loss (gain)	10	56	(12)	(146)
Other (income) expense	(231)	16	(820)	18
Provision for income taxes	165	257	265	487
Net (Loss) Income	$ (3,562)	$ 1,308	$ (16,064)	$ 4,916

The Company attributes revenues to geographic areas based on the location of the customer. Total revenue by major geographic area is as follows (in thousands):

	Three Months Ended September 30, 2026	Percentage of Total Revenue	Three Months Ended September 30, 2025	Percentage of Total Revenue
United States	$ 24,085	99%	$ 30,312	91%
Rest of world	200	1%	2,943	9%
Total revenue	$ 24,285	100%	$ 33,255	100%

	Nine Months Ended September 30, 2026	Percentage of Total Revenue	Nine Months Ended September 30, 2025	Percentage of Total Revenue
United States	$ 67,627	99%	$ 92,561	91%
Rest of world	573	1%	9,009	9%
Total revenue	$ 68,200	100%	$ 101,570	100%

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, 2025. 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, as well as trauma, foot and ankle, sports medicine, and wound care surgeons including orthobiologics for the promotion of bone healing, amniotic tissue and collagen for both surgical repair and chronic wound care, and implants and instrumentation for the treatment of spinal disease. We promote our products primarily in the United States through independent distributors, a direct sales force and stocking agents.

We have an extensive sales channel of direct and 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 and through group purchasing organizations. 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 stocking distribution partners in Europe, Canada, Mexico, South America, and certain Pacific region countries. We have recently made measured investments in the expansion of our commercial team to support our new products and maximize the reach of our broad portfolio of orthobiologics solutions. In April 2026, we hired approximately 20 sales personnel in connection with our exclusive distribution arrangement with Dilon Technologies, Inc. ("Dilon").

As previously disclosed, on December 1, 2025, we completed the sale of certain non-core assets relating to our Coflex and CoFix products and our international hardware business to Companion Spine, LLC ("Companion Spine") for an aggregate purchase price of $21.4 million (the "Coflex/CoFix and Paradigm Divestitures"). Of the $10.7 million of proceeds received (including $0.3 million of interest accrued on a note receivable balance) during the first quarter of 2026, $2.8 million was used to repay a portion of our term debt. To assist in the transition of this business to Companion Spine, we provided certain transition services to Companion Spine for a limited period of time, which transition services ceased during the third quarter of 2026. In 2025, we recognized $20.3 million in revenue from sales of our Coflex and CoFix products and international hardware products prior to the Coflex/CoFix and Paradigm Divestitures. As a result of the Coflex/CoFix and Paradigm Divestitures, these products no longer contribute to our revenue, and we expect the absence of this revenue to continue to adversely affect our hardware revenue, as compared to the respective 2025 periods, for the remainder of 2026.

In addition, as previously disclosed, we recognized $18.7 million in license revenue in 2025 that we did not expect to recur in 2026, due primarily to changes in the reimbursement environment for our SimpliMax™ product that became effective January 1, 2026. These reimbursement changes have also adversely affected sales of certain of our products, primarily skin substitute products. As compared to the respective prior year periods, license revenue decreased by $5.5 million and $14.1 million, and product revenue related primarily to skin substitute products decreased by $1.1 million and $4.3 million, during the three and nine months ended September 30, 2026, respectively. We expect the loss of this license and product revenue to continue to adversely affect our revenue and other operating results, including our gross margin, for the remainder of 2026 as compared to the respective 2025 periods.

Distribution Agreement with Dilon Technologies, Inc.

In April 2026, we entered into a Distribution Agreement (the "Distribution Agreement") with Dilon Technologies, Inc. pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST® Bellows product in the United States. The HEMOBLAST® Bellows product is an FDA-approved powder-based, topical, surgical hemostatic agent used to control bleeding during surgical procedures. In connection with the agreement, we hired approximately 20 Dilon sales personnel to assist in selling the HEMOBLAST® Bellows product in the United States, which has increased our sales and marketing costs. The Distribution Agreement does not contain any minimum purchase requirements. While the Distribution Agreement expands our portfolio and bolsters our commercial capabilities through the integration of Dilon's former U.S. sales team, we cannot assure that we will successfully sell the HEMOBLAST® Bellows product or integrate it with our portfolio. In addition, while we continue to believe we can leverage new cross-selling opportunities between the HEMOBLAST® Bellows product and our existing products, we cannot assure that we will be effective in doing so or otherwise realize the anticipated benefits of the Distribution Agreement, especially since our cross-selling efforts to date have not resulted in significant sales from cross-selling. While we anticipated that additional revenue from HEMOBLAST® Bellows sales and cross-selling opportunities would eventually offset these additional expenses, we cannot assure that they will or that the transition to us of Dilon's existing U.S. customer base will be successful.

