Risk Factors Comparison 2024-04-01 to 2023-03-07 Form: 10-K

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Our business and an investment in our common stock are subject to a variety of risks. The following risk factors describe some of the material factors that could have a material adverse effect upon our business, financial condition, results of operations, and the market price for our common stock. Many of these events are outside of our control. If any of these risks actually occur, our business, financial condition or results of operations may be materially adversely affected. In such case, the market price of our common stock could decline and investors in our common stock could lose all or part of their investment. Risk Factors Summary This summary is not complete and should be read in conjunction with the risk factors set forth below. Risks Related to Our Business ● **Our dependence on key suppliers of raw materials puts us at risk of interruptions in the availability of our products, which could reduce our sales and adversely affect our operating results and harm our reputation. We expect our revenues in future periods to be adversely affected by the current stem cell shortage. ● Our acquisitions of Surgalign SPV, certain assets and liabilities of Surgalign Holdings and certain assets of RTI in 2023 and any future acquisitions or business combinations we complete involve a number of risks, the occurrence of which could adversely affect our business, reputation, operating results and financial condition. ● We may be required to incur impairment and other charges resulting from the impairment of goodwill or other intangible assets recorded in connection with acquisitions. ● We operate in some markets outside the United States that are subject to political, economic, and social instability and expose us to additional risks. ● Operations conducted through our international subsidiaries require management attention and financial resources and exposes us to difficulties and risks presented by international economic, political, legal, accounting and business factors. ● We have identified material weaknesses in our internal control over financial reporting and cannot provide assurances that these weaknesses will be effectively remediated or that additional material weaknesses will not occur in the future. ●** Biologics products are inherently difficult and time-consuming to manufacture. We have experienced and could continue to experience manufacturing issues, which could negatively impact our business and results of operations. ● Prolonged inflation and supply chain disruptions could result in delayed product launches, lost revenue, higher costs and decreased profit margins ~~. ● COVID- 19 has adversely affected our business, operating results and financial condition~~ . ● We may not be able to compete successfully because we are smaller and have fewer financial resources and less ability to invest in the development of new products. ● **Our efforts to integrate acquired products with our existing product line may not be favorably received, which could negatively impact our results of operations and financial condition. ●** If we are unable to innovate, develop, introduce and market new products and technologies, our business ~~may be negatively affected~~ **and operating results would suffer** . ● Our private label and OEM business involves risks and may be subject to significant fluctuation. ● Our growth ~~and inventory~~ initiatives **designed to increase our revenue and scale may not be successful and** involve risks. ● Our biologics business is **highly** dependent on the availability of human donors and negative publicity could reduce demand for our biologics products and impact the supply of available donor tissue. ● **Substantially all of our revenue is conducted through independent sales agents and distributors who we do not control. ● We depend on a limited number of third- party suppliers for products, components and raw materials. ●** We are highly dependent on the continued availability of our facilities. ● We may be ~~subject~~ **party** to product liability litigation that could be expensive. ● Our quarterly operating results are subject to substantial fluctuations. ~~● We have completed business combinations in the past, including our recent acquisition of the Coflex and CoFix product lines, which involve risks and may do so in the future. ● We operate in some markets outside the United States that expose us to additional risks. ● Our ability to deduct interest is limited.~~ Risks Related to Governmental Regulation ● Our business is subject to extensive governmental regulation, including product approvals and clearances and healthcare fraud and abuse laws, false claims laws, and physician payment transparency laws. ● **Our clinical trials involve risk and expense. ●** Governmental regulation could restrict the use of our tissue products or our procurement of tissue. ● Outside of the United States, our medical devices must comply with the laws and regulations of the foreign countries in which they are marketed, and compliance may be costly and time- consuming. ● Modifications to our products may require new regulatory clearances or approvals or may require us to recall or cease marketing our products until clearances or approvals are obtained. ● Our manufacturing operations are required to comply with the FDA' s and other governmental authorities' laws and regulations regarding the manufacture and production of medical devices. ● Even if our products are cleared or approved by regulatory authorities, they could be subject to restrictions or withdrawal from the market. ● The use, misuse or off- label use of our products may harm our image in the marketplace or result in injuries that lead to product liability suits. ● If our products cause or contribute to a death or serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations and likely litigation. ● Any future product recall or voluntary market withdrawal of a product due to defects, enhancements and modifications or other reasons ~~could~~ **would** ~~adversely affect~~ **significantly increase** our **costs** ~~business and operating results~~ . ● If we or our suppliers fail to comply with regulations pertaining to human cells, tissues, and cellular and tissue- based products or are deemed to be biological products requiring approval of a BLA prior to being marketed, these products could be subject to withdrawal from the market or other enforcement action. ● Loss of AATB accreditation would have a material adverse effect on us. ● Federal regulatory reforms may adversely affect our **business and our** ability to sell our products ~~and our business. ● Product pricing is subject to regulatory control, which could impact our revenue and other operating results~~ . ● Our revenues depend upon prompt and adequate coverage and reimbursement from public and private insurers and national health systems. ● ~~Risks Related to~~ Our **business** ~~Reliance on Third Parties ● Substantially all of our revenue~~ is **subject to complex** ~~conducted through independent~~

~~distributors~~ and **evolving laws** ~~sales agents who we do not control. ● We depend on third- party suppliers for products, components~~ and ~~raw materials~~ **regulation regarding privacy and data protection** . Risks Related to Human Capital Management ● Our business is dependent on a sufficient number of qualified workers, and competition for such talent is intense. ● We have limited staffing and are dependent upon key employees. Risks Related to Our Outstanding Indebtedness, Need for Additional Financing and Financial Condition ● We have incurred significant losses, expect to continue to incur losses and may need additional financing to satisfy our anticipated future liquidity requirements. ● We have indebtedness that we may be unable to ~~refinance or~~ extend the maturity date of **or replace** and which may substantially limit our ability to conduct and invest in our business. Risks Related to Intellectual Property ● We could be required to pay damages or prevented from selling our products due to intellectual property lawsuits. ● We may not be able to obtain or protect our proprietary rights relating to our products which may cause us to lose market share to our competitors and be unable to operate our business profitably. Risks Related to ~~Our~~ Information Technology, Cybersecurity and Data Protection ● We are dependent on various information technology systems, and failures of, interruptions to, or unauthorized tampering with those systems could have a material adverse effect on our business. Risks Related to Our Controlled Company Status ● We are a " controlled company " within the meaning of the NYSE American rules since OrbiMed funds own a significant percentage of our common stock ~~. As such~~ , **which means OrbiMed is** ~~they have the right to designate a majority of our Board of Directors, and are~~ able to exert significant control over our Company **, preventing other stockholders** and ~~management~~ **new investors from influencing significant corporate decisions** . Risks Related to Our Common Stock ● Shares of our common stock are equity securities and **are** subordinate to our outstanding indebtedness. ● The market price of our common stock is extremely volatile **. ● Our actual operating results may differ significantly from our financial guidance** . ● We may issue additional common stock resulting in dilution, and the sale or availability for sale of our common stock could adversely affect the market price of our common stock. ● ~~Our common stock may be delisted if we do not comply with the NYSE American continued listing requirements. ●~~ Anti- takeover provisions **in our organizational documents and agreements** may discourage or prevent a change in control ~~. ● Our Amended and Restated Certificate of Incorporation (" Charter ") authorizes us to issue and designate shares of our preferred stock without stockholder approval and designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders. ● We have never paid dividends and do not expect to do so in the foreseeable future~~ . General Risk Factors ● We are subject to several other general risk factors, including risk regarding worldwide economic instability and social unrest; climate change; changes in accounting standards; public company requirements; securities litigation and environmental, social and governance practices scrutiny **our business,reputation,operating results and financial condition,including:● diversion of management' s attention;● disruption to our existing operations and plans;● inability to effectively manage our expanded operations;● difficulties or delays in integrating and assimilating information and financial systems,operations,manufacturing processes and products of an acquired business or other business venture or in realizing projected efficiencies,growth prospects,cost savings,and synergies;● inability to successfully integrate or develop a** distribution ~~channels~~ **channel** for acquired product lines;● potential loss of key employees,customers,distributors,or sales representatives of the acquired businesses or adverse effects on existing business relationships with suppliers,customers,distributors,and sales representatives;● adverse impact on overall profitability if our expanded operations do not achieve the ~~efficiencies,growth projections,net sales,earnings,cost or revenue synergies,or other~~ financial results projected in our valuation models ~~,delays in the realization thereof or costs or charges incurred to achieve any revenue or cost synergies~~ ;● reallocation of amounts of capital from other operating initiatives and / or an increase in our leverage and debt service requirements to pay acquisition purchase prices or other business venture investment costs,which could in turn restrict our ability to access additional capital when needed or pursue other important elements of our business strategy;● infringement by acquired businesses or other business ventures of intellectual property rights of others;● violation of confidentiality,intellectual property and non- compete obligations or agreements by employees of an acquired business or lack of or inadequate formal intellectual property protection mechanisms in place at an acquired business;● inaccurate assessment of additional post- acquisition investments,undisclosed,contingent ~~,tax~~ or other liabilities or problems,unanticipated costs associated with an acquisition,and an inability to recover or manage such liabilities and costs;● incorrect estimates made in the accounting for acquisitions ~~,including those related to the material weaknesses discussed elsewhere in this Annual Report on Form 10- K,~~ and incurrence of non- recurring charges ~~,including restructuring charges in connection with any future effort to reduce costs and streamline operations~~ ;and ● ~~impacts as a result of accounting adjustments,incorrect estimates made in the accounting for the acquisitions,including those related to the material weaknesses discussed elsewhere in this Annual Report on Form 10- K,or the potential~~ write- off of significant amounts of goodwill or other assets as a result of deterioration in the performance of an acquired business or product line,adverse market conditions,changes in the competitive landscape,changes in laws or regulations that restrict activities of an acquired business or product line,or as a result of a variety of other circumstances ~~,or other potential financial accounting or reporting impacts,including those resulting from the international subsidiaries we acquired from Surgalign Holdings~~ .In addition,effective internal controls are necessary for us to provide reliable and accurate financial reports and to effectively prevent fraud.The integration of acquired businesses may result in our systems and controls becoming increasingly complex and more difficult to manage.We devote significant resources and time to comply with the internal control over financial reporting requirements of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ").However,we cannot be certain that these measures will ensure that we design,implement,and maintain adequate control over our financial processes and reporting in the future,especially in the context of acquisitions of other businesses,regardless of whether such acquired business was previously privately or publicly held. ~~For example,in connection with the audit of our consolidated financial statements for the fiscal year ended December 31,2023,we identified certain control deficiencies in the design and implementation of our internal control over financial reporting that related to our recent acquisitions,which constituted two material weaknesses.~~ Any ~~such~~ difficulties in the assimilation of acquired businesses into our

control system could harm our operating results or cause us to fail to meet our financial reporting obligations.Also,some acquisitions,such as our **recent** acquisition of Surgalign SPV ~~,our acquisition of certain assets and liabilities of Surgalign Holdings,and our acquisition of certain assets of RTI~~ ,may require the consent of the lenders under our credit agreements with MidCap and / or the consent of Royalty Opportunities and ROS under the Investor Rights Agreement.We cannot predict whether such approvals would be forthcoming or the terms on which the lenders or these investors would approve future acquisitions.These risks,among others,could be heightened if we complete a large acquisition or other business combination or multiple transactions within a relatively short period of time **.Although** ~~or~~ **our international business is not substantial** , ~~if such approvals~~ **we do operate in some markets outside the United States that** are ~~not obtained~~ **subject to political** , ~~could prevent~~ **economic,and social instability and expose** us **to additional risks.Although our revenue** from ~~completing acquisitions that we believe would be beneficial~~ **outside the United States comprised only 1 % of our total revenue for the year ended December 31,2022,our international sales operations nevertheless expose us and our representatives,agents,and distributors** to **the following risks inherent in operating in foreign jurisdictions:● the imposition of additional U.S.and foreign governmental controls** ~~our~~ **or regulations on orthopedic implants** ~~business.We may be required to incur impairment~~ and ~~other charges resulting~~ **biologic products;● withdrawal** from ~~the impairment of goodwill~~ or **revision to international trade policies or agreements and** ~~other~~ **the** ~~intangible assets recorded~~ **imposition or increases** in ~~connection with acquisitions.~~ **import and export licensing and other compliance requirements,customs duties and tariffs,import and export quotas and other trade restrictions,license obligations,and other non- tariff barriers to trade;● economic instability,including economic instability caused** . Biologics products are inherently difficult and time-consuming to manufacture. We have experienced and could continue to experience manufacturing issues, which could negatively impact our business and results of operations. Biologics products are inherently difficult and time- consuming to manufacture. Our products are manufactured using technically complex processes requiring specialized equipment and facilities, highly specific raw materials. Other production constraints, including the number of processors we are able to hire, the number of clean rooms available in our facilities, and our ability to automate certain processes by implementing labor saving technology also affect the speed and extent of our production. The complexity of these processes, as well as strict company and government standards for the manufacture and storage of our products, subjects us to production risks. A shortage of the number of processors or clean rooms or inadequate levels of automation may cause us to be unable to operate at full production, which has in the past and could continue to negatively impact our business and results of operations. For example, as a result of the labor shortage we experienced in 2022 **and, to a lesser extent, in 2023** , we were unable to operate at full capacity from time to time, which caused us to pass on certain revenue opportunities we otherwise may have been able to pursue. To ~~try to~~ mitigate this issue in the future, we have made certain operational changes and continue to implement processes that are intended to automate certain tasks. ~~No~~ **Additionally, in 2023, we increased our recruiting and onboarding activities and increased our plant capacity. However, no** assurance can be provided that these measures will be successful. Prolonged inflation and supply chain disruptions could result in delayed product launches, lost revenue, higher costs and decreased profit margins. A majority of our products are manufactured and sold inside of the United States, which increases our exposure to domestic inflation and fuel price increases. ~~Recent inflationary~~ **Inflationary** pressures stemming from supply chain disruptions and increased demand ~~have~~ resulted in increased fuel, raw material and other costs ~~which~~ **in 2022. Although these conditions improved in 2023** , ~~if~~ **similar issues in** ~~they~~ **the future** ~~continue for a prolonged period,~~ may adversely affect our results of operations ~~. In order to combat high levels of inflation, the Federal Reserve raised its target range for the federal funds rate seven times in 2022, representing a cumulative 425 basis point increase. As of December 31, 2022, the target range for the federal funds rate was 4. 25 % to 4. 50 %. Additionally, the Federal Reserve has indicated that it is likely to continue to raise the rate to a peak level of 4. 60 % in 2023 in order continue its efforts to curtail high inflation. However, there is no guarantee that these interest rate increases will slow inflation, and we may continue to be adversely impacted by high levels of inflation~~ . Additionally, we have experienced shortages in certain raw materials, suppliers have been unable to meet delivery schedules due to excess demand and labor shortages, and lead times have lengthened throughout our supply chain **. For example, as described elsewhere in these risk factors, in the third and fourth quarters of fiscal 2023, stem cells used to produce our OsteoVive viable cell allograft became unavailable and may remain unavailable for the foreseeable future** . Our efforts to mitigate supply chain weaknesses may not be successful or may have unfavorable effects. For example, efforts to purchase raw materials in advance for product manufacturing may result in increased storage costs or excess supply. If our costs rise due to continuing ~~significant inflationary pressures or~~ supply chain disruptions, we may not be able to fully offset such higher costs through price increases. In addition, delays in obtaining materials from our suppliers could delay product launches or result in lost opportunities to sell our products due to their unavailability. Increased costs and decreased product availability due to supply chain issues could adversely impact our revenue and / or gross margin, and could thereby harm our business, financial condition, and results of operations . Our business, operating results and..... described in this Form 10- K . Many competitive products exist, and we expect more will be developed. Our operating results have suffered during the past few years due to intense competition and we may not be able to compete successfully because we are smaller and have fewer financial resources and less ability to invest in the development of new products. The markets for our products are highly competitive and subject to rapid and profound technological change. Our success depends, in part, on our ability to maintain a competitive position in the development of technologies and products for use by our customers. Many of the companies developing or marketing competitive products enjoy several competitive advantages over us, including greater financial and human resources for product development and sales and marketing; greater name recognition; established relationships with surgeons, hospitals and third- party payors; broader product lines and the ability to offer rebates or bundle products to offer greater discounts or incentives to gain a competitive advantage; and established sales and marketing and distribution networks. Our competitors may develop and patent processes or products earlier than us, obtain regulatory clearances or approvals for competing products more rapidly than us,