Under the Distribution Agreement, Dilon agreed to continue to manufacture the HEMOBLAST® Bellows product at its facility in France and supply it to us at a specified transfer price, which price is subject to adjustment in certain circumstances. We rely on Dilon, as the sole manufacturer, to produce the product for us and in sufficient quantities and at an appropriate transfer price. There are no other suppliers of the HEMOBLAST® Bellows product. Accordingly, this arrangement involves risk since we do not control the manufacturing process and Dilon is responsible for all manufacturing decisions, as well as compliance with all applicable rules and regulations in connection therewith. Although we believe we will have a sufficient supply of the HEMOBLAST® Bellows product to support our anticipated sales through the end of 2026, we cannot be certain that supply will be available to us thereafter. If Dilon is unable to manufacture and supply the HEMOBLAST® Bellows product to us in sufficient quantities or at all or if the Distribution Agreement is terminated, then we will be unable to sell the product and recognize revenue in connection therewith.

Because either party may terminate the Distribution Agreement upon certain specified events, we can provide no assurance that the agreement will remain in effect, and any such termination would result in the loss of our distribution rights for the HEMOBLAST® Bellows product. Although Dilon currently has the right to terminate the Distribution Agreement upon 30 days' notice and repayment of the $5.0 million exclusivity fee, it has not done so through the date of this report. No assurance can be provided, however, that Dilon will not terminate the Distribution Agreement. If the Distribution Agreement is terminated, we would need to reassign or terminate the sales personnel we hired to sell the HEMOBLAST® Bellows product.

Under the Distribution Agreement, we paid Dilon a $5.0 million exclusivity fee upon execution of the agreement. This fee is subject to repayment by Dilon under certain circumstances, including upon termination of the Distribution Agreement for any reason. Given the refundable nature of the payment, we initially recognized the $5.0 million as a deposit asset on our consolidated balance sheet. However, based on an assessment at the end of the second quarter of 2026 of facts and circumstances, including the uncertainty surrounding recovery of the payment and management's expectation that repayment was not probable at that time despite contractual repayment provisions, we recognized a $5.0 million charge to operating expenses during the second quarter of 2026, which adversely affected our operating results for the second quarter of 2026.

Board Review of Strategic Alternatives

Our Board of Directors has been actively engaged in a comprehensive review of a broad range of strategic, operational and financial alternatives focused on maximizing stockholder value, and on November 16, 2026, we publicly announced this review. The Board's stated priorities during the review are to improve execution, improve our financial performance, and maximize stockholder value. The review process may include, among other things, operational and performance improvement initiatives, capital allocation and capital structure alternatives, commercial or strategic partnerships, restructurings, financings, acquisitions, dispositions, business combinations or other transactions. During the review, we intend to continue operating our business in the ordinary course, including continuing to invest in and scale our core orthobiologics products business. The Board has not set a timetable for completing the review, and there can be no assurance that the process will result in any particular action or outcome. We do not intend to disclose further developments with respect to the review unless and until the Board approves a specific action or otherwise determines that further disclosure is appropriate or required.

Results of Operations

Comparison of Three and Nine Months Ended September 30, 2026 and 2025

Revenue

Total revenue for the three and nine months ended September 30, 2026 was $24.3 million and $68.2 million, respectively, which represent decreases of 27% and 33%, respectively, compared to $33.3 million and $101.6 million for the three and nine months ended September 30, 2025, respectively. These decreases were due primarily to: (i) the absence in 2026 of $5.4 million and $16.4 million of revenue recognized during the three and nine months ended September 30, 2025, respectively, from products sold in the Coflex/CoFix and Paradigm Divestitures; (ii) the absence in 2026 of $5.5 million and $14.1 million of license revenue recognized during the three and nine months ended September 30, 2025, respectively; and (iii) lower sales of orthobiologics products, excluding the HEMOBLAST® Bellows product. These decreases were partially offset by $2.2 million and $3.7 million of revenue from sales of the HEMOBLAST® Bellows product, which we began distributing in the second quarter of 2026, during the three and nine months ended September 30, 2026, respectively.

Cost of Sales

Cost of sales consists primarily of manufacturing costs, product purchase costs, and depreciation of surgical instruments. Cost of sales also includes reserves for estimated excess inventory and for consigned inventory that may be missing and not returned. Cost of sales decreased by $0.6 million to $10.6 million for the three months ended September 30, 2026, from $11.3 million for the three months ended September 30, 2025, and decreased by $5.8 million to $29.2 million for the nine months ended September 30, 2026, from $35.1 million for the nine months ended September 30, 2025. The decrease for the three-month period was due primarily to: (i) the absence in 2026 of $1.8 million of cost of sales recognized during the three months ended September 30, 2025 for products sold in the Coflex/CoFix and Paradigm Divestitures; and (ii) a $0.6 million decrease in cost of sales of spinal implants. These decreases were partially offset by increases in cost of sales of $1.0 million for orthobiologics products, excluding the HEMOBLAST® Bellows product, and $0.7 million for the HEMOBLAST® Bellows product. The decrease for the nine-month period was due primarily to: (i) the absence in 2026 of $4.7 million of cost of sales recognized during the nine months ended September 30, 2025 for products sold in the Coflex/CoFix and Paradigm Divestitures; and (ii) a $1.9 million decrease in cost of sales of orthobiologics products, excluding the HEMOBLAST® Bellows product. These decreases were partially offset by a $0.9 million increase in cost of sales of the HEMOBLAST® Bellows product.

Gross Profit

Gross profit as a percentage of revenue decreased to 56.3% for the three months ended September 30, 2026, from 66.1% for the three months ended September 30, 2025, and decreased to 57.1% for the nine months ended September 30, 2026, from 65.5% for the nine months ended September 30, 2025. Of the 980 basis point decrease for the three-month period, 670 basis points related to lower license revenue, 220 basis points related to reduced production efficiencies and higher charges for excess and obsolete inventory, and 90 basis points related to sales mix. Of the 840 basis point decrease for the nine-month period, 550 basis points related to lower license revenue, 210 basis points related to reduced production efficiencies, and 80 basis points related to sales mix.

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 other professional fees, as well as occupancy costs. General and administrative expenses decreased 29%, or $2.1 million, to $5.0 million for the three months ended September 30, 2026, from $7.1 million for the three months ended September 30, 2025, and decreased 20%, or $4.4 million, to $17.7 million for the nine months ended September 30, 2026, from $22.1 million for the nine months ended September 30, 2025. The decrease for the three-month period was due primarily to a $1.5 million decrease related to the Coflex/CoFix and Paradigm Divestitures and a $0.6 million decrease in expense under various compensation plans. The decrease for the nine-month period was due primarily to a $4.6 million decrease related to the Coflex/CoFix and Paradigm Divestitures and a $0.7 million decrease in expense under various compensation plans, partially offset by a $0.4 million increase in bad debt expense and a $0.3 million increase in stock-based compensation expense.

Sales and Marketing

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 expenses decreased 5%, or $0.6 million, to $11.2 million for the three months ended September 30, 2026, from $11.7 million for the three months ended September 30, 2025, and decreased 14%, or $4.8 million, to $29.7 million for the nine months ended September 30, 2026, from $34.6 million for the nine months ended September 30, 2025.

The decrease for the three-month period was due primarily to a $2.4 million decrease related to the Coflex/CoFix and Paradigm Divestitures and a $1.0 million decrease in consulting fees, partially offset by: (i) a $1.6 million increase in compensation expense resulting from increased sales personnel headcount; (ii) a $0.5 million increase in independent agent commission expense resulting from revenue mix; and (iii) a $0.5 million increase in travel-related expenses. The decrease for the nine-month period was due primarily to a $7.2 million decrease related to the Coflex/CoFix and Paradigm Divestitures and a $2.5 million decrease in consulting fees, partially offset by: (i) a $3.3 million increase in compensation expense resulting from increased sales personnel headcount; (ii) a $0.9 million increase in travel-related expenses; and (iii) a $0.4 million increase in independent agent commissions.

Research and Development

Research and development expenses consist primarily of internal costs for the development of new technologies. Research and development expenses decreased 22%, or $0.1 million, to $0.5 million for the three months ended September 30, 2026, from $0.6 million for the three months ended September 30, 2025, and were $1.6 million for each of the nine months ended September 30, 2026 and 2025.

Write-off of Distribution Agreement Deposit

Operating expenses for the nine months ended September 30, 2026 include a $5.0 million charge to write off the exclusivity fee we paid Dilon upon execution of the Distribution Agreement. We recognized this charge in the second quarter of 2026; and did not recognize a related charge in the three months ended September 30, 2026. As described in more detail above under "—Distribution Agreement with Dilon Technologies, Inc.," we recorded the write-off because, based on our assessment of the facts and circumstances at the end of the second quarter of 2026, including uncertainty regarding recovery of the payment, we concluded that repayment was not probable, notwithstanding the repayment provisions of the Distribution Agreement.

Interest Expense

Interest expense decreased 35%, or $0.3 million, to $0.6 million for the three months ended September 30, 2026, from $0.9 million for the three months ended September 30, 2025, and decreased 41%, or $1.2 million, to $1.7 million for the nine months ended September 30, 2026, from $3.0 million for the nine months ended September 30, 2025. These decreases resulted primarily from lower weighted average term loan balances in the 2026 periods, reflecting term loan repayments made in the fourth quarter of 2025 and the first quarter of 2026.

Other Income (Expense)

Other income was $0.2 million and $0.8 million for the three and nine months ended September 30, 2026, respectively, and related primarily to transition services we provided to Companion Spine. Because these transition services ended during the third quarter of 2026, we do not expect to recognize other income from transition services in future periods.

Provision for Income Taxes – Current and Deferred

Income tax expense decreased for the three and nine months ended September 30, 2026, compared to the three and nine months ended September 30, 2025, due primarily to lower cash state taxes for tax year 2026 compared to tax year 2025.

Liquidity and Capital Resources

Working Capital

Since our inception, we have financed our operations primarily through 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 September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 7,793	$ 17,053
Accounts receivable, net	18,823	17,803
Inventories	32,503	30,263
Note receivable	—	10,462
Total current assets	60,606	78,245
Accounts payable	5,364	3,844
Accrued liabilities	7,699	10,626
Current portion of long-term debt	4,770	3,500
Line of credit	11,833	10,857
Total current liabilities	30,273	29,484
Net working capital	30,333	48,761

Our working capital decreased by $18.4 million to $30.3 million as of September 30, 2026, from $48.8 million as of December 31, 2025. The decrease was due primarily to the $5.0 million exclusivity fee paid to Dilon; $4.7 million of term loan principal payments and a $1.3M increase in the current maturities of long term debt; net loss, net of adjustments reconcile to cash used in operating activities of $2.8 million; increases in accounts receivable of $2.0 million and purchases of property and equipment of $0.8 million.