develop more effective or less expensive products or technologies that render our technology or products obsolete or non-competitive or acquire technologies and technology licenses complementary to our products or advantageous to our business, which could adversely affect our business and operating results. Not all of our sales and other personnel have non- compete agreements. We also compete with other organizations in recruiting and retaining qualified sales and management personnel, which may exacerbate the effects of the labor shortages we are currently experiencing, as described above. If our competitors are more successful than us in these matters, we may be unable to compete successfully against our existing or future competitors. Our industry has been subject to increasing consolidation. Consolidation in our industry not involving our Company could result in existing competitors increasing their market share through business combinations and result in stronger competitors, which could have a material adverse effect on our business, financial condition, and operating results. We may be unable to compete successfully in an increasingly consolidated industry and cannot predict with certainty how industry consolidation will affect our competitors or us. **Our efforts to integrate acquired products with our existing product line may not be favorably received, which could negatively impact our results of operations and financial condition. Following our acquisition of the Coflex and CoFix product lines, Surgalign Holdings' hardware and biologics business, and the nanOss product line, we have worked to integrate the products acquired with our existing product line as applicable. However, there can be no assurance that our integration initiative will be successful, and these changes may not be favorably received by our customers, which could negatively impact our results of operations and financial condition.** If we are unable to innovate, develop, introduce and market new products and technologies, we may experience a decrease in market share or revenue if our products become obsolete, and our business and operating results would suffer. Due to **limited** ~~lack of~~ funding, our research and development efforts and ability to develop new products have ~~suffered~~ **been constrained** during the past several years. We may be unable to compete effectively with our competitors unless we can keep up with existing or new products and technologies in the markets in which we compete. If we do not continue to innovate, develop, introduce and market new products and technologies, or if those products and technologies are not accepted, we may not be successful. Moreover, research and development efforts require a substantial investment of time and resources before we are adequately able to determine the commercial viability of a new product, technology, material, or innovation and our current and recent annual operating plans have not provided for any significant investment in new products. Demand for our products also could change in ways we may not anticipate due to evolving customer needs, changes in customer health insurance coverage, changing demographics, slow industry growth rates, declines in our markets, the introduction of new products and technologies, evolving surgical philosophies, and evolving industry standards, among others. Additionally, our competitors' new products and technologies may beat our products to market, may be more effective or less expensive than our products, or may render our products obsolete. It is also important that we carefully manage our introduction of new and enhanced products and technologies. If potential customers delay purchases until new or enhanced products are available, it could negatively impact our revenue. Our new products and technologies also could reduce demand for or render our existing products obsolete and thus adversely affect sales of our existing products and lead to increased expense for excess and obsolete inventory. Our private label and OEM business, which we expect to account for an increasing percentage of our revenue, involves risks and may be subject to significant fluctuation on a product to product basis from period to period since our customers could decide to use other OEMs. We expect an increasing portion of our future revenues to be derived from our private label and original equipment manufacturer, or OEM, business. This expectation is based on our plan to focus on expanding this business. We may not be successful, however, in retaining or expanding our private label and OEM business. Our private label and OEM business, although not subject to commissions, involves lower gross margins which, if this business increases as a percentage of our revenue, will **reduce** ~~put pressure on~~ our future gross margins. In addition, our private label and OEM business involves other additional risks. For example, we generally do not have long- term supply agreements covering this business so our customers could periodically decide to use other OEMs based on cost, quality, delivery time, production capacities, competitive and regulatory considerations or other factors. Thus, revenues from our private label and OEM customers and the products we provide them are subject to significant fluctuation on a product to product basis from period to period. The success of our private label and OEM business is dependent upon the success of our private label and OEM customers in creating demand for and selling the products that we manufacture for them. If our private label and OEM business significantly increases, we may experience difficulties in staffing our manufacturing facility and meeting demand. Our growth initiatives designed to increase our revenue and scale may not be successful and involve risks. During ~~2021 and~~ 2022 **and 2023** , we focused primarily on four key growth initiatives: (1) introduce new products; (2) expand our distribution network; (3) penetrate adjacent markets; and (4) leverage our growth platform with technology and strategic acquisitions. **In 2023, we worked towards these growth initiatives primarily through our strategic acquisitions of Surgalign SPV, Surgalign Holdings' hardware and biologics business, and RTI' s nanOss production operations, which allowed us to add to our existing product line and expand our distribution network.** We intend to continue to pursue these key growth initiatives in ~~2023~~ **2024** . While the intent of these four key growth initiatives is to increase our future revenues, no assurance can be provided that we will be successful in implementing these growth initiatives or increasing our future revenues. Also our key growth initiatives involve risks, including effects on our product sales mix, which may adversely affect our gross margins and operating results. For example, a decrease in sales of our hardware products typically reduces our gross margins. In addition, margins vary among our biologics products, so the current trend towards our fiber- based products as opposed to our cancellous- based products may also reduce our future gross margins. Our ~~inventory initiatives designed to increase production of our more popular biologics products may not be successful. We are currently focused on increasing production of our more popular biologics products by adding more cleanroom space and taking certain other actions. Some of these initiatives are costly to implement and may not be successful. No assurance can be provided that we will be successful in implementing our inventory initiatives or that they will lead to increased revenues. Our~~ biologics business is highly dependent on the availability of human donors. Any disruptions could

cause our customers to seek alternative providers or technologies and harm our business and operating results. Our mission is, " honoring the gift of donation, by allowing our patients to live as full, and complete a life as possible. " Accordingly, our biologics business is highly dependent on our ability to obtain donor cadavers as the raw material for many of our biologics products. The availability of acceptable donors is relatively limited, and we compete with many other companies for this limited availability. The availability of donors is also impacted by regulatory changes, AATB requirements, general public opinion of the donor process and our reputation for our handling of the donor process. In addition, due to seasonal changes in the mortality rates, some scarce tissues are at times in short supply. A disruption in the supply of this crucial raw material could have significant consequences for our revenue, operating results and continued operations. Negative publicity concerning methods of tissue recovery and screening of donor tissue in our industry could reduce demand for our biologics products and impact the supply of available donor tissue. Media reports or other negative publicity concerning both alleged improper methods of tissue recovery from donors and disease transmission from donated tissue could limit widespread acceptance of some of our biologics products. Unfavorable reports of improper or illegal tissue recovery practices, both in the United States and internationally, as well as incidents of improperly processed tissue leading to the transmission of disease, may broadly affect the rate of future tissue donation and market acceptance of technologies incorporating human tissue. In addition, such negative publicity could cause the families of potential donors to become reluctant to agree to donate tissue to for- profit tissue processors ~~meet our quality and other requirements or our failure to~~ order a sufficient supply of products,components and raw materials,could harm our business and operating results.Outside suppliers,some of whom are sole- source suppliers,provide us with products and raw materials and components used in manufacturing our orthobiologics and spinal implant products.We strive to maintain sufficient inventory of products,raw materials and components so that our production will not be significantly disrupted if a particular product,raw material or component is not available to us for a period of time,including as a result of a supplier' s loss of its ISO or other certification,long required lead times,or other reasons **,such as the supply chain and shipping disruptions experienced throughout 2021 and 2022** .Despite our efforts,we sometimes experience an insufficient inventory of products,raw materials and / or components.If we fail to plan our procurement accordingly or are unable to obtain sufficient quantities of raw materials and components used in manufacturing our orthobiologics and spinal implant products that meet our quality and other requirements on a timely basis for any reason,we may not produce sufficient quantities of our products to meet market demand until a new or alternative supply source is identified and qualified and,as a result,we could lose customers,our reputation could be harmed,and our business could suffer.Furthermore,an uncorrected defect or supplier' s variation in a component or raw material that is incompatible with our manufacturing,unknown to us,could harm our ability to manufacture products.Although we believe there are alternative supply sources,replacing our suppliers may be impractical or difficult in many instances.For example,we could have difficulty obtaining similar products from other suppliers that are acceptable to the FDA or other foreign regulatory authorities.In addition,if we are required to transition to new suppliers for certain components or raw materials of our products,the use of components or materials furnished by these alternative suppliers could require us to alter our operations,and if we are required to change the manufacturer of a critical component of our products,we will have to verify that the new manufacturer maintains facilities,procedures and operations that ~~comply with our quality~~ . We are highly dependent on the continued availability of our facilities and would be harmed if they were unavailable for any prolonged period of time. Any failure in the physical infrastructure of our facilities or services could lead to significant costs and disruptions that could reduce our revenues and harm our business, reputation and financial results. We are highly reliant on our Belgrade, Montana facilities. Any natural or man- made event that impacts our ability to utilize these facilities could have a significant impact on our operating results, reputation and ability to continue operations. The regulatory process for approval of facilities is time- consuming and our ability to rebuild facilities would take a considerable amount of time and expense and cause a significant disruption in service to our customers. Further, the FDA or some other regulatory agency could identify deficiencies in future inspections of our facilities or our supplies that could disrupt our business and harm our operating results. We may be party to product liability litigation that could be expensive, and our insurance coverage may not be adequate in a catastrophic situation. The manufacture and sale of medical devices and biologics expose us to significant risk of product liability claims, which are made against us from time to time. We may incur material liabilities relating to product liability claims, including product liability claims arising out of the use of our products, if the liabilities exceed or are not covered under our insurance program. No assurance can be provided that any amounts that we may be required to pay to resolve such matters in the future will be within our insurance limits. We also could experience a material design or manufacturing failure in our products, a quality system failure, other safety issues, or heightened regulatory scrutiny that would warrant a recall of some of our products. Product liability lawsuits and claims, safety alerts and product recalls, regardless of their ultimate outcome, could result in decreased demand for our products, injury to our reputation, significant litigation and other costs, substantial monetary awards to or costly settlements with patients, product recalls, loss of revenue, increased regulatory scrutiny, and the inability to commercialize new products or product candidates, and otherwise have a material adverse effect on our business and reputation and on our ability to attract and retain customers. Our quarterly operating results are subject to substantial fluctuations, and you should not rely on them as an indication of our annual or future results. Our quarterly revenue and operating results have varied and in the future may vary significantly, and period- to- period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of our annual results or future performance. Any shortfalls in revenue or earnings from levels expected by industry analysts or investors, as a result of such quarterly fluctuations or otherwise, could have an immediate and significant adverse effect on the market price of our common stock in any given period. Our quarterly operating results may vary significantly due to a combination of factors, many of which are beyond our control. These factors include, among others: ● demand for our products; ● the effect of labor and staffing shortages at hospitals and other medical facilities on the number of elective procedures in which our products are used as well as global and local labor shortages and loss of personnel; ● the effect of inflation, increased interest rates and other recessionary indicators and supply chain