During the second quarter of 2026, we used $5.0 million of cash to pay the exclusivity fee to Dilon under the Distribution Agreement. Although Dilon is required to repay this fee under certain circumstances, including upon termination of the Distribution Agreement for any reason, we recorded a $5.0 million charge to operating expenses during the second quarter of 2026 because, based on our assessment of the facts and circumstances at the end of that quarter, including uncertainty regarding recovery of the payment, we concluded that repayment was not probable.

Cash Flows

Net cash used in operating activities was $10.3 million for the first nine months of 2026, compared to net cash provided by operating activities of $7.2 million for the first nine months of 2025. The change was due primarily to our net loss of $16.1 million for the first nine months of 2026, compared to net income of $4.9 million for the first nine months of 2025. After adjusting for non-cash items, including the $5.0 million write-off of the Dilon distribution agreement deposit and a $2.9 million provision for excess and obsolete inventory, our net loss resulted in a $2.8 million use of cash. In addition, we used $7.5 million of cash for working capital, including a $4.2 million increase in inventories, a $2.9 million decrease in accrued liabilities (which included $2.6 million of income taxes paid) and a $2.0 million increase in accounts receivable, partially offset by a $1.5 million increase in accounts payable.

Net cash provided by investing activities was $4.7 million for the first nine months of 2026, compared to $3.2 million for the first nine months of 2025. The increase was due primarily to (i) $10.4 million of cash received from Companion Spine in connection with the Coflex/CoFix and Paradigm Divestitures in the first nine months of 2026, compared to $5.0 million received in the first nine months of 2025, and (ii) a $1.2 million decrease in purchases of property and equipment. These increases were partially offset by the $5.0 million exclusivity fee paid to Dilon under the Distribution Agreement in the first nine months of 2026.

Net cash used in financing activities was $3.8 million for the first nine months of 2026, compared to $6.0 million for the first nine months of 2025. The decrease was due primarily to (i) $1.0 million of net borrowings under our revolving credit facility in the first nine months of 2026, compared to $0.8 million of net repayments in the first nine months of 2025, and (ii) a $0.3 million decrease in term loan repayments in the first nine months of 2026 compared to the first nine months of 2025.

Term Loan and Revolving Credit Facilities

Xtant, as guarantor, and certain of our subsidiaries, as borrowers (collectively, the "Borrowers"), are parties to a term loan credit agreement (the "Term Credit Agreement") and a revolving loan credit agreement (the "Revolving Credit Agreement" and, together with the Term Credit Agreement, the "Credit Agreements") with MidCap Financial Trust and MidCap Funding IV Trust, respectively, each in its respective capacity as agent, and the lenders from time to time party thereto. As of September 30, 2026, $9.3 million was outstanding under the term loan facility under the Term Credit Agreement (the "Term Facility"), reduced from $14.0 million as of December 31, 2025. This reduction was due to our prepayment of $2.8 million of principal using a portion of the final purchase price payment received from Companion Spine during the first quarter of 2026 in connection with the sale of certain assets relating to our Coflex and CoFix products and our international hardware business, and $1.9 million of scheduled principal payments under the Term Credit Agreement.

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 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. Each of the Borrowers, and Xtant, 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 Xtant'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 Xtant and the Borrowers. As of September 30, 2026, we had $11.8 million outstanding and $2.1 million of availability under the Revolving Facility, compared to $10.9 million outstanding and $3.8 million of availability as of December 31, 2025.

The loans and other obligations pursuant to the Credit Agreements 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 September 30, 2026, the effective rate of the Term Credit Agreement, inclusive of amortization of debt issuance costs and accretion of the final payment, was 15.84%, and the effective rate of the Revolving Credit Agreement was 8.30%.

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, undergo a change in control and change the nature of their businesses. In addition, the Credit Agreements require us to maintain minimum trailing twelve-month net revenue from our orthobiologics products at or above specified levels, tested quarterly, and to maintain minimum liquidity of $5.0 million, in each case as specified in the Credit Agreements.

On March 26, 2026, we entered into Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 4 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust (collectively, the "Amendment No. 4s") pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for the fourth quarter of 2025, adjusted the amortization of the Term Facility so that amortization payments are calculated based on the principal amount outstanding when amortization payments begin rather than the original principal amount of the term loan, and revised the minimum net revenue covenant to align solely with revenue generated from our orthobiologics products and correspondingly adjusted the minimum net revenue amounts. Under the minimum net revenue covenant terms in effect prior to the Amendment No. 4s, we would not have been in compliance with the minimum net revenue requirement for the fourth quarter of 2025.

On August 10, 2026, we entered into Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan) with MidCap Financial Trust and Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan) with MidCap Funding IV Trust (collectively, the "Amendment No. 5s") pursuant to which we eliminated the requirement to comply with the minimum net revenue covenant for the second quarter of 2026, adjusted the amortization schedule for the Term Facility to increase quarterly principal payments by $0.15 million in the fourth quarter of 2026 and by $0.3 million thereafter until the outstanding principal balance under the Term Facility has been paid in full, and revised the minimum net revenue covenant to new minimum net revenue amounts. Under the minimum net revenue covenant terms in effect prior to the Amendment No. 5s, we would not have been in compliance with the minimum net revenue requirement for the second quarter of 2026. As a result of the Amendment No. 5s, our scheduled quarterly term loan principal payments increased from $0.9 million to $1.1 million in the fourth quarter of 2026 and to $1.2 million per quarter beginning in 2027.

As of September 30, 2026, the Company was in compliance with all applicable covenants under the Credit Agreements. However, no assurance can be provided that the Company will remain in compliance with all applicable covenants under the Credit Agreements or that it will not be required to seek additional amendments or waivers of such covenants similar to the Amendment No. 4s and Amendment No. 5s referred to above. A failure to comply with these covenants and provisions of our Credit Agreements may cause suspension or termination of the Credit Agreements and/or require the immediate repayment of our outstanding indebtedness. If we at any time are unable to meet these covenants or generate sufficient cash flows from operations to service our indebtedness when payments are due, we may be required to attempt to obtain a waiver of or renegotiate the terms of the Credit Agreements, seek to refinance all or a portion of the indebtedness, or obtain additional financing. There can be no assurance that we will be able to successfully obtain a waiver or renegotiate such terms, that any such refinancing would be possible, or that any additional financing could be obtained on terms that are favorable or acceptable to us; and as a result thereof, our creditors may accelerate our debt and seek to enforce remedies under the Credit Agreements.

Cash Requirements

We believe that our $7.8 million of cash and cash equivalents as of September 30, 2026, together with our anticipated operating cash flows and amounts available under the Revolving Facility, will be sufficient to meet our anticipated cash requirements through at least November 2027. This belief is based on assumptions that include, among others, that increasing sales levels combined with reductions to operating expenses, primarily resulting from reduced headcount and travel expense, will increase our cash flows from operations. If any of these assumptions prove to be incorrect, our cash requirements may exceed our available resources sooner than anticipated. We may require or seek additional capital to fund our future operations and business strategy prior to November 2027. Accordingly, there is no assurance that we will not need or seek additional financing prior to such time.

Our material cash requirements over the next twelve months consist primarily of funding our operations, including working capital, as well as $4.8 million of scheduled principal payments under the Term Facility, interest payments under the Credit Agreements, approximately $0.6 million of lease payments. In addition, the $11.8 million outstanding under the Revolving Facility is classified as a current liability, and we rely on continued borrowings under the Revolving Facility, which are subject to borrowing base availability and the satisfaction of customary conditions, to fund our day-to-day operations; during the nine months ended September 30, 2026, we borrowed $51.9 million and repaid $50.9 million under the Revolving Facility.

We expect to incur advisory, legal, and other costs in connection with our Board's review of strategic alternatives. These costs are not reflected in the assumptions described above and could reduce our available liquidity. In addition, certain strategic transactions, including a change in control, mergers, acquisitions, or dispositions of assets, may require the consent of MidCap under our Credit Agreements, and we cannot assure you that MidCap would provide such consent.

We may seek to raise additional financing before we need it if market conditions are favorable. Potential sources of additional financing include equity or debt financings, debt restructurings or refinancings, and strategic transactions, dispositions, collaborations or license agreements. We cannot assure you that additional funds will be available to us or, if available, that they will be sufficient to meet our needs or available on terms acceptable to us, particularly if economic or market conditions, or our business, financial performance or prospects, deteriorate.

If we raise additional capital through the sale of equity or convertible debt securities, or through the restructuring or refinancing of our debt, our current stockholders may experience dilution, and the terms of those securities may include rights that adversely affect our current stockholders. For example, we may issue common stock at a discount to its trading price or issue warrants to purchasers, either of which would further dilute our current stockholders. Any preferred stock we issue could include voting rights, dividend and liquidation preferences, conversion and redemption rights, sinking fund provisions, or restrictions on our ability to merge with or sell our assets to a third party, any of which could adversely affect the rights of holders of our common stock or reduce the value of our common stock. Additional debt financing, if available, may involve covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, we may be required to obtain the consent of MidCap Financial Trust and MidCap Funding IV Trust under our Credit Agreements before raising additional equity or debt financing, and we cannot assure you that they would provide such consent, which could limit our ability to raise additional financing or affect its terms.

If we do not generate sufficient cash flow from operations, or if future borrowings are not available to us in amounts sufficient to fund our liquidity needs or to service our indebtedness when due, including following a covenant breach and resulting event of default, we may be forced to sell assets, reduce or delay capital expenditures, seek to raise additional capital, refinance all or a portion of our indebtedness on or before its maturity, or take other similar actions. We may not be able to take any of these actions on commercially reasonable terms or at all. Our ability to make payments on our indebtedness and to fund planned capital expenditures, contractual cash obligations, known and unknown liabilities, research and development, working capital, any future acquisitions or business combinations, and other general corporate purposes depends on our ability to generate cash in the future, which is subject in part to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond our control.