disruptions; ● the impact of **infectious diseases, such as** COVID- 19 **, RSV or the flu, and hospital capacity** on the number of elective procedures and our business and operating results; ● the level of competition; ● the number, timing, and significance of new products and product introductions and enhancements by us and our competitors; ● our ability to develop, introduce, and market new and enhanced versions of our products on a timely basis; ● the timing of or failure to obtain regulatory clearances or approvals for our products; ● changes in pricing policies by us and our competitors; ● changes in the treatment practices of our customers; ● changes in independent sales representative or distributor relationships and sales force size and composition; ● the timing of material expense- or income- generating events and the related recognition of their associated financial impact; ● the number and mix of products sold in the quarter and the geographies in which they are sold; ● the number of selling days; ● the availability and cost of components and materials; ● the timing of orders and shipments; ● ability to obtain reimbursement for our products and the timing of patients' use of their calendar year medical insurance deductibles; ● work stoppages or strikes in our industry; ● changes in FDA and foreign governmental regulatory policies, requirements, and enforcement practices; ● changes in accounting standards, policies, estimates, and treatments; ● restructuring, impairment, and other special charges; ● costs associated with pending and any future litigation; ● variations in cost of sales due to the amount and timing of excess and obsolete inventory charges and manufacturing variances; ● income tax fluctuations and changes in tax rules; ● general economic, social and other external factors; and ● increases of interest rates, which can increase the cost of borrowings under our credit agreements and generally affect the level of economic activity. **Our** ~~We have completed acquisitions and~~ business ~~combinations in the past and our current business strategy includes targeted strategic acquisitions in the future. Acquisitions and business combinations are risky and may harm our business, reputation~~ , operating results and financial condition ~~. We have completed acquisitions and business combinations in the past, including our recent acquisition of Surgalign SPV, Inc. (" Surgalign SPV "), and~~ may **be materially** complete acquisitions and business combinations in the..... risks, the occurrence of which could adversely ~~affect~~ **affected** our business, reputation, operating results..... economic instability, including economic instability caused by COVID- 19 and **other infectious diseases** .At the onset of,and at various times during,the COVID- 19 pandemic,hospitals and other medical facilities ~~have~~ cancelled or deferred elective procedures,diverted resources to patients suffering from infections and limited access for non- patients,including our direct and indirect sales representatives.Additionally,hospitals and other medical facilities have **since** experienced high levels of staff turnover ~~resulting from layoffs,employee burnout and the reallocation of nurses to COVID- 19 care,particularly during surges in COVID- 19 cases~~ .Because of these circumstances,surgeons and their patients ~~have~~ **occasionally** deferred ~~,and may continue to defer,~~ procedures in which our products otherwise would be used.These circumstances ~~have~~ negatively impacted ~~,and may continue to negatively impact,~~ the number of elective procedures being conducted and the ability of our employees,independent sales representatives and distributors to effectively market and sell our products,which ~~has~~ had **a material adverse effect on our revenues.Similar conditions arising from a resurgence of COVID- 19 infections,RSV,the flu,or other infectious diseases could similarly cause surgeons** and **their patients** ~~will likely continue~~ to **defer procedures in which our products otherwise would be used and limit the ability of our employees,independent representatives and distributors to effectively market and sell our products,which could again** have a material adverse effect on our revenues. **Fluctuations** ~~During the first quarter of 2022,spine and other surgery procedure volumes were negatively impacted~~ in **foreign** ~~many of our key markets,due to cancellations and / or~~ currency **exchange rates could result in declines in our earnings and changes in our foreign currency translation adjustments. Because the functional currency of our foreign operations is the applicable local currency, we are exposed to foreign currency exchange rate** risk ~~between~~ **arising from transactions in the normal course of business. Our principal exchange rate exposure is with the Euro, the Swiss franc and the British pound against** the U. S. dollar ~~and~~ **. Fluctuations in** foreign ~~currencies, in our markets; ● political instability, including instability related to the current~~ **currency exchange rates could result in declines in** ~~conflict between Russia and Ukraine; ● a shortage of high- quality international salespeople and distributors; ● loss of any key personnel who possess proprietary knowledge or~~ **our earnings. Any** ~~are otherwise important to our success in international markets; ●~~ changes in **foreign currency exchange rates would be reflected as a foreign currency** ~~third- party reimbursement policy that may require some of the patients who receive our products to directly absorb medical costs or that may necessitate our reducing selling prices for our products; ● transportation~~ **translation adjustment. We do not hedge against our foreign currency exchange rate risk** ~~delays and interruptions, including due to recent supply chain and shipping disruptions; and ● exposure to different legal and political standards~~ . Our ability to deduct interest is limited. Our ability to deduct interest on indebtedness properly allocable to our trade or business (which excludes investment interest) is limited to an amount equal to the sum of (i) our business interest income during the taxable year and (ii) 30 % of our adjusted taxable income for such taxable year. For taxable years beginning after 2021, our adjusted taxable income for purposes of computing the 30 % limitation will be reduced by depreciation, amortization and depletion deductions thereby causing a more restrictive limitation than that which ~~existing~~ **existed** for taxable years beginning prior to 2022. Disallowed interest deductions may be carried forward indefinitely and treated as business interest paid or accrued in the succeeding taxable year. A shift in performing more procedures in ambulatory surgical centers from hospitals would likely **reduce** ~~put pressure on~~ the prices of our products and margins. We anticipate that more outpatient eligible procedures may be performed in ambulatory surgery centers and that this trend will continue as a cost control measure within the healthcare system. Because ambulatory surgery center facility fee reimbursement is typically less than facility fee reimbursement for hospitals and due to surgeons' potential ownership interests in ambulatory surgery centers, we typically experience **reduced** ~~more pressure on the~~ pricing of our products by ambulatory surgery centers than by hospitals, and the average price for which we sell our products to ambulatory surgery centers is less than the average prices we charge to hospitals. In addition, some surgeons may choose to use fewer implants due to their interest in the profitability of the ambulatory surgery center. An accelerated shift of procedures using our products to ambulatory surgery centers could adversely impact the average selling prices of our products and our revenues could suffer as a result. Our business is subject to extensive regulation, including requirements for regulatory clearances or approvals

prior to commercial distribution of our products. If we fail to maintain regulatory clearances and approvals, or are unable to obtain, or experience significant delays in obtaining, FDA clearances or approvals for our future products or product enhancements, our ability to commercially distribute and market these products could suffer. Our medical device products and operations are subject to extensive regulation by the FDA and various other federal, state and foreign governmental authorities. Government regulation of medical devices is meant to assure their safety and effectiveness, and includes regulation of, among other things: ● design, development and manufacturing; ● testing, labeling, packaging, content and language of instructions for use, and storage; ● clinical trials; ● product safety; ● premarket clearance and approval; ● marketing, sales and distribution (including making product claims); ● advertising and promotion; ● product modifications; ● recordkeeping procedures; ● reports of corrections, removals, enhancements, recalls and field corrective actions; ● post- market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury; ● complying with the federal law and regulations requiring Unique Device Identifiers (" UDI ") on devices and their labeling and also requiring the submission of certain information about each device to FDA' s Global Unique Device Identification Database (" GUDID "); and ● product import and export. Before a new medical device, or a new use of, or claim for, an existing product can be marketed in the United States, it must first receive either premarket clearance under Section 510 (k) of the FDCA, a de novo classification or a PMA, from the FDA, unless an exemption applies. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time- consuming, and we may not be able to obtain these clearances or approvals on a timely basis, if at all. Most of our currently commercialized products have received premarket clearances under Section 510 (k) of the FDCA. In the future, the FDA may determine that our products will require the more costly, lengthy and uncertain de novo or PMA processes. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, our product introductions or modifications could be delayed or canceled, which could adversely affect our revenue. Although we do not currently market any devices under PMA and have not gone through the de novo classification process for marketing authorization, we cannot assure you that the FDA will not demand that we obtain a PMA or de novo classification prior to marketing or that we will be able to obtain 510 (k) clearances with respect to future products. The FDA can delay, limit or deny clearance or approval of a device for many reasons, including: ● we may not be able to demonstrate to the FDA' s satisfaction that our products meet the standard of " substantial equivalence " for a 510 (k) or meet the standard for the FDA to grant a petition for de novo classification; ● we may not be able to demonstrate to the FDA' s satisfaction that our products are safe and effective for their intended uses; ● the data from our pre- clinical studies (bench and / or animal) and clinical trials may be insufficient to support clearance or approval in general or for specific, commercially desirable indications, where required; ● the manufacturing process or facilities we use may not meet applicable requirements; and ● changes in FDA clearance or approval policies or the adoption of new regulations may require additional data. In addition, even if we do obtain clearance or approval, the FDA may not approve or clear these products for the indications that are necessary or desirable for successful commercialization. Any delay in, or failure to receive or maintain, clearances or approvals for our products under development could prevent us from generating revenue from these products or achieving profitability **. Our clinical trials involve risk and expense and may fail to demonstrate competent and reliable evidence of the safety and effectiveness of our products, which in the case of product in development would prevent or delay their commercialization. As a result of our acquisition of the Coflex product line, we are required by the FDA to conduct a post- market surveillance study. In addition, we may be required to conduct other clinical studies that demonstrate competent and reliable evidence that our products are safe and effective before we can commercialize our products. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. We cannot be certain that our planned clinical trials or any other future clinical trials will be successful. In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our products for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our products. Even if regulatory approval is secured for any of our products, the terms of such approval may limit the scope and use of our products, which may also limit their commercial potential. The commencement or completion of any clinical trial may be delayed or halted, or be inadequate to support approval of a PMA application, for numerous reasons, including, but not limited to, the following: ● The FDA or other regulatory authorities do not approve a clinical trial protocol or a clinical trial, or place a clinical trial on hold; ● Patients do not enroll in clinical trials at the rate expected; ● Patients do not comply with trial protocols; ● Patient follow- up is not at the rate expected; ● Patients experience adverse events; ● Patients die during a clinical trial, even though their death may not be related to the products that are part of the trial; ● Device malfunctions occur with unexpected frequency or potential adverse consequences; ● Side effects or device malfunctions of similar products already in the market that change the FDA' s view toward approval of new or similar PMAs or result in the imposition of new requirements or testing; ● Institutional review boards and third- party clinical investigators may delay or reject the trial protocol; ● Third- party clinical investigators decline to participate in a trial or do not perform a trial on the anticipated schedule or consistent with the clinical trial protocol, investigator agreement, investigational plan, good clinical practices, the IDE regulations, or other FDA or institutional review board requirements; ● Third- party investigators are disqualified by the FDA; ● We or third- party organizations do not perform data collection, monitoring and analysis in a timely or accurate manner or consistent with the clinical trial protocol or investigational or statistical plans, or otherwise fail to comply with the investigational device exemption regulations governing responsibilities, records, and reports of sponsors of clinical investigations; ● Third- party clinical investigators have significant financial interests related to us or our study such that the FDA deems the study results unreliable, or the company or investigators**

fail to disclose such interests; ● Regulatory inspections of our clinical trials or manufacturing facilities, which may, among other things, require us to undertake corrective action or suspend or terminate our clinical trials; ● Changes in government regulations or administrative actions; ● The interim or final results of the clinical trial are inconclusive or unfavorable as to safety or effectiveness; or ● The FDA concludes that our trial design is unreliable or inadequate to demonstrate safety and effectiveness . We are subject, directly and indirectly, to federal and state healthcare fraud and abuse laws, false claims laws, and physician payment transparency laws. Failure to comply with these laws may subject us to substantial penalties. We are subject to federal and state healthcare laws and regulations pertaining to fraud and abuse, and physician payment transparency, including false claims laws, anti- kickback laws and physician self- referral laws. Many states require compliance with different types of pricing transparency requirements such as having a code of conduct, as well as reporting remuneration paid to health care professionals or entities in a position to influence prescribing behavior. Violations of these federal and state laws can result in criminal and / or civil punishment, including fines, imprisonment and, in the United States, exclusion from participation in government healthcare programs. Greater scrutiny of marketing practices in our industry has resulted in numerous government investigations, prosecutions and settlements by various government authorities and this industry- wide enforcement activity is expected to continue. If a governmental authority were to determine that we do not comply with these laws and regulations, the Company and our directors, officers and employees could be subject to criminal and civil penalties, including exclusion from participation in U. S. federal healthcare reimbursement programs. Many of these healthcare laws inevitably influence company standards of conduct. Other laws tie into these standards as well, such as compliance with the advertising and promotion regulations under the FDCA, the U. S. Federal Anti- Kickback Statute, the Federal False Claims Act, the Federal Physician Payments Sunshine Act and other laws. We use many distributors and independent sales representatives in certain territories and thus rely upon their compliance with applicable laws and regulations, such as with the advertising and promotion regulations or similar laws under countries located outside the United States and other applicable federal, state or international laws. These laws include: ● the U. S. Federal Anti- Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the Federal Anti- Kickback Statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the Federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the U. S. Federal False Claims Act; this may constrain our marketing practices and those of our independent sales agencies, educational programs, pricing, bundling and rebate policies, grants for physician- initiated trials and continuing medical education, and other remunerative relationships with healthcare providers; ● federal false claims laws (such as the U. S. Federal False Claims Act) which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims seeking payment from Medicare, Medicaid or other federal- funded third- party payors that are false or fraudulent; this may impact the reimbursement advice we give to our customers as it cannot be inaccurate and must relate to on- label uses of our products; ● federal criminal laws that prohibit executing a scheme to defraud any federal healthcare benefit program or making false statements relating to healthcare matters; ● the Federal Physician Payments Sunshine Act, which requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children' s Health Insurance Program (with certain exceptions) to report annually to CMS, information related to payments or other " transfers of value " made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and requires applicable manufacturers and group purchasing organizations to report annually to CMS ownership and investment interests held by the physicians described above and their immediate family members and payments or other " transfers of value " to such physician owners. We are also required to collect information on payments or transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and certified nurse- midwives for reporting to CMS; ● analogous state and foreign law equivalents of each of the above federal laws, such as state anti- kickback prohibitions and false claims prohibitions which may apply to items or services reimbursed by any third- party payor, including commercial insurers; state laws that require device companies to comply with the industry' s voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require device manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other and federal law in significant ways and may not have the same effect, thus complicating compliance efforts; and ● the Federal Health Insurance Portability and Accountability Act of 1996 (" HIPAA "), and its implementing regulations, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters and which also imposes certain regulatory and contractual requirements regarding the privacy, security and transmission of individually identifiable health information. Certain of these laws have exceptions and " safe harbors " which if met may protect certain arrangements from liability. For example, certain financial payments that might otherwise implicate the Federal Anti- Kickback Statute will be permitted under the state if they are structured to comply with one of various statutory exceptions or regulatory safe harbors established by the Office of Inspector General ~~(" OIG ")~~ of the U. S. Department of Health and Human Services. These safe harbors include, for example, the " Discount " safe harbor which allows manufacturers of goods covered by federal payor programs to provide discounts to their customers in the form of rebates, volume discounts and the like as long as those discounts meet the express requirements of the safe harbor. Other safe harbors under the Anti- Kickback Statute may also apply to consulting, teaching and other personal service arrangements we may have with physicians and marketing personnel. These

safe harbors are technical in nature and failure to meet any element of a safe harbor will cause an arrangement to lose safe harbor protection. In addition, there may not be safe harbors or exceptions for every potential financial arrangement we may enter into and, and even if there are, no assurances can be given that any of our arrangements or relationships will meet an otherwise applicable safe harbor. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that some of our business activities, including our relationships with customers, marketing personnel, physicians and other healthcare providers, some of whom have or may have ownership interests in the Company and recommend and / or use our products, could be subject to challenge under one or more of such laws. We are also exposed to the risk that our employees, independent contractors, principal investigators, consultants, vendors, and distributors may engage in fraudulent or other illegal activity. Misconduct by these parties could include, among other infractions or violations, intentional, reckless and / or negligent conduct or unauthorized activity that violates FDA regulations, manufacturing standards, federal and state healthcare fraud and abuse laws and regulations, laws that require the true, complete and accurate reporting of financial information or data or other commercial or regulatory laws or requirements. It is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, state and federal healthcare regulations are constantly evolving. Existing laws and regulations are subject to new and sometimes more restrictive interpretations on a regular basis so that arrangements we believe to be legally compliant could be deemed to be non- compliant under new interpretations. Similarly, new federal and state health care laws and regulations are being adopted on a regular basis. While we endeavor to identify and comply with these new laws and regulations, it is possible that we may be unaware of new legal requirements or interpretations which could result in our violation of these laws and / or regulations. There is also an increasing trend toward more criminal prosecutions and compliance enforcement activities for noncompliance with the HIPAA and state data privacy laws as well as for data breaches involving protected health information (“ PHI ”). In the ordinary course of our business, we may receive PHI. If we are unable to comply with HIPAA or experience a data breach involving PHI, we could be subject to criminal and civil sanctions and incur substantial investigation, defense and remediation costs. If our operations are found to violate any of the laws described above or any other laws and regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to market our products and materially adversely affect our business, results of operations and financial condition. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’ s attention from the operation of our business. U. S. governmental regulation could restrict the use of our tissue products or our procurement of tissue. In the United States, the procurement and transplantation of allograft bone tissue is subject to federal law pursuant to the National Organ Transplant Act (“ NOTA ”), a criminal statute which prohibits the purchase and sale of human organs used in human transplantation, including bone and related tissue, for “ valuable consideration. ” NOTA permits reasonable payments associated with the removal, transportation, processing, preservation, quality control, implantation and storage of human bone tissue. We provide services in all of these areas in the United States, with the exception of removal and implantation, and receive payments for all such services. We make payments to certain of our clients and tissue banks for their services related to recovering allograft bone tissue on our behalf. If NOTA is interpreted or enforced in a manner which prevents us from receiving payment for services we render, or which prevents us from paying tissue banks or certain of our clients for the services they render for us, our business could be materially and adversely affected. We are engaged through our marketing employees, independent sales agents and sales representatives in ongoing efforts designed to educate the medical community as to the benefits of our products, and we intend to continue our educational activities. Although we believe that NOTA permits payments in connection with these educational efforts as reasonable payments associated with the processing, transportation and implantation of our products, payments in connection with such education efforts are not exempt from NOTA’ s restrictions and our inability to make such payments in connection with our education efforts may prevent us from paying our sales representatives for their education efforts and could adversely affect our business and prospects. No federal agency or court has determined whether NOTA is, or will be, applicable to every allograft bone tissue- based material which our processing technologies may generate. Assuming that NOTA applies to our processing of allograft bone tissue, we believe that we comply with NOTA, but there can be no assurance that more restrictive interpretations of, or amendments to, NOTA will not be adopted in the future which would call into question one or more aspects of our method of operations. Outside of the United States, our medical devices must comply with the laws and regulations of the foreign countries in which they are marketed, and compliance may be costly and time- consuming. Failure to obtain and maintain regulatory approvals in jurisdictions outside the United States will prevent us from marketing our products in such jurisdictions. We currently market, and intend to continue to market, our products outside the United States ~~, with the exception of the EU~~ . To market and sell our product in countries outside the United States, we must seek and obtain regulatory approvals, certifications or registrations and comply with the laws and regulations of those countries. These laws and regulations, including the requirements for approvals, certifications or registrations and the time required for regulatory review, vary from country to country ~~. We may not obtain regulatory approvals or certifications outside the United States on a timely basis, if at all. Clearance or approval by the FDA does not ensure approval or certification by regulatory authorities in other countries, and approval or certification by one foreign regulatory authority does not ensure approval by regulatory authorities in other countries or by the FDA~~ . Obtaining and maintaining foreign regulatory approvals, certifications or registrations are expensive, and we cannot be certain that we will receive ~~or maintain~~ regulatory approvals, certifications or registrations in any foreign country in which we ~~currently or~~ plan to market our products. **The** ~~For example, during 2020, we ceased selling products in the EU since the cost to maintain our regulatory approvals in the EU exceeded the benefit of doing business there. In addition, the~~ regulatory