These risks are heightened by our current financial position. As of September 30, 2026, we had $7.8 million of cash and cash equivalents, $11.8 million of outstanding borrowings under our revolving credit facility and $2.1 million of additional borrowing availability under that facility. Our Credit Agreements require us to maintain minimum liquidity levels and to achieve minimum net revenue levels, and we would not have satisfied the minimum net revenue covenant for two recent quarterly periods had MidCap not agreed to amend it, most recently through Amendment No. 5 in August 2026. If our revenue does not meet our expectations, if our borrowing base availability declines, or if we otherwise fail to comply with these covenants, we may need to seek further amendments or waivers from MidCap, which may not be available on acceptable terms or at all, and a resulting event of default could permit MidCap to increase the interest rate applied to borrowings outstanding under the Credit Agreements or accelerate the maturity our indebtedness..

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. There have been no changes in our critical accounting estimates for the nine months ended September 30, 2026 as compared to the critical accounting estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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 Effectiveness 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 September 30, 2026. 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 September 30, 2026, 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, 2025, in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2025, we identified certain control deficiencies in the design and implementation of our internal control over financial reporting, which constituted a material weakness. 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 our evaluation of inventory net realizable value were insufficient and did not operate at an appropriate level of precision. Our review and evaluation of inventory failed to identify specific items not assessed for net realizable value under our existing control, which constitutes a material weakness as of December 31, 2025. This material weakness, if not remediated, could result in a material misstatement in our annual or interim consolidated financial statements that would not be prevented or detected in a timely manner.

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 weakness. The remediation actions we are taking, and expect to take, include evaluating inventory balances outside of the scope of our current process for estimating net realizable value to determine if there are other inventory items that need to be assessed for a specific reserve.

As management continues to evaluate and work to remediate the material weakness, we may determine to take additional measures to address the material weakness. 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 weakness 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 September 30, 2026, 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 13, "*Commitments and Contingencies,*" in the notes to our condensed consolidated financial statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

Although as a smaller reporting company, we are not required to provide the information required by this Item 1A, we hereby disclose the following risk factor:

We have significant indebtedness under our Credit Agreements, which contain restrictive covenants that we would not have satisfied in two recent quarterly periods without amendments from our lender. If we fail to comply with these covenants or are unable to generate sufficient cash flow to service our indebtedness, our lender could accelerate our obligations and foreclose on substantially all of our assets, which would materially and adversely affect our business, liquidity, operating results, and financial condition.

Xtant, as guarantor, and certain of our subsidiaries, as borrowers, are parties to the Term Credit Agreement and the Revolving Credit Agreement with MidCap Financial Trust and MidCap Funding IV Trust (collectively, "MidCap"), each as agent, and the lenders from time to time party thereto. As of September 30, 2026, $9.3 million of principal was outstanding under the Term Facility. Under the Revolving Facility, the Borrowers may borrow up to $17.0 million at any one time, subject to a borrowing base equal to percentages of certain of their accounts receivable and inventory. As of September 30, 2026, $11.8 million was outstanding under the Revolving Facility, with $2.1 million of additional availability. Both Facilities mature on March 1, 2029.

Borrowings bear interest at a variable rate based on SOFR plus an applicable margin of 6.50% under the Term Credit Agreement and 4.50% under the Revolving Credit Agreement, each subject to a 2.50% floor. As of September 30, 2026, the effective rate of the Term Facility, including amortization of debt issuance costs and accretion of the final payment, was 15.84%. The effective rate of the Revolving Facility was 8.30%. We are also required to make an end-of-term payment under the Term Credit Agreement of $1.4 million. Our obligations under the Credit Agreements are joint and several. They are secured by first-priority liens on substantially all of our assets and those of the Borrowers, including inventory, equipment, accounts, and intellectual property.

The Credit Agreements require us to maintain minimum liquidity of $5.0 million. They also require minimum trailing twelve-month net revenue from our orthobiologics products at or above specified levels, tested quarterly. We have had difficulty complying with the minimum net revenue covenant:

- In March 2026, we entered into the Amendment No. 4s with MidCap. They eliminated the minimum net revenue requirement for that quarter and revised the covenant to align solely with orthobiologics revenue. Under the terms in effect before the Amendment No. 4s, we would not have complied with the covenant for that quarter.

- In August 2026, we entered into the Amendment No. 5s, which eliminated the requirement for that quarter and set new minimum net revenue amounts. Under the terms in effect before the Amendment No. 5s, we would not have complied with the covenant for that quarter. In exchange, the Amendment No. 5s increased our scheduled quarterly Term Facility principal payments by $0.15 million in the fourth quarter of 2026 and by $0.3 million per quarter thereafter until the Term Facility is repaid in full.

Although we were in compliance with all applicable covenants as of September 30, 2026, we cannot assure you that we will remain in compliance. Nor can we assure you that we will not need further amendments or waivers similar to the Amendment No. 4s and Amendment No. 5s.

Our ability to comply with these covenants and service our indebtedness depends on our future performance, and our recent operating results heighten these risks. For the nine months ended September 30, 2026, we had a net loss of $16.1 million and used $10.3 million of cash in operating activities. Over the same period, our cash and cash equivalents declined to $7.8 million from $17.1 million at December 31, 2025. Our revenue has been adversely affected by the Coflex/CoFix and Paradigm Divestitures and by the loss of license revenue and certain skin substitute product revenue following reimbursement changes effective January 1, 2026.

Over the next twelve months, we must make $4.8 million of scheduled principal payments under the Term Facility, plus interest under the Credit Agreements. The $11.8 million outstanding under the Revolving Facility is classified as a current liability. We rely on continued revolving borrowings to fund our day-to-day operations. Those borrowings depend on borrowing base availability and on customary conditions, including the absence of a default, the accuracy of representations and warranties, and delivery of an updated borrowing base certificate. As a result, our access to credit fluctuates with our accounts receivable and inventory. If our revenue does not meet our expectations, if our borrowing base availability declines, or if we otherwise fail to comply with the covenants, we may need further amendments or waivers from MidCap. These may not be available on acceptable terms or at all.

A failure to comply with the covenants and other provisions of the Credit Agreements could result in an event of default. An event of default could cause the Credit Agreements to be suspended or terminated, require immediate repayment of our outstanding indebtedness, and permit MidCap to stop making advances under the Revolving Facility. Our lenders could also enforce their remedies against the collateral securing our obligations, which consists of substantially all of our assets. If this happens, we may be forced to sell assets, reduce or delay capital expenditures, seek additional capital, or refinance all or part of our indebtedness. We may not be able to do any of these things on commercially reasonable terms or at all. In that event, we could be required to curtail operations significantly, and we could even be required to cease operations, liquidate our assets, and possibly seek bankruptcy protection.

The Credit Agreements also contain covenants that limit or restrict our ability, subject to negotiated exceptions, to:

- incur additional indebtedness and liens;
- engage in mergers or acquisitions or dispose of assets;
- pay dividends or make other distributions;
- voluntarily prepay other indebtedness;
- enter into transactions with affiliates or make investments;
- undergo a change in control; or
- change the nature of our business.

We may need MidCap's consent before raising additional equity or debt financing or completing certain strategic transactions, and that consent may be withheld or conditioned. These restrictions may limit our ability to invest in our business, take advantage of business opportunities, and respond to changing conditions. Because our indebtedness bears interest at variable rates, an increase in interest rates would increase our debt service costs. Finally, we cannot assure you that we will be able to refinance or repay our indebtedness at or before its March 1, 2029 maturity on favorable terms or at all.

Our Distribution Agreement with Dilon Technologies, Inc. and related hiring of sales personnel have increased our sales and marketing costs and involve other risks, which could adversely affect our business, operating results, and financial condition.

In April 2026, we entered into a Distribution Agreement with Dilon Technologies, Inc. pursuant to which we obtained the exclusive rights to import, market, distribute and sell the HEMOBLAST® Bellows product in the United States, and Dilon agreed to transition its existing U.S. customer base for the product to us. In connection with the agreement, we hired approximately 20 Dilon sales personnel to assist in selling the HEMOBLAST® Bellows product in the United States, which has increased our sales and marketing expenses. While the agreement expands our portfolio and bolsters our commercial capabilities through the integration of Dilon's former U.S. sales team, we cannot assure that we will successfully sell the HEMOBLAST® Bellows product or integrate it with our portfolio. In addition, while we continue to believe we can leverage new cross-selling opportunities between the HEMOBLAST® Bellows product and our existing products, we cannot assure that we will be effective in doing so or otherwise realize the anticipated benefits of the Distribution Agreement, especially since our cross-selling efforts to date have not resulted in significant sales from cross-selling. While we anticipated that additional revenue from HEMOBLAST® Bellows sales and cross-selling opportunities would eventually offset these additional expenses, we cannot assure that they will or that the transition to us of Dilon's existing U.S. customer base will be successful.

Under the Distribution Agreement, Dilon agreed to continue to manufacture the HEMOBLAST® Bellows product at its facility in France and supply it to us at a specified transfer price, which price is subject to adjustment in certain circumstances. We rely on Dilon, as the sole manufacturer, to produce the product for us and in sufficient quantities and at an appropriate transfer price. There are no other suppliers of the HEMOBLAST® Bellows product. Accordingly, this arrangement involves risk since we do not control the manufacturing process and Dilon is responsible for all manufacturing decisions, as well as compliance with all applicable rules and regulations in connection therewith. Although we believe we will have a sufficient supply of the HEMOBLAST® Bellows product to support our anticipated sales through the end of 2026, we cannot be certain that supply will be available to us thereafter. If Dilon is unable to manufacture and supply the HEMOBLAST® Bellows product to us in sufficient quantities or at all or if the Distribution Agreement is terminated, then we will be unable to sell the product and recognize revenue in connection therewith.

Because either party may terminate the Distribution Agreement upon certain specified events, we can provide no assurance that the agreement will remain in effect, and any such termination would result in the loss of our distribution rights for the HEMOBLAST® Bellows product. Although Dilon currently has the right to terminate the Distribution Agreement upon 30 days' notice and repayment by Dilon of the $5.0 million exclusivity fee, it has not done so through the date of this report. No assurance can be provided, however, that Dilon will not terminate the Distribution Agreement. If the Distribution Agreement is terminated, we would need to reassign or terminate the sales personnel we hired to sell the HEMOBLAST® Bellows product.