approval process outside the United States may include all of the risks associated with obtaining FDA clearance or approval in addition to other risks **. In order to market our products in the Member States of the European Economic Area (" EEA "), our devices are required to comply with the essential requirements of the EU Medical Devices Regulation 2017 / 745, which became effective in spring 2020 and implemented stricter control, transparency, and enforcement and strengthened post market surveillance requirements. Compliance with these requirements entitles us to affix the CE conformity mark to our medical devices, without which they cannot be commercialized in the EEA. In order to demonstrate compliance with the essential requirements and obtain the right to affix the CE conformity mark we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low risk medical devices (Class I), where the manufacturer can issue an EC Declaration of Conformity based on a self- assessment of the conformity of its products with the essential requirements of the Medical Devices Directives, a conformity assessment procedure requires the intervention of a " Notified Body ", which is an organization accredited by a Member State of the EEA to conduct conformity assessments. The Notified Body would typically audit and examine the quality system for the manufacture, design and final inspection of our devices before issuing a certification demonstrating compliance with the essential requirements. Based on this certification we can draw up an EC Declaration of Conformity, which allows us to affix the CE mark to our products. We may not obtain regulatory approvals or certifications outside the United States on a timely basis, if at all. Clearance or approval by the FDA does not ensure approval or certification by regulatory authorities or Notified Bodies in other countries, and approval or certification by one foreign regulatory authority or Notified Body does not ensure approval by regulatory authorities in other countries or by the FDA. We may be required to perform additional pre- clinical or clinical studies even if FDA clearance or approval, or the right to bear the CE mark, has been obtained. If we fail to obtain or maintain regulatory approvals, certifications or registrations in any foreign country in which we plan to market our products, our business, financial condition and operating results could be adversely affected. In the EEA, we must comply with the EU Medical Device Vigilance System, the purpose of which is to improve the protection of health and safety of patients, users and others by reducing the likelihood of reoccurrence of incidents related to the use of a medical device. Under this system, incidents must be reported to the competent authorities of the Member States of the EEA. An incident is defined as any malfunction or deterioration in the characteristics and / or performance of a device, as well as any inadequacy in the labeling or the instructions for use which, directly or indirectly, might lead to or might have led to the death of a patient or user or of other persons or to a serious deterioration in their state of health. Incidents are evaluated by the EEA competent authorities to whom they have been reported, and where appropriate, information is disseminated between them in the form of National Competent Authority Reports. The Medical Device Vigilance System is further intended to facilitate a direct, early and harmonized implementation of Field Safety Corrective Actions (" FSCAs ") across the Member States of the EEA where the device is in use. An FSCA is an action taken by a manufacturer to reduce a risk of death or serious deterioration in the state of health associated with the use of a medical device that is already placed on the market. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device. FSCAs must be communicated by the manufacturer or its legal representative to its customers and / or to the end users of the device through Field Safety Notices. Further, the advertising and promotion of our products is subject to EEA Member States Medical Device related laws including 2017 / 745, the new Medical Device Regulation, or the 2006 / 114 / EC concerning misleading and comparative advertising, as amended, or Directive 2005 / 29 / EC on unfair commercial practices, as amended, as well as other EEA Member State legislation governing the advertising and promotion of medical devices. These laws may limit or restrict the advertising and promotion of our products to the general public and may impose limitations on our promotional activities with healthcare professionals. Our failure to comply with all these laws and requirements may harm our business and operating results. We may also be required to perform post market clinical follow up studies to periodically evaluate the safety and performance of previously approved products. The results of these studies may cause us to lose our approvals, to market the product or require us to modify our products to address deficiencies in order to preserve our approvals to market the product** . Modifications to our products may require new regulatory clearances or approvals or may require us to recall or cease marketing our products until clearances or approvals are obtained. Any modification to a 510 (k)- cleared device that could significantly affect its safety or effectiveness, including significant changes to a device' s design, materials, chemical composition, energy source, or manufacturing process, or that would constitute a major change in its intended use, may require a new 510 (k) clearance, a de novo classification, or possibly a PMA. Modifications to our products that were implemented without obtaining clearance or approval and for which FDA subsequently concludes that clearance or approval was required, may require us to recall or cease marketing the modified devices until clearance or approval is obtained. The FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance. To do that, a manufacturer must determine if a change / modification to labeling of the device is a " major " change to the intended use statement (previously cleared by the FDA) or if a physical change / modification to the device itself " could significantly affect safety or effectiveness. " If the labeling change is major and / or the physical change significantly affects safety and effectiveness, the manufacturer must file for an additional 510 (k) clearance, de novo classification, or PMA for those changes before the modified device can be lawfully marketed. If the Company concludes in its own self- determination that the changes do not meet either of the thresholds of " major " or " significantly affects, " it may simply document those changes by way of an internal letter- to- file as part of the manufacturer' s quality system recording keeping. However, the FDA can review a manufacturer' s decision and may disagree. The FDA will normally review a decision made by a manufacturer in a letter- to- file during a routine plant inspection, which FDA targets to conduct every two years for high- risk (Class III) device manufacturers and certain low and moderate risk (Class I and II) device manufacturers. In such a review the FDA may

determine that a new clearance or approval was required before the device was put into commercial distribution. We have made modifications to our products in the past that we concluded did not require a new clearance or approval, and we may make additional modifications in the future that we believe do not or will not require additional clearances or approvals. No assurance can be given that the FDA would agree with any of our decisions not to seek 510 (k) clearance, de novo classification, or PMA approval. The issue of whether a product modification requires clearance or approval, as opposed to a " letter- to- file " documenting the change, is not always clear and companies rely on FDA guidance to assist in making such decisions. If the FDA requires us to cease marketing and recall a modified device until we obtain a new 510 (k) clearance, de novo classification, or PMA, our business, financial condition, operating results and future growth prospects could be materially and adversely affected. Further, our products could be subject to recall if the FDA determines, for any reason, that our products are not safe or effective. Any recall or FDA requirement that we seek additional approvals or clearances could result in significant delays, fines, increased costs associated with modification of a product, loss of revenue and potential operating restrictions imposed by the FDA. Obtaining clearances and approvals can be a time- consuming process, and delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth. Our manufacturing operations are required to comply with the FDA' s and other governmental authorities' laws and regulations regarding the manufacture and production of medical devices, which is costly and could subject us to enforcement action. We and certain of our third- party manufacturers and suppliers are required to comply with the FDA' s current Good Manufacturing Practices (" cGMP ") requirements and Quality System Regulations (" QSR "), **set to be replaced by the Quality Management System Regulation (" QMSR ") in February 2026,** which cover, among other things, the methods of documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products. We and certain of our suppliers also are subject to the regulations of foreign jurisdictions regarding the manufacturing process for our products marketed outside of the United States. The FDA enforces the QSR through periodic announced (routine) and unannounced (for cause or directed) inspections of manufacturing facilities. The failure by us or one of our third- party manufacturers or suppliers to comply with applicable statutes and regulations administered by the FDA and other regulatory bodies, or the failure to timely and adequately respond to any adverse inspectional observations or product safety issues, could result in, among other things, any of the following enforcement actions: ● untitled letters, warning letters, fines, injunctions, consent decrees, disgorgement of profits, criminal and civil penalties; ● customer notifications or repair, replacement, refunds, recall, detention or seizure of our products; ● operating restrictions or partial suspension or total shutdown of production; ● refusing or delaying our requests for 510 (k) clearance, de novo classification, or PMA approval of new products or modified products; ● withdrawing 510 (k) clearances, de novo classifications, or PMAs that have already been granted; ● refusal to grant export certificates for our products; or ● criminal prosecution. Any of these actions could impair our ability to produce our products in a cost- effective and timely manner in order to meet our customers' demands. We also may be required to bear other costs or take other actions that may have a negative impact on our future revenue and other operating results. Furthermore, our key component suppliers may not currently be or may not continue to be in compliance with all applicable regulatory requirements, which could result in our failure to produce our products on a timely basis and in the required quantities, if at all. Even if our medical device products are cleared or approved by regulatory authorities, if we or our suppliers fail to comply with ongoing FDA or other foreign regulatory authority requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market. Any product that we market will be subject to continued regulatory review, oversight and periodic inspections by the FDA and other domestic and foreign regulatory bodies. Such oversight will cover, among other things, the product' s design and manufacturing processes, our quality system and compliance with reporting requirements, our compliance with post- approval clinical data requirements, and our promotional activities related to our products. Even if regulatory clearance or approval of a product is granted, such clearance or approval may be subject to limitations on the intended uses for which the product may be marketed and reduce our potential to successfully commercialize the product and generate revenue from the product. If the FDA determines that our promotional materials, labeling, training or other marketing or educational activities constitute promotion of an unapproved use, it could request that we cease or modify our training or promotional materials or subject us to regulatory enforcement actions. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our training or other promotional materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In addition, we may be required to conduct costly post- market testing and surveillance to monitor the safety or effectiveness of our products. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturing problems, or failure to comply with regulatory requirements such as QSR **or QMSR** , may result in, among other things, changes to labeling, restrictions on such products or manufacturing processes, product corrections, removal of the products from the market, voluntary or mandatory recalls, a requirement to repair, replace or refund the cost of any medical device we manufacture or distribute, fines, withdrawal of regulatory clearance or approvals, delays in or refusals of new 510 (k) s, de novo requests or PMA applications, untitled letters, warning letters, refusal to grant export certificates for our products, product seizures, injunctions or the imposition of civil or criminal penalties which would adversely affect our business, operating results and prospects. The use, misuse or off- label use of our products may harm our image in the marketplace or result in injuries that lead to product liability suits, which could be costly to our business or result in FDA sanctions if we are deemed to have engaged in improper promotion of our products. Our products currently marketed in the United States have been cleared through the FDA' s 510 (k) process for use under specific circumstances. Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition on the promotion of a medical device for a use that has not been cleared or approved by the FDA. We believe that the specific surgical procedures for which our products are marketed fall

within the general intended use of the surgical applications that have been cleared by the FDA. However, the FDA could disagree and require us to stop promoting our products for those specific indications / procedures until we obtain FDA clearance or approval for them. Use of a device outside of its cleared or approved indication is known as " off- label " use. We cannot prevent a surgeon from using our products for off- label use, as the FDA does not restrict or regulate a physician' s choice of treatment within the practice of medicine. However, if the FDA determines that our promotional activities, reimbursement advice or training of sales representatives or physicians constitute promotion of an off- label use, the FDA could request that we modify our training or promotional or reimbursement materials or subject us to regulatory or enforcement actions, including, among other things, the issuance of an untitled letter, a warning letter, injunction, seizure, disgorgement of profits, a civil fines and criminal penalties. Other federal, state or foreign governmental authorities also might take action if they consider our promotion or training materials to constitute promotion of an uncleared or unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. For example, the government may take the position that off- label promotion resulted in inappropriate reimbursement for an off- label use in violation of the Federal False Claims Act for which it might impose a civil fine and even pursue criminal action. In those possible events, our reputation could be damaged, and adoption of the products would be impaired. Although we train our sales force not to promote our products for off- label uses, and our instructions for use in all markets specify that our products are not intended for use outside of those indications cleared for use, the FDA or another regulatory agency could conclude that we have engaged in off- label promotion. There may be increased risk of injury and product liability if surgeons attempt to use our products off- label, misuse our products or do not follow recommended user techniques and guidelines. Product liability claims are expensive to defend and could divert our management' s attention and result in substantial damage awards against us. Furthermore, the use of our products for indications other than those indications for which our products have been cleared by the FDA may not effectively treat such conditions, which could harm our reputation in the marketplace among surgeons and patients. Any of these events could harm our business and operating results. If our products cause or contribute to a death or serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency **or other governmental** enforcement actions. Under the FDA medical device reporting regulations **and similar foreign governmental regulations** , medical device manufacturers are required to report to the FDA **or other governmental agencies** information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or one of our similar devices were to recur. Under the FDA' s reporting regulations applicable to HCT / Ps, we are required to report all adverse reactions involving a communicable disease if it is fatal, life threatening, results in permanent impairment of a body function or permanent damage to body structure, or necessitates medical or surgical intervention, including hospitalization. If we fail to report these events to the FDA within the required timeframes, or at all, the FDA could take enforcement action against us. Any such adverse event involving our products also could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as mandatory recalls, destruction, cessation of manufacturing, inspection or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, would require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results. We are currently subject to certain product liability litigation, which could harm our business, financial condition or results of operations, especially if this litigation requires payments in amounts that exceed our product liability insurance coverage. Any future product recall or voluntary market withdrawal of a product due to defects, enhancements and modifications or other reasons would significantly increase our costs. The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products. In addition, foreign governmental bodies have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found or for other reasons. A government- mandated or voluntary recall by us or one of our distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and could have an adverse effect on our financial condition and results of operations. The FDA requires that certain recalls undertaken to reduce a risk to health be reported to the FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. We may initiate voluntary recalls involving our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, they could require us to report those actions as recalls. In addition, the FDA could take enforcement action for failing to report the recalls when they were conducted. If we or our suppliers fail to comply with regulations pertaining to human cells, tissues, and cellular and tissue- based products **or are deemed to be biological products requiring approval of a BLA prior to being marketed** , these products could be subject to withdrawal from the market or other enforcement action. Certain of our products are regulated as HCT / Ps. Section 361 of the PHSA authorizes the FDA to issue regulations to prevent the introduction, transmission or spread of communicable disease. HCT / Ps regulated as " 361 " HCT / Ps are subject to requirements relating to registering facilities and listing products with the FDA; screening and testing for tissue donor eligibility; and current Good Tissue Practice (" cGTPs "), when processing, storing, labeling, and distributing HCT / Ps, including required labeling information, stringent record keeping, and adverse event reporting, among other applicable requirements and laws. The FDA regulations also have additional requirements that address sub- contracted tissue services, tracking, and donor records review. If a tissue- based product is considered human tissue, the FDA requirements focus on preventing the introduction, transmission and spread of communicable diseases. A product regulated solely as a 361 HCT / P is not required to undergo 510 (k) premarket clearance, de novo classification or PMA. The FDA may inspect facilities engaged in manufacturing 361 HCT / Ps and may issue untitled letters, warning letters, or otherwise authorize orders of retention, recall, destruction and cessation of manufacturing if the FDA has reasonable grounds to believe

that an HCT / P or the facilities where it is manufactured are in violation of applicable regulations. There also are requirements relating to the import of HCT / Ps that allow the FDA to make a decision as to the HCT / Ps' admissibility into the United States. An HCT / P is eligible for regulation solely as a 361 HCT / P if it is: (i) minimally manipulated; (ii) intended for homologous use as reflected by labeling, advertising or other indications of the manufacturer' s objective intent; (iii) the manufacture does not involve the combination of the HCT / P with another article, except for water, crystalloids or a sterilizing, preserving, or storage agent (not raising new clinical safety concerns for the HCT / P); and (iv) it does not have a systemic effect and is not dependent upon the metabolic activity of living cells for its primary function or, if it has a systemic effect or is dependent upon the metabolic activity of living cells for its primary function, it is intended for autologous use or allogeneic use in a first or second degree relative or for reproductive use. If any of these requirements are not met, then the HCT / P is also subject to applicable biologic, device, or drug regulation under the FDCA or the PHSA. These biologic, device or drug HCT / Ps must comply with the requirements exclusively applicable to 361 HCT / Ps and, in addition, with requirements applicable to biologics under the PHSA, or devices or drugs under the FDCA, including licensure, clearance or approval, as the case may be. Over the course of several years, the FDA issued regulations that address manufacturer activities associated with HCT / Ps. The first requires that companies that manufacture HCT / Ps register with the FDA. This set of regulations also includes the criteria that must be met in order for the HCT / P to be eligible for regulation solely under Section 361 of the PHSA and the regulations in 21 CFR Part 1271, rather than under the drug or device provisions of the FDCA or the biological product licensing provisions of the PHSA. The second set of regulations provides criteria that must be met for donors to be eligible to donate tissues and is referred to as the " Donor Eligibility " rule. The third rule governs the processing and distribution of the tissues and is often referred to as the cGTP rule. The cGTP rule covers all stages of allograft processing, from procurement of tissue to distribution of final allografts. Together these regulations are designed to ensure that sound, high quality practices are followed to reduce the risk of tissue contamination and of communicable disease transmission. At the time they came into effect approximately ~~15~~ **20** years ago, these regulations increased regulatory scrutiny within the industry in which we operate and have led to increased enforcement action which affects the conduct of our business. In addition, these regulations can increase the cost of tissue recovery activities. The FDA periodically inspects tissue processors to determine compliance with these requirements. Allegations of violations of applicable regulations noted by the FDA during facility inspections could adversely affect the continued marketing of our products. We believe we comply with all aspects of 21 CFR Part 1271 that we are required to comply with, although there can be no assurance that we will be deemed by FDA to be in compliance. Entities that provide us with allograft bone tissue are responsible for performing donor recovery, donor screening and donor testing and our compliance with those aspects of the cGTP regulations that regulate those functions are dependent upon the actions of these independent entities. If our suppliers fail to comply with applicable requirements, our products and our business could be negatively affected. If the FDA determines that we have failed to comply with applicable regulatory requirements, it can impose a variety of regulatory actions, or enforcement actions from public warning letters, fines, injunctions, consent decrees and civil penalties to suspension or delayed issuance of approvals, seizure of our products, total or partial shutdown of our production, withdrawal of approvals, and criminal prosecutions. If any of these events were to occur, it could materially adversely affect us. In addition, the FDA could disagree with our conclusion that one or more of our HCT / Ps meet the criteria for marketing solely under Section 361 of the PHSA, and therefore that one or more of the HCT / Ps require licensure, approval or clearance of a marketing application. The FDA could conclude that the tissue is more than minimally manipulated, that the product is intended for a non-homologous use, that the product is combined with another article, or that the product has a systemic effect or is dependent on the metabolic activity of living cells for its primary function. The FDA could also determine that a modification to an HCT / P makes it ineligible for regulation solely as a 361 HCT / P. If the FDA were to draw these conclusions, it would likely require clinical studies conducted pursuant to an investigational new drug application (" IND ") and the submission and licensure, approval or clearance of a marketing application in order for us to continue to market the product. Such an action by the FDA could cause negative publicity, decreased or discontinued product sales, and significant expense in obtaining required marketing licensure, approval or clearance. Other regulatory entities with authority over our products and operations include state agencies enforcing statutes and regulations covering tissue banking. Regulations issued by Florida, New York, California and Maryland are particularly relevant to our business. Most states do not currently have tissue banking regulations. It is possible that others may make allegations against us or against donor recovery groups or tissue banks about non- compliance with applicable FDA regulations or other relevant statutes or regulations. Allegations like these could cause regulators or other authorities to take investigative or other action or could cause negative publicity for our business and the industry in which we operate. Loss of AATB accreditation would have a material adverse effect on us. We are accredited with the American Association of Tissue Banks, a private non- profit organization that accredits tissue banks and sets industry standards. Although AATB accreditation is voluntary and not required by law, as a practical matter, many of our customers would not purchase our products if we failed to maintain our AATB accreditation. Although we make every effort to maintain our AATB accreditation, the accreditation process is somewhat subjective and lacks regulatory oversight. There can be no assurance that we will continue to remain accredited with the AATB and any loss of our AATB accreditation would adversely affect our business and operating results. Federal regulatory reforms may adversely affect our **business and our** ability to sell our products ~~and our business~~ . From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory approval, manufacture and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products **. For example, the FDA issued a final rule in February 2024 replacing the QSR with the QMSR, which incorporates by reference the quality management system requirements of ISO 13485: 2016. The FDA has stated that the standards contained in ISO 13485: 2016 are substantially similar to those set forth in the existing QSR. This final rule does not go into effect until February 2026** . Any new regulations or revisions or reinterpretations of existing regulations may

impose additional costs or lengthen review times of future products. ~~In addition,~~ FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect our business and our products. **Additionally, if the Supreme Court reverses or curtails the Chevron doctrine, which gives deference to regulatory agencies in litigation against FDA and other agencies, more companies may bring lawsuits against FDA to challenge longstanding decisions and policies of FDA, which could undermine FDA' s authority, lead to uncertainties in the industry, and disrupt FDA' s normal operations, which could adversely affect our ability to sell our products.** It is impossible to predict whether legislative **or other** changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be. Our revenues depend upon prompt and adequate coverage and reimbursement from public and private insurers and national health systems. The ability of healthcare providers to purchase our products depends in part on the extent to which reimbursement for the costs of such materials and related treatments is and will continue to be available from governmental health administration authorities, private health coverage insurers and other organizations. In the United States, healthcare providers who purchase our products generally rely on these third- party payors to pay for all or a portion of the cost of our products as a component of a single bundled payment amount for the procedures in which the products are used. Because there is often no separate third- party payor reimbursement to the provider for our products, the additional cost associated with purchasing our products can impact the provider' s profit margin for delivering the treatment that includes are product as a component. If third- party payor reimbursement to providers for procedures involving our products is eliminated or reduced, some of our target customers may be unwilling to purchase our products and may choose to instead purchase less expensive alternatives from our competitors. In addition, third- party payors for hospital services and hospital outpatient services, including Medicare, Medicaid and private healthcare insurers, typically revise their coverage and payment policies, methodologies and amounts on an annual basis, which can result in noncoverage, stricter standards for reimbursement of hospital charges for certain medical procedures or the elimination of or reduction in reimbursement. Further, Medicare, Medicaid and private healthcare insurer cutbacks could create downward price pressure on our products. Healthcare reform legislation at the federal and state levels could result in changes in coverage of and reimbursement for our products. Finally, our revenues also depend upon timely reimbursement data input from our independent agents. All of these factors could adversely affect our business. **Our business** ~~Risks Related to our Reliance on Third Parties Substantially all of our revenue~~ is **subject to complex** ~~conducted through independent sales agents~~ and **evolving U** ~~distributors who we do not control~~ . **S** ~~Substantially all of our revenue is conducted through independent sales agents and distributors~~ . ~~Because~~ **and international laws and regulation regarding privacy and data protection. Many of** ~~the~~ **these laws and** ~~independent sales agent or distributor often controls the customer relationships~~ ~~----~~ **regulations** ~~within its territory (~~ **are subject to change** and ~~, in certain~~ **uncertain** ~~countries outside~~ **interpretation and could result in claims, changes to our business practices, penalties, increased cost of operations, or otherwise harm our business. Regulatory authorities around the world have enacted laws and regulations or are considering a number of legislative and regulatory proposals concerning data protection. The interpretation and application of consumer and data protection laws in** the United States, the ~~regulatory relationship), there~~ **EU and elsewhere are often uncertain and subject to change. It** is **possible** ~~a risk~~ that ~~if our relationship~~ **these laws may be interpreted and applied in a manner that is inconsistent** with ~~the independent sales agent or~~ **our** ~~distributor ends, our relationship~~ **data practices. Failure to comply** with **any of** ~~the~~ **these laws** ~~customer will be lost (~~ and **regulations** ~~, in certain countries outside the United States, that we~~ could **result** ~~experience delays~~ in **enforcement action against us** ~~amending or transferring our product registrations). Also~~ , **including fines** ~~because we do not control the independent sales agent or field sales agents of a distributor~~ , **public** ~~there is a risk we will be unable to ensure~~ **censure** ~~that our sales processes~~ , **claims for damages** ~~compliance, and other priorities will be consistently communicated and executed~~ by ~~the sales agent or distributor. If we fail to maintain relationships with our key independent sales agents and distributors or fail to ensure that our independent sales agent and distributors adhere to our sales processes, compliance, and other priorities, this could have an adverse effect on our operations. Changes to or turnover within our independent sales agent or distributor organization or transitions to direct selling models also could adversely affect~~ **affected individuals** ~~our business if these transitions are not managed effectively. Further~~ , **damage** ~~independent sales agents and distributors of companies we have acquired may decide not~~ to ~~renew or~~ **our reputation** ~~may decide to seek to terminate, change~~ and ~~/ or renegotiate their relationships with us. A~~ loss of ~~a significant number~~ **goodwill, any** of **which** ~~our sales agent or distributors~~ could have a material adverse effect on our business ~~and~~ **,** results of operations **,** ~~. One of our independent sales agents was associated with approximately 17 %~~ and ~~19 %~~ **financial condition. Legal developments in Europe have created compliance uncertainty regarding certain transfers** of ~~our revenues during 2022 and~~ **personal data from Europe to the United States. For example, the General Data Protection Regulation (EU** ~~2021~~ **2016 / 679) (" GDPR ")** , ~~respectively. In any~~ **which became effective in the EU** ~~one~~ **on** ~~reporting period~~ **May 25** , ~~this independent sales agent may contribute~~ **2018, applies to our activities conducted from** an ~~even larger percentage of~~ **establishment in the EU** ~~our~~ **or related** ~~revenues. We do not have a long- term agreement with this independent sales agent that requires this agent~~ to ~~continue selling our~~ products **and services** ~~on our behalf. While we anticipate~~ that we **offer to EU** ~~would retain most of the sales associated with this independent sales agent in the event that we lose this independent sales agent, the loss of this independent sales agent and the agent' s strong relationships with~~ customers **. The GDPR created a range of new compliance obligations, which** could ~~adversely affect~~ **cause us to change** our ~~revenues~~ **business practices,** and ~~other operating results~~ **will significantly increase financial penalties for noncompliance** . In addition, ~~our success is partially dependent upon our ability to retain and motivate our independent sales agents and distributors, and their~~ -- **the European Commission** ~~representatives to sell our products~~ in **July 2016** ~~certain territories. They may not be successful in implementing our marketing plans. Some of our independent sales agents~~ and ~~distributors do not sell our products exclusively and may offer similar products from other~~ -- **the Swiss Government in January 2017 approved the EU- U. S. and the Swiss- U. S. Privacy Shield frameworks, respectively, which are designed to allow U. S.** companies ~~. Our independent sales agents and distributors may terminate their~~

~~contracts with us, may devote insufficient sales efforts to our products, or may focus their sales efforts on other products~~ that **self** ~~produce greater commissions or revenues for them, which could have an adverse effect on our operations and operating results. We depend on a limited number of third~~ - **certify to** ~~party suppliers for products, components and raw materials and losing any of these~~ -- **the U. S. Department of Commerce** ~~suppliers, or their inability to provide us with an~~ **and publicly commit** ~~adequate supply of materials that meet our quality and other requirements or our failure~~ to order a sufficient supply of products,..... maintains facilities, procedures and operations that comply with ~~our quality~~ **the Privacy Shield requirements to freely import personal data from the EU** and ~~applicable~~ **Switzerland. However, these frameworks have faced a number of legal challenges, and their validity remains subject to legal,** regulatory ~~requirements, which could further impede our ability to manufacture our products in a timely manner. Transitioning to a new supplier could be time- consuming~~ and **political developments** ~~expensive, may result~~ in **both** ~~interruptions in our operations and product delivery, could affect the performance specifications of our products or could require that we modify the design of those~~ -- **the** ~~systems~~ **EU and the United States** . Our business is dependent upon a sufficient number of qualified workers **,** and competition for such talent is intense, especially around Belgrade, Montana, where the population is small and the labor market is tight. If we cannot attract and retain qualified personnel or if we must increase substantially our labor costs to attract and retain qualified personnel, the growth and success of our business, as well as our operating results and financial condition, may be adversely affected. The population around Belgrade, Montana, where our headquarters and production facilities are located, is small, and as a result, there is a limited number of qualified personnel available in all functional areas, which has made it difficult for us to attract and retain the qualified personnel necessary for the development, operation and growth of our business. We have been further impacted by the recent labor shortage. Additionally, **the rising cost of living** ~~persistent inflation, which was especially high~~ in Belgrade, Montana and surrounding areas ~~during 2021 and 2022,~~ has caused some members of the labor force to leave these areas in search of more affordable living arrangements, which has worsened our local labor shortage. Our ability to maintain our productivity at competitive levels and increase production in the future may be limited by our ability to employ, train and retain personnel necessary to meet our requirements. Companies in our industry, including us, are dependent upon an available labor pool of qualified employees. We compete for qualified personnel with other companies, academic institutions, governmental entities, and other organizations. A shortage in the labor pool of workers, which we believe currently exists in Belgrade, Montana, and which has worsened in the past year, has made it more difficult for us to attract and retain qualified personnel. We cannot be certain that we will be able to maintain an adequate qualified labor force necessary to operate efficiently and to support our growth strategy and operations. During 2022 **and to a lesser degree during 2023** , these labor shortages contributed to production shortages and, from time to time, an inability for us to operate at full capacity. The tight labor market in the Belgrade, Montana, area also has required us to enhance our wages and benefit packages to attract a sufficient number of workers, and it is possible that these increased labor costs may not be effective in recruiting and retaining a sufficient number of qualified personnel. **During 2023, we increased our recruiting and onboarding activities to combat these issues. However,** ~~There~~ **there** can be no assurance that we will be successful in retaining our current personnel or in hiring or retaining a sufficient number of qualified personnel in the future. If we cannot attract and retain qualified personnel or if we must increase substantially our labor costs to attract and retain qualified personnel, the growth and success of our business, as well as our operating results and financial condition, will be adversely affected. We have limited staffing and are dependent upon key employees. Our success is dependent upon the efforts of a relatively small management team and staff. We have experienced a high level of employee turnover in past years, including members of our management team. We have employment arrangements in place with our executive and other officers, but none of these executive and other officers are bound legally to remain employed with Xtant for any specific term. We do not have key person life insurance policies covering our executive and other officers or any of our other employees. If key individuals were to leave Xtant, our business could be affected adversely if suitable replacement personnel are not recruited quickly. We have incurred significant losses, expect to continue to incur losses and may not achieve or sustain profitability. We have a history of incurring net losses, and at December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ 243. ~~7~~ **0** million. **However,** ~~During~~ **during** the year ended December 31, ~~2022~~ **2023** , we **recognized** ~~incurred a~~ net ~~loss~~ **income** of $ **660 thousand** ~~8. 6 million~~ . Our ability to achieve profitability will be influenced by many factors, including, among others, the level and timing of future revenues and expenditures; development, commercialization, market acceptance and availability and supply of our products; competing technologies and market developments; our ability to develop and introduce new products; regulatory requirements and delays; the strength of our relationships with our independent sales agents and distributors; and our ability to attract and retain key personnel. As a result, we may continue to incur operating losses for the foreseeable future. These losses will continue to have an adverse impact on our stockholders' equity, and we may never achieve or sustain profitability. We may need additional financing to satisfy our anticipated future liquidity requirements, which financing may not be available on favorable terms, or at all, at the time it is needed and which could reduce our operational and strategic flexibility. Although it is difficult for us to predict our future liquidity requirements, we believe that our cash and cash equivalents and restricted cash balance of approximately $ ~~20.~~ 5 **. 6** million as of December 31, ~~2022~~ **2023** , together with existing credit availability under our **Amended and Restated** Credit, Security and Guarantee Agreement (Term Loan), ~~as amended~~ (the " Term Credit Agreement "), and **Amended and Restated** Credit, Security and Guaranty Agreement (Revolving Loan), ~~as amended~~ (the " Revolving Credit Agreement " and, together with the Term Credit Agreement, the " Credit Agreements "), with MidCap Financial Trust **and MidCap Funding IV Trust** (**together,** " MidCap "), **each** in its **respective** capacity as agent, will be sufficient to meet our anticipated cash requirements through at least the end of March ~~2024~~ **2025** . Although we have availability under our Term Credit Agreement, our ability to obtain additional term loans under this agreement is in the sole and absolute discretion of MidCap and the lenders. Additionally, although we have availability under our Revolving Credit Agreement, the availability of such funds is determined based on a borrowing base equal to percentages of certain accounts receivable and inventory. These credit facilities have a maturity date of

~~May~~ **March** 1, ~~2026~~ **2029**, and all of our indebtedness thereunder matures on such date. We may require or we may seek additional funds to fund our future operations and business strategy prior to March ~~2024~~ **2025**. Accordingly, there is no assurance that we will not need or seek additional funding at any time. We may elect to raise additional funds even before we need them if market conditions for raising additional capital are favorable. We may seek to raise additional funds through various sources, such as equity and debt financings, additional debt restructurings or refinancings, or through strategic collaborations, license agreements or acquisition transactions. We can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This is particularly true if economic and market conditions deteriorate. Any failure by us to raise additional funds on terms favorable to us, or at all, could result in our inability to pay our expenses as they come due, limit our ability to expand our business operations, and harm our overall business prospects. If adequate funds are not otherwise available, we could be required to curtail operations significantly, including reducing our sales and marketing expenses, which could negatively impact product sales, delaying new product initiatives, and we could even be required to cease operations, liquidate our assets and possibly seek bankruptcy protection. To the extent we raise additional financing through the sale of equity or convertible debt securities or the restructuring or refinancing of our outstanding debt, the interests of our current stockholders may be diluted, and the terms may include discounted equity purchase prices, warrant coverage, or liquidation or other preferences that adversely affect the rights of our current stockholders. If we issue common stock, we may do so at purchase prices that represent a discount to our trading price and / or we may issue warrants to purchasers, which could dilute our current stockholders. If we issue preferred stock, it could affect the rights of our stockholders or reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights, sinking fund provisions, and restrictions on our ability to merge with or sell our assets to a third party. Additional debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Prior to raising additional equity or debt financing, we must obtain the consent of MidCap and ROS and Royalty Opportunities, and no assurance can be provided that MidCap, ROS or Royalty Opportunities would provide such consent, which could limit our ability to raise additional financing. We have indebtedness which matures on ~~May~~ **March** 1, ~~2026~~ **2029**. We may not be able to extend the maturity date of or replace our Credit Agreements or generate enough cash flow from our operations to service our indebtedness, and we may incur additional indebtedness in the future, which could adversely affect our business, financial condition, and operating results. As of December 31, ~~2022~~ **2023**, we had $ ~~15~~ **21**. ~~4~~ **6** million of principal outstanding under our Credit Agreements, which indebtedness matures on ~~May~~ **March** 1, ~~2026~~ **2029**. Although we believe that we will be able to refinance or pay off our outstanding indebtedness or extend the maturity date of that facility at the appropriate time, no assurance can be provided that we will do so on terms that are favorable to us or at all. Our ability to make payments on, and to refinance, our indebtedness, and our ability to fund planned capital expenditures, contractual cash obligations, known and unknown liabilities, research and development efforts, working capital, any future acquisitions and business combinations, and other general corporate purposes depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors, some of which are beyond our control. If we do not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to pay our indebtedness or to fund our liquidity needs, we may be forced to refinance all or a portion of our indebtedness on or before the maturity dates thereof, sell assets, reduce or delay capital expenditures, seek to raise additional capital, or take other similar actions. We may not be able to execute any of these actions on commercially reasonable terms or at all. Our ability to refinance our indebtedness will depend on our financial condition at the time, the restrictions in the instruments governing our indebtedness, the consent of our lender, and other factors, including market conditions. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would likely have an adverse effect, which could be material, on our business, financial condition, and operating results. In addition, our significant indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could: ● make us more vulnerable to adverse changes in general U. S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation; ● limit our flexibility in planning for, or reacting to, changes in our business and our industry; ● restrict our ability to make strategic acquisitions, business combinations or dispositions or to exploit business opportunities; ● place us at a competitive disadvantage compared to our competitors who have less debt; and ● limit our ability to borrow additional amounts or raise financing for working capital, capital expenditures, contractual obligations, research and development efforts, acquisitions or business combinations, debt service requirements, execution of our business strategy, or other purposes. Any of these factors could materially and adversely affect our business, financial condition, and operating results. In addition, we may incur additional indebtedness, and if we do, the risks related to our business and our ability to service our indebtedness would increase. A failure to comply with the covenants and other 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 are at any time unable to generate sufficient cash flows from operations to service our indebtedness when payment is due, we may be required to attempt to 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 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. The terms of our Credit Agreements substantially limit our ability to conduct and invest in our business, take advantage of business opportunities, and respond to changing business, market, and economic conditions. Our Credit Agreements include a number of significant financial and operating restrictions. For example, the Credit Agreements require us to maintain net product revenue at or above minimum levels and to maintain a minimum liquidity threshold ~~or a minimum adjusted EBITDA level~~, in

each case at levels specified in the Credit Agreements. The Credit Agreements also contain provisions that restrict our ability, subject to specified exceptions, to, among other things: ● create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to any debt, except for permitted debt; ● create, assume, incur or suffer to exist any contingent obligations, except for permitted contingent obligations; ● purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any debt prior to its scheduled maturity; ● create, assume or suffer to exist any lien on our assets; ● declare, order, pay, make or set apart any sum for any distribution, except for permitted distributions; ● enter into or assume any agreement prohibiting the creation or assumption of any lien upon our properties or assets or create or otherwise cause or suffer to exist or become effective certain consensual encumbrances or restrictions of any kind; ● declare, pay, make or set aside any amount for payment in respect of subordinated debt; ● engage in mergers or consolidations; ● acquire, make, own, hold or otherwise consummate any investment, other than permitted investments; ● enter into certain transactions with affiliates; ● amend or otherwise modify any organizational documents; and ● make certain amendments or modifications to certain material contracts. We may be unable to comply with these covenants, which could result in a default under the Credit Agreements. In addition, these provisions may limit our ability to conduct and invest in our business, take advantage of business opportunities, and respond to changing business, market, and economic conditions. In addition, they may place us at a competitive disadvantage relative to other companies that may be subject to fewer, if any, restrictions or may otherwise adversely affect our business. Transactions that we may view as important opportunities, such as significant acquisitions or business combinations, may be subject to the consent of the lenders, which consent may be withheld or granted subject to conditions specified at the time that may affect the attractiveness or viability of the transaction. In addition, our Investor Rights Agreement with ROS and Royalty Opportunities **(as amended, the " Investor Rights Agreement ")** further substantially limits the operation of our business and the ability of our management to conduct and invest in our business. Our Credit Agreements involve additional risks that may adversely affect our liquidity, results of operations, and financial condition. Availability of additional term loans under the Term Credit Agreement is based solely on the discretion of MidCap and the lenders, and additional funds are for the purposes agreed to between us, the borrowers and the lenders in advance of the making of loans under this additional tranche. Availability of additional funds under the Revolving Credit Agreement is determined based on a borrowing base equal to percentages of certain accounts receivable and inventory of the borrowers in advance with a formula set forth in the Revolving Credit Agreement. As a result, our access to credit under the Credit Agreements is subject to the discretion of MidCap and the lenders as well as fluctuations to our accounts receivable and inventory. Our inability to borrow additional amounts under the Credit Agreements if and when we need them may adversely affect our liquidity, results of operations, and financial condition. Our outstanding indebtedness under the Credit Agreements bears interest at variable rates, which subjects us to interest rate risk and could increase the cost of servicing our indebtedness. The impact of increases in interest rates, such as interest rate increases stemming from the Federal Reserve' s recent and planned increases to the target range for the federal funds rate, could be more significant for us than it would be for some other companies because of the amount of our outstanding indebtedness, thereby affecting our profitability. Upon the occurrence and during the continuance of an event of default under the Credit Agreements, MidCap may terminate its commitments to lend additional money thereunder and declare all amounts outstanding thereunder to be immediately due and payable. Subject to certain exceptions, amounts outstanding under the Credit Agreements are secured by a senior first priority security interest in substantially all existing and after- acquired assets of our Company and each borrower. Accordingly, under certain circumstances, MidCap could seek to enforce security interests in our assets securing our indebtedness under the Credit Agreements, including restricting our access to collections on our accounts receivable. Any acceleration of amounts due under our Credit Agreements or the exercise by MidCap of its rights under the security documents, would have a material adverse effect on us. ~~We may be unable to meet financial or other covenant requirements in our Credit Agreements, and we may be unable to successfully negotiate waivers to cure any covenant violations. Our Credit Agreements contain representations, warranties, fees, affirmative and negative covenants, substantial operating covenants, and default provisions. A breach of any of these covenants could result in a default under the agreements. Upon the occurrence and during the continuance of an event of default under the Credit Agreements, MidCap could elect to declare all amounts outstanding under the credit facility to be immediately due and payable and suspend or terminate all commitments to extend further credit. If MidCap accelerates the repayment of borrowings, we may not have sufficient assets to repay our indebtedness. Also, should there be an event of default, or should we need to obtain waivers following an event of default, we may be subject to higher borrowing costs and / or more restrictive covenants in future periods. In addition, to secure the performance of our obligations under the Credit Agreements, we pledged substantially all of our assets, including our intellectual property, to MidCap and the lenders. Our failure to comply with the covenants under the Credit Agreements could result in an event of default, the acceleration of our debt and the loss of our assets.~~ If we lose any future intellectual property lawsuits, a court could require us to pay significant damages or prevent us from selling our products. The medical device industry is litigious with respect to patents and other intellectual property rights. Companies in the medical device industry have used intellectual property litigation to gain a competitive advantage. Legal proceedings, regardless of the outcome, could drain our financial resources and divert the time and effort of our management. If we lose this litigation or any other similar legal proceedings of which we may become subject, a court could require us to pay significant damages to third parties, indemnify third parties from loss, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, or prevent us from manufacturing, using, selling, offering for sale, or importing our products. While we do not believe that any of our products infringe any valid claims of patents or other proprietary rights held by others, we have been subject to patent infringement claims in the past. There can be no assurances that we do not infringe any patents or other proprietary rights. In addition to being costly, protracted litigation to defend or prosecute our intellectual property rights could result in our customers or potential customers deferring or limiting their purchase or use of the affected products until resolution of the litigation. If our patents and other intellectual property rights do not adequately protect our products, we may lose market share

to our competitors and be unable to operate our business profitably. We rely on patents, trade secrets, copyrights, know- how, trademarks, license agreements, and contractual provisions to establish our intellectual property rights and protect our products. These legal means, however, afford only limited protection and may not completely protect our rights. For example, competitors may be able to design around some of our intellectual property rights to develop competing but non- infringing technologies. In addition, we cannot be assured that any of our pending patent applications will issue. The U. S. Patent and Trademark Office (or an applicable foreign intellectual property office) may deny or require a significant narrowing of the claims in its pending patent applications and the patents issuing from such applications. Any patents issuing from pending patent applications may not provide us with significant commercial protection or sufficient commercial protection to prevent competitors from utilizing similar but non- infringing technologies. We could incur substantial costs in proceedings before the U. S. Patent and Trademark Office. These proceedings could result in adverse decisions as to the priority of our inventions and the narrowing or invalidation of claims in issued patents. In addition, the laws of some of the countries in which our products are or may be sold may not protect our intellectual property to the same extent as U. S. laws or at all. We also may be unable to protect our rights in trade secrets and unpatented proprietary technology in these countries. Additionally, patents and certain other intellectual property rights are not perpetual, and third parties will be able to utilize the subject rights upon expiration. In addition, we hold licenses from third parties that are necessary to utilize certain technologies used in the design and manufacturing of some of our products. The loss of such licenses could prevent us from manufacturing, marketing, and selling these products, which could harm our business. If we, or the other parties from whom we would license intellectual property, fail to obtain and maintain adequate patent or other intellectual property protection for intellectual property used in our products, or if any protection is reduced or eliminated, others could use the intellectual property used in our products, resulting in harm to our competitive business position. We seek to protect our trade secrets, know- how, and other unpatented proprietary technology, in part, with confidentiality agreements with our employees, independent distributors, and consultants. We cannot be assured, however, that the agreements will not be breached, adequate remedies for any breach would be available, or our trade secrets, know- how, and other unpatented proprietary technology will not otherwise become known to or independently developed by our competitors. We may not be able to obtain or protect our proprietary rights relating to our products without resorting to costly and time-consuming litigation. We may not be able to obtain, maintain and protect certain proprietary rights necessary for the development and commercialization of our products or product candidates. Our commercial success will depend in part on obtaining and maintaining patent protection on our products, successfully asserting these patents against competitors employing infringing technology, and successfully defending these patents against third- party challenges. Even if our patents cover a competing technology, a competitor may not accede to our demands to cease and desist or license our patent rights, which will then require us to pursue costly and time- consuming litigation. Even if we were successful in any such litigation, a court may not issue an injunction, or the infringing competitor may alter its technology to no longer infringe. Our ability to commercialize our products will also depend in part on the patent positions of third parties, including those of our competitors. The patent positions of medical device and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Accordingly, we cannot predict with certainty the scope and breadth of patent claims that may be afforded to other companies' patents. We could incur substantial costs in litigation if we are required to defend against patent suits brought by third parties, or if we initiate suits to protect our patent rights. Such suits that we may need to defend extend beyond suits by our competitors and may include patent assertion entities, which acquire and assert patents as a means to generate income, due to the expensive nature of patent litigation. In the ordinary course of litigation, attorney fees are not recoverable. In addition to the risks involved with patent protection, we also face the risk that our competitors will infringe on our trademarks. Any infringement could lead to a likelihood of confusion and could result in lost sales. Similarly, while we are cautious to avoid infringing the rights of third parties, we cannot control a third party asserting its trademarks against us. There can be no assurance that we will prevail in any claims we make to protect our intellectual property, or in defense of any claims brought against us. Future protection for our proprietary rights is uncertain which may impact our ability to successfully compete in our industry. The degree of future protection for our proprietary rights is uncertain. We cannot ensure that: ● we were the first to make the inventions covered by each of our patent applications; ● we were the first to file patent applications for these inventions; ● others will not independently develop similar or alternative technologies or duplicate any of our technologies; ● any of our pending patent applications will result in issued patents; ● any of our issued patents or those of our licensors will be valid and enforceable; ● any patents issued to us or our collaborators will provide a basis for commercially viable products or will provide us with any competitive advantages or will not be challenged by third parties; ● any of our patent or other intellectual property rights in the U. S. and the technologies embodied therein will provide or be subject to similar or any protection in foreign markets; ● we will develop additional proprietary technologies that are patentable; ● the patents of others will not have a material adverse effect on our business rights; or ● the measures we rely on to protect the intellectual property underlying our products will be adequate to prevent third parties from using our technology, all of which could harm our ability to compete in the market. ~~Risks Related to Information Technology, Cybersecurity and Data Protection~~ We are dependent on various information technology (" IT ") systems, and failures of, interruptions to, or unauthorized tampering with those systems could have a material adverse effect on our business. We rely extensively on IT systems to conduct business. These systems include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, invoicing and shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and providing data security and other processes necessary to manage our business. During 2022, we implemented **an** ~~a significant~~ upgrade to our enterprise resource planning system. ~~If~~ **In 2022 and 2023, we installed a new firewall to better protect from network intrusions, hired a Network and Security Administrator, and engaged a third- party service provider to perform an internal penetration test in order to identify and address vulnerabilities. Additionally, we introduced always- on VPN in an effort to better restrict off- campus**

network access in light of the increase in the number of our employees working remotely in recent years, enhanced our monitoring and control capabilities, and hardened our cloud computing cyber security footprint. However, if our systems are damaged or cease to function properly due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate for ~~this~~ **these events** on a timely basis, we may suffer interruptions in our ability to manage operations. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cybersecurity attacks pose a risk to the security of our systems and networks and those of our customers, suppliers, independent sales agents, distributors and third- party service providers, and the confidentiality, availability and integrity of any underlying information and data. **Our** ~~Work~~ **work** from home arrangements **, as well as those of our third- party service providers,** may increase cybersecurity risks related to phishing, malware, and other similar cybersecurity attacks. We have programs, processes and technologies in place to prevent, detect, contain, respond to and mitigate security related threats and potential incidents. We undertake considerable ongoing improvements to our IT systems in order to minimize vulnerabilities, in accordance with industry and regulatory standards. Because the techniques used to obtain unauthorized access change frequently and can be difficult to detect, anticipating, identifying or preventing these intrusions or mitigating them if and when they occur may be challenging. **Although** ~~During 2021, one of our employees was the victim of phishing scheme and as a result~~ we ~~paid~~ **have been the target of cyber incidents in the past, the aggregate impact of** ~~three~~ **these** ~~fraudulent invoices. Although the amount involved was~~ **incidents on our operations and financial condition has not been** ~~immaterial~~ -- **material** ~~, management brought the matter~~ to **date** ~~the attention of the Audit Committee of the Board of Directors and immediately implemented a remediation plan in response thereto~~ . ~~Despite~~ **However, in light of** the ~~remediation plan~~ **fact that cybersecurity threats have been rapidly evolving in sophistication and prevalence** , no assurance can be provided that we will not become subject to **future** ~~another or similar attack~~ **attacks** , especially when our cybersecurity protection is dependent at least to some extent on the lack of human error. **New** ~~Additionally, on February 9, 2022, the~~ SEC ~~proposed new~~ rules related to cybersecurity risk management ~~, which~~ may further increase our regulatory burden and the cost of compliance in such events. Our IT systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. We also outsource certain elements of our IT systems to third parties that, as a result of this outsourcing, could have access to certain confidential information and whose systems may also be vulnerable to these types of attacks or disruptions. There can be no assurance that our protective measures or those of these third parties will prevent or detect security breaches that could have a significant impact on our business, reputation, operating results and financial condition. The failure of these systems to operate or integrate effectively with other internal, customer, supplier or third- party service provider systems and to protect the underlying IT system and data integrity, including from cyber- attacks, intrusions or other breaches or unauthorized access of these systems, or any failure by us to remediate any such attacks or breaches, may also result in damage to our reputation or competitiveness, delays in product fulfillment and reduced efficiency of our operations, and could require significant capital investments to remediate any such failure, problem or breach, all of which could adversely affect our business, operating results and financial condition. We maintain cyber liability insurance; however, this insurance may not be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems. Funds affiliated with OrbiMed own a significant percentage of our common stock, have the right to designate a majority of our Board of Directors, and are able to exert significant control over matters subject to stockholder approval, preventing other stockholders and new investors from influencing significant corporate decisions. ROS and Royalty Opportunities collectively owned approximately ~~67~~ **56. 2** % of our outstanding common stock as of December 31, ~~2022~~ **2023** . We are party to ~~an~~ **the** Investor Rights Agreement ~~with~~ **, under which** ROS and Royalty Opportunities ~~under which they~~ are permitted to nominate a majority of the directors and designate the chairperson of our Board of Directors at subsequent annual meetings, as long as they maintain an ownership threshold in our Company of at least 40 % of our then outstanding common stock. If ROS and Royalty Opportunities are unable to maintain this ownership threshold, the Investor Rights Agreement contemplates a reduction of nomination rights commensurate with their ownership interests. In addition, under the Investor Rights Agreement, for so long as the ownership threshold is met, we must obtain the approval of a majority of our common stock held by ROS and Royalty Opportunities to proceed with the following actions: (i) issue new securities; (ii) incur over $ 250, 000 of debt in a fiscal year; (iii) sell or transfer over $ 250, 000 of our assets or businesses or our subsidiaries in a fiscal year; (iv) acquire over $ 250, 000 of assets or properties in a fiscal year; (v) make capital expenditures over $ 125, 000 individually, or $ 1, 500, 000 in the aggregate during a fiscal year; (vi) approve our annual budget; (vii) **appoint** ~~hire or terminate our~~ - **or** ~~chief executive officer~~ **remove the chairperson of our Board of Directors** ; **and** (viii) ~~appoint or remove the chairperson of our Board of Directors; and (ix)~~ make loans to, investments in, or purchase, or permit any subsidiary to purchase, any stock or other securities in another entity in excess of $ 250, 000 in a fiscal year ~~. As long as the ownership threshold is met, we may not increase the size of our Board of Directors beyond seven directors without the approval of a majority of the directors nominated by ROS and Royalty Opportunities~~ . The Investor Rights Agreement also grants ROS and Royalty Opportunities the right to purchase from us a pro rata amount of any new securities that we may propose to issue and sell. Because of their significant share ownership and control, OrbiMed has the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our stockholders and Board of Directors, including amendments to our Charter, Third Amended and Restated Bylaws (“ Bylaws ”), election and removal of directors, ~~the appointment of management,~~ future issuances of our common stock or other securities, payment of dividends, if any, on our common stock, the incurrence or modification of indebtedness by us, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions, as well as certain day- to- day decisions involved in operating our business, such as annual operating plans, capital expenditures and other investments in our business. The interests of OrbiMed may not ~~necessarily in all cases~~ be aligned with management’ s views on the operation of our business or the interests of our

other stockholders. In addition, OrbiMed and their affiliates may have an interest in pursuing acquisitions, divestitures and other transactions or not pursuing such transactions that, in their judgment, could enhance or reduce their investment, even though such transactions might involve risks to our other stockholders. For example, OrbiMed could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue- generating assets. In addition, OrbiMed and their affiliates are able to determine the outcome of all matters requiring stockholder approval and are able to cause or prevent a change of control of our Company or a change in the composition of our Board of Directors and could preclude any acquisition of our Company. This concentration of voting control could deprive our other stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of our Company and ultimately might affect the market price of our common stock. We are a " controlled company " within the meaning of the NYSE American rules and rely on exemptions from various corporate governance requirements that provide protection to stockholders of other companies. We are a " controlled company " as defined in section 801 (a) of the NYSE American Company Guide because more than 50 % of the combined voting power of all of our outstanding common stock is beneficially owned by OrbiMed Advisors LLC. As a " controlled company, " we are exempt from certain NYSE American rules requiring our Board of Directors to have a majority of independent members, a compensation committee composed entirely of independent directors and a nominating committee composed entirely of independent directors. These independence standards are intended to ensure that directors who meet those standards are free of any conflicting interest that could influence their actions as directors. ~~We~~ **While we currently have a majority of independent directors on the Board of Directors, an independent nomination and governance committee or an independent compensation committee, we may in the future elect to** rely on NYSE American' s controlled company exemptions ~~and do not have a majority of independent directors on the Board of Directors, an independent nomination and governance committee or an independent compensation committee~~ . Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE American rules. Shares of our common stock are equity securities and are subordinate to our outstanding indebtedness. Shares of our common stock are common equity interests. This means that our common stock will rank junior to any outstanding shares of our preferred stock that we may issue in the future or to the indebtedness under our Credit Agreements and any future indebtedness we may incur and to all creditor claims and other non- equity claims against us and our assets available to satisfy claims on us, including claims in a bankruptcy or similar proceeding. Additionally, unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of our common stock, (i) dividends are payable only when and if declared by our Board of Directors, and (ii) as a corporation, we are restricted to making dividend payments and redemption payments out of legally available assets. We have never paid a dividend on our common stock and have no current intention to pay dividends in the future. In addition, our Credit Agreements preclude us from paying dividends. Furthermore, our common stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the voting rights available to stockholders generally. Our inability to comply with the continued listing requirements of the NYSE American could result in our common stock being delisted, which could affect its market price and liquidity and reduce our ability to raise capital. We are required to meet certain qualitative and financial tests to maintain the listing of our common stock on the NYSE American. If we do not maintain compliance with the continued listing requirements for the NYSE American within specified periods and subject to permitted extensions, our common stock may be recommended for delisting (subject to any appeal we would file). ~~On October 5, 2020, we regained compliance with these continued listing requirements as a result of the completion of our August 2020 debt restructuring.~~ No assurance can be provided that we will continue to comply with these continued listing requirements. If our common stock were delisted, it could be more difficult to buy or sell our common stock and to obtain accurate quotations, and the price of our stock could suffer a material decline. Delisting would also impair our ability to raise capital. The market price of our common stock is extremely volatile, which may affect our ability to raise capital in the future and may subject the value of the investment of our stockholders to sudden decreases. The market price for securities of medical device and biotechnology companies, including ours, historically has been highly volatile, and the market from time to time has experienced significant price and volume fluctuations that are unrelated to the operating performance of such companies. The trading volume and prices of our common stock have been and may continue to be volatile and could fluctuate widely due to factors both within and beyond our control. During ~~2022~~ **2023** , the sale price of our common stock ranged from $ 0. ~~46~~ **58** to $ ~~0~~ **1** . ~~88~~ **39** per share, and our daily trading volume ranged from ~~2~~ **1** thousand to ~~328~~ **790** thousand shares. Such volatility may be the result of broad market and industry factors. Future fluctuations in the trading price or liquidity of our common stock may harm the value of the investment of our stockholders in our common stock. Factors that may have a significant impact on the market price and marketability of our common stock include, among others: ● the terms of any potential future transaction (s) related to debt financing, debt restructuring or capital raising; ● our ability to make interest payments under our Credit Agreements; ● our observance of covenants under our Credit Agreements; ● announcements of technological innovations or new commercial products by us or our present or potential competitors; ● developments or disputes concerning patent or other proprietary rights; ● developments in our relationships with employees, suppliers, distributors, sales representatives and customers; ● acquisitions or divestitures; ● litigation and government proceedings; ● adverse legislation, including changes in governmental regulation; ● third- party reimbursement policies; ● additions or departures of key personnel; ● sales of our equity securities by our significant stockholders or management or sales of additional equity securities by our Company; ● changes in securities analysts' recommendations; ● short selling; ● changes in health care policies and practices; ● the delisting of our common stock or halting or suspension of trading in our common stock by the NYSE American; ● economic, social and other external factors, such as ~~COVID- 19~~ **epidemics or pandemics** , supply chain disruptions, labor shortages and persistent inflation; and ● general market conditions. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been instituted. These lawsuits often seek unspecified damages, and as with any litigation proceeding, one cannot predict with certainty the eventual outcome of pending litigation.

Furthermore, we may have to incur substantial expenses in connection with any such lawsuits and our management' s attention and resources could be diverted from operating our business as we respond to any such litigation. We maintain insurance to cover these risks for us and our directors and officers, but our insurance is subject to high deductibles to reduce premium expense, and there is no guarantee that the insurance will cover any specific claim that we currently face or may face in the future, or that it will be adequate to cover all potential liabilities and damages. **Our actual operating results may differ significantly from our guidance, which could cause the market price of our common stock to decline. We recently initiated the issuance of guidance regarding our future performance, such as our anticipated annual revenue, that represents our management' s estimates as of the date of release. This guidance, which consists of forward- looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither any independent registered public accounting firm nor any other independent expert or outside party compiles, examines or reviews the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of these ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data will diminish the farther in the future that the data are forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this Annual Report on Form 10- K could result in the actual operating results being different than our guidance, and such differences may be adverse and material. The failure to achieve such guidance could disappoint investors and analysts and cause the market price of our common stock to decline.** We may issue additional common stock resulting in stock ownership dilution. From time to time, we issue equity securities to raise additional financing and in connection with debt restructurings. During ~~2022~~ **2023** , we issued in a private placement approximately 20. ~~3~~ **0** million shares of common stock at a purchase price of $ 0. ~~48~~ **75** per share ~~and warrants to purchase approximately 5. 1 million shares of common stock~~ . Future dilution may occur due to additional future equity issuances and / or equity financing events by us, including any potential future restructuring of our outstanding indebtedness. In addition, we may raise additional capital through the sale of equity or convertible debt securities, which would further dilute the ownership interests of our stockholders. As of December 31, ~~2022~~ **2023** , we had outstanding warrants to purchase approximately 12, 187, 470 shares of our common stock, stock options to purchase **1, 472, 013 shares of our common stock, restricted stock unit awards covering 1, 102, 473 shares of our common stock and deferred stock unit awards covering 653, 310 shares of our common stock under the Xtant Medical Holdings, Inc. 2023 Equity Incentive Plan, stock options to purchase** 3, ~~347~~ **403** , ~~819~~ **192** shares of our common stock and restricted stock unit awards covering 3, ~~612~~ **403** , ~~433~~ **192** shares of our common stock under the Xtant Medical Holdings, Inc. Second Amended and Restated 2018 Equity Incentive Plan, options to purchase **623** ~~12, 845~~ shares of our common stock under our prior equity compensation plan, and ~~7~~ **9** , ~~443~~ **968** , ~~895~~ **106** shares available for issuance under the Xtant Medical Holdings, Inc. **2023** ~~Second Amended and Restated 2018~~ Equity Incentive Plan. If these or any future warrants, options or restricted stock units are exercised or otherwise converted into shares of our common stock, our stockholders will experience additional dilution. The sale or availability for sale of substantial amounts of our common stock or other equity securities could adversely affect the market price of our common stock. Sales of substantial amounts of our common stock or a preferred stock in the public market, or the perception that these sales could occur, could adversely affect the market price of our common stock and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities beneficially owned by OrbiMed or any other stockholder or the availability of these securities for future sale will have on the market price of our common stock. **If securities analysts stop publishing research or reports about us or our business, or if they downgrade our common stock, the trading volume and market price of our common stock could decline. The market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. If any analyst who covers us downgrades our stock or lowers its future stock price targets or estimates of our operating results, our stock price could decline rapidly. Furthermore, if any analyst ceases to cover our Company, we could lose visibility in the market. Each of these events could, in turn, cause our trading volume and the market price of our common stock to decline.** Anti- takeover provisions in our organizational documents and agreements may discourage or prevent a change in control, even if a sale of the Company could be beneficial to our stockholders, which could cause our stock price to decline and prevent attempts by our stockholders to replace or remove our current management. Several provisions of our **Restated Certificate of Incorporation (“** Charter **”)** and **Third Amended and Restated** Bylaws **(“ Bylaws ”)** and our Investor Rights Agreement could make it difficult for our stockholders to change the composition of our Board of Directors, preventing them from changing the composition of management. In addition, several provisions of our Charter and Bylaws may discourage, delay or prevent a merger or acquisition that our stockholders may

consider favorable. These provisions include: ● We have shares of common stock and preferred stock available for issuance without stockholder approval. The existence of unissued and unreserved common stock and preferred stock may enable the Board of Directors to issue shares to persons friendly to current management or to issue preferred stock with terms that could render more difficult or discourage a third- party attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, thereby protecting the continuity of our management. ● Shares of our common stock do not have cumulative voting rights in the election of directors, so our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors. ● Special meetings of the stockholders may be called only by the Board of Directors, the chair of the Board of Directors or the chief executive officer. ● The Board of Directors may adopt, alter, amend or repeal our Bylaws without stockholder approval. ● Unless otherwise provided by law, any newly created directorship or any vacancy occurring on the Board of Directors for any cause may be filled by the affirmative vote of a majority of the remaining members of the Board of Directors even if such majority is less than a quorum, and any director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced or until his or her successor is elected and qualified. ● **Prior to July 26, 2030, fixing the number of directors at more than seven directors requires the approval of at least 75 % of our directors then holding office. ●** The affirmative vote of the holders of at least two- thirds of the voting power of the then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, is required to amend or repeal the provisions of our Charter related to the amendment of our Bylaws, the Board of Directors and our stockholders as well as the general provisions of our Charter. ● Stockholders must follow advance notice procedures to submit nominations of candidates for election to the Board of Directors at an annual or special meeting of our stockholders, including director election contests subject to the SEC' s universal proxy rules, and must follow advance notice procedures to submit other proposals for business to be brought before an annual meeting of our stockholders. ● Unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware, **(or, if the Court of Chancery of the State of Delaware does not have** subject ~~to certain limitations~~ **matter jurisdiction, a state court located within the State of Delaware or, if no state court located within the State of Delaware has subject matter jurisdiction, the federal district court for the District of Delaware)** , will be the exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising under any provision of the General Corporation Law of the State of Delaware (" DGCL "), our Charter or our Bylaws, or (iv) any action asserting a claim governed by the internal- affairs doctrine **; provided, however, that unless we consent in writing to an alternative forum, the federal district courts of the United States of America shall be, to the fullest extent permitted by applicable law, the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended** . ● The Investor Rights Agreement includes director nomination rights, which provide that so long as the Ownership Threshold (as defined in the Investor Rights Agreement) is met, Royalty Opportunities and ROS are entitled to nominate such individuals to the Board of Directors constituting a majority of the directors. In addition, under the Investor Rights Agreement, so long as the Ownership Threshold is met, certain matters require the approval of Royalty Opportunities and ROS to proceed with such a transaction, including without limitation, the sale, transfer or other disposition of our assets or businesses or our subsidiaries with a value in excess of $ 250, 000 in the aggregate during any fiscal year (other than sales of inventory or supplies in the ordinary course of business, sales of obsolete assets (excluding real estate), sale- leaseback transactions and accounts receivable factoring transactions). ● The Letter Agreement between us and Mr. Stavros Vizirgianakis includes director nomination rights, which terminate on the earlier of (i) the date on which Mr. Vizirgianakis ceases to hold at least 75 % of the shares of common stock purchased by him in our 2022 private placement, (ii) **October 7,** ~~the second anniversary of the date of the second closing of our 2022~~ **2024** ~~private placement~~ , or (iii) upon written notice of Mr. Vizirgianakis to us. These anti- takeover provisions could substantially impede the ability of our stockholders to benefit from a change in control and, as a result, could materially adversely affect the market price of our common stock and the ability of our stockholders to realize any potential change- in- control premium. Our Board of Directors is authorized to issue and designate shares of our preferred stock without stockholder approval. Our Charter authorizes our Board of Directors, without the approval of our stockholders, to issue up to 10 million shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our Charter, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these series of preferred stock may be senior to or on parity with our common stock, which may reduce its value. Our Charter designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit the ability of our stockholders to obtain a favorable judicial forum for disputes with us. Our Charter provides that **, unless we consent in writing to an alternative forum,** the Court of Chancery of the State of Delaware **, (or, if the Court of Chancery of the State of Delaware does not have subject matter jurisdiction, a state court located within the State of Delaware or, if no state court located within the State of Delaware has subject matter jurisdiction, the federal district court for the District of Delaware),** will be the exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising under any provision of the DGCL, **our Charter or our Bylaws,** or (iv) any action asserting a claim governed by the internal- affairs doctrine. ~~Stockholders~~ **Furthermore, unless we consent** in **writing to an alternative forum, the federal district courts of the United States of America shall be, to the fullest extent permitted by applicable law, the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person** ~~our~~ **or** ~~Company~~ **entity purchasing or otherwise acquiring any interest in any security of Xtant** will be deemed to have notice of and ~~have~~ consented to ~~the~~ **these** provisions ~~of our Charter related to choice of forum~~ . **This** ~~The choice~~

~~of forum~~ provision ~~in our Charter~~ may limit the ability of our stockholders to obtain a favorable judicial forum for disputes with us. ~~Notwithstanding the foregoing, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act of 1933, as amended (the " Securities Act "), creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act, the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction.~~ We have never paid dividends and do not expect to do so in the foreseeable future. We have not declared or paid any cash dividends on our common stock. The payment of dividends in the future will be dependent on our earnings and financial condition and on such other factors as our Board of Directors considers appropriate. Unless and until we pay dividends, stockholders may not receive a return on their shares of our common stock. There is no present intention by our Board of Directors to pay dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of our Credit Agreements preclude us from paying dividends. As a result, appreciation, if any, in the market price of our common stock will be the sole source of gain for our stockholders for the foreseeable future. Worldwide economic and **market conditions, including with respect to financial institutions, and** social ~~instability~~ **unrest** could adversely affect our revenue, **liquidity,** financial condition, or results of operations. The health of the global economy, and the credit markets and the financial services industry in particular, as well as the stability of the social fabric of our society, affects our business and operating results. **Economic slowdowns, periods of high inflation, periods of rising interest rates and recessions, as well as disruptions in access to bank deposits or lending commitments due to bank failures, could materially and adversely affect our revenue, liquidity, financial condition and results of operations.** For example **, the 2023 closures of Silicon Valley Bank, Signature Bank and First Republic Bank and their placement into receivership with the Federal Deposit Insurance Corporation (" FDIC ") created bank- specific and broader financial institution liquidity risk and concerns. Although depositors at these institutions continued to have access to their funds, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market- wide liquidity shortages. The failure of any bank with which we deposit our funds or otherwise do business could reduce the amount of cash we have available for our operations or delay our ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and / or custodial financial institutions. In the event we have a commercial relationship with a bank that fails or is otherwise distressed, we may experience delays or other issues in meeting our financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our cash and cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Additionally** , the credit and financial markets may be adversely affected by the **war** ~~current conflict~~ between Russia and Ukraine and measures taken in response thereto **, as well as the war between Israel and Hamas** . If the credit markets are not favorable, we may be unable to raise additional financing when needed or on favorable terms. Our customers may experience financial difficulties or be unable to borrow money to fund their operations, which may adversely impact their ability to purchase our products or to pay for our products on a timely basis, if at all. In addition, adverse economic conditions, such as the lingering economic impacts of COVID- 19, ~~continuing~~ supply chain disruptions, labor shortages and persistent inflation, and measures taken in response thereto, including ~~recent~~ interest rate increases, could also adversely impact our suppliers' ability to provide us with materials and components, which may negatively impact our business. As with our customers and vendors, these economic conditions make it more difficult for us to accurately forecast and plan our future business activities. Climate change, or legal, regulatory or market measures to address climate change, may materially adversely affect our financial condition and business operations. Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our future operations from natural disasters and extreme weather conditions, such as hurricanes, tornadoes, wildfires or flooding. Concern over climate change could result in new legal or regulatory requirements designed to report, reduce or mitigate the effects of greenhouse gases, as well as more stringent regulation of water rights. For example, ~~during~~ **in March** ~~2022~~ **2024** , the SEC ~~proposed~~ **adopted** new climate disclosure rules, which ~~, if adopted, would~~ require new ~~climate related~~ disclosure in **certain** SEC filings **about material** ~~, including certain~~ climate- related **risks** ~~metrics and greenhouse gas emissions data~~ , ~~information about~~ **activities to mitigate or adapt to such risks, board oversight of climate- related risks and management' s role in managing material climate- related risks, and** climate- related targets and goals ~~, transition plans, if any, and extensive attestation requirements~~ . **The new climate** ~~In addition to requiring public companies to quantify and disclose~~ **disclosure** ~~direct emissions data~~ **rules have been the subject of multiple legal challenges** , **so the extent to which** the new rules **will go into effect remains uncertain** ~~also would require disclosure of climate impact arising from the operations and uses by the company' s business partners and contractors and end- users of the company' s products and / or services~~ . We are currently assessing the impact of the new rules ~~, if adopted as proposed~~ , but at this time, we cannot predict the costs of implementation or any potential adverse impacts resulting from the new rules ~~if adopted~~ . However, we may incur increased costs relating to the assessment and disclosure of climate- related risks and increased litigation risks related to disclosures made pursuant to the new rules, either of which could materially and adversely affect our future results of operations and financial condition. Additionally, inconsistency of regulations at the state level in the states in which we operate may affect the costs of compliance with such legal or regulatory requirements. In addition, public company stockholders are increasingly sensitive to the climate change impacts and mitigation efforts of companies, are increasingly seeking enhanced disclosure on the risks, challenges, governance implications, and financial impacts of climate change faced by companies and are demanding that companies take a proactive approach to addressing perceived environmental risks, including risks associated with climate

change, relating to their operations. Adverse publicity or climate- related litigation that impacts us could have a negative impact on our business. Changes in accounting standards, policies, or assumptions utilized in determining accounting estimates could adversely affect our financial statements, including our operating results and financial condition. In preparing our consolidated financial statements in conformity with U. S. generally accepted accounting principles (" GAAP "), we must make decisions that impact our results of operations and / or financial condition. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances, historical experience, and expert valuations, as appropriate. As a result, actual amounts could differ from those estimated at the time our consolidated financial statements are prepared. Our critical accounting estimates are described later in this report under Part II. Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations. In addition, various authoritative accounting or regulatory entities, including the Financial Accounting Standards Board (" FASB "), and the SEC may amend, expand, and / or eliminate the financial accounting or reporting standards that govern the preparation of our consolidated financial statements or could reverse their previous interpretations or positions on how various financial accounting and / or reporting standards should be applied. We disclose the impact of accounting pronouncements that have been issued but not yet adopted within our Annual and Quarterly Reports on Form 10- K and Form 10- Q, respectively. However, we do not provide an assessment of proposed accounting pronouncements, as such proposals are subject to change through the exposure process and therefore, we cannot meaningfully assess their effects on our consolidated financial statements. Future changes to accounting standards could modify the accounting policies and procedures that are currently utilized in the preparation of our consolidated financial statements. Such