Under the Distribution Agreement, we paid Dilon a $5.0 million exclusivity fee upon execution of the agreement. This fee is subject to repayment by Dilon under certain circumstances, including upon termination of the Distribution Agreement for any reason. Given the refundable nature of the payment, we initially recognized the $5.0 million as a deposit asset on our consolidated balance sheet. However, based on an assessment at the end of the second quarter of 2026 of facts and circumstances, including the uncertainty surrounding recovery of the payment and management's expectation that repayment was not probable at that time despite contractual repayment provisions, we recognized a $5.0 million charge to operating expenses during the second quarter of 2026, which adversely affected our operating results for the second quarter of 2026.

Our Board's review of strategic alternatives may not enhance stockholder value, and the review process could disrupt our business and adversely affect our operating results, financial condition, and stock price.

Our Board of Directors is conducting a comprehensive review of a broad range of strategic, operational and financial alternatives intended to maximize stockholder value. The review process involves numerous risks and uncertainties, including: the possibility that the process will not result in any particular action or outcome; the diversion of management's and our Board's attention from our ongoing business; the incurrence of significant advisory, legal, and other expenses; uncertainty that may adversely affect our ability to retain and recruit key employees, sales personnel, and independent agents and distributors; and potential disruption of our relationships with customers, GPOs, IDNs, suppliers and other business relationships. In addition, because the Board includes a representative of our largest stockholder, Nantahala, Nantahala's interests in any strategic alternative may differ from those of our other stockholders.

We have withdrawn our full-year 2026 financial guidance and are not providing revised guidance during the review, which may reduce the information available to investors. Speculation regarding the outcome of the review, or a decision to terminate the review without a transaction, could cause the market price of our common stock to fluctuate significantly or decline. These risks are heightened by our recent operating results, including our failure to meet our financial guidance in two consecutive quarters, our net loss and use of cash in operating activities for the nine months ended September 30, 2026, and our dependence on continued borrowings under the Revolving Facility.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

During the three months ended September 30, 2026, 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 SEC Regulation S-K.

ITEM 6. EXHIBITS

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

Exhibit No.	Description
2.1†	Asset Purchase Agreement, dated July 7, 2025, among Xtant Medical Holdings, Inc., Surgalign SPV, Inc., and Companion Spine, LLC, or its Affiliate designee (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 8, 2025 (SEC File No. 001-34951) and incorporated by reference herein).
2.2†	Amendment to Asset Purchase Agreement, dated as of November 30, 2025, between Xtant Medical Holdings, Inc., Surgalign SPV, Inc., and Companion Spine, LLC or its Affiliate designee (filed as Exhibit 2.3 to the Registrant's Current Report on Form 8-K filed with the SEC on December 3, 2025 (SEC File No. 001-34951) and incorporated by reference herein).
2.3†	Equity Purchase Agreement, dated July 7, 2025, among Xtant Medical Holdings, Inc., Paradigm Spine GmbH, and Companion Spine, LLC (filed as Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 8, 2025 (SEC File No. 001-34951) and incorporated by reference herein).
2.4	Amendment to and Assignment of Equity Purchase Agreement, dated November 30, 2025, among Xtant Medical Holdings, Inc., Paradigm Spine GmbH, Companion Spine, LLC and Companion Spine France SAS (filed as Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on December 3, 2025 (SEC File No. 001-34951) and incorporated by reference herein).
2.5	Second Amendment to Equity Purchase Agreement, dated January 14, 2026, between Xtant Medical Holdings, Inc. and Companion Spine France SAS (filed as Exhibit 2.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (SEC File No. 001-34951) and incorporated by reference herein).
3.1	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).
3.2	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).
10.1	Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Term Loan), dated as of August 10, 2026, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., as a guarantor, MidCap Financial Trust, as agent, and the other financial institutions or other entities from time to time parties thereto (filed as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarterly period ended June 30, 2026 (SEC File No. 001-34951) and incorporated by reference herein).
10.2	Amendment No. 5 to Amended and Restated Credit, Security and Guaranty Agreement (Revolving Loan), dated as of August 10, 2026, among Xtant Medical, Inc., Bacterin International, Inc., X-spine Systems, Inc., Surgalign SPV, Inc., and any additional borrower that hereafter becomes party thereto, Xtant Medical Holdings, Inc., as a guarantor, MidCap Funding IV Trust, as agent, and the other financial institutions or other entities from time to time parties thereto (filed as Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q for the quarterly period ended June 30, 2026 (SEC File No. 001-34951) and incorporated by reference herein).
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 September 30, 2026, 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 Comprehensive (Loss) Income, (iv) the unaudited Condensed Consolidated Statements of Equity, (v) the unaudited Condensed Consolidated Statements of Cash Flows, and (vi) 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 Company will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

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: November 16, 2026

By: */s/ Sean E. Browne*
Name: Sean E. Browne
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2026

By: */s/ Scott C. Neils*
Name: Scott C. Neils
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 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

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: November 16, 2026

By: */s/ Sean E. Browne*
Sean E. Browne
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 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

I, Scott C. 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: November 16, 2026

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

Exhibit 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

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 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.

November 16, 2026

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

Exhibit 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

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 of Xtant Medical Holdings, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott C. 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.

November 16, 2026

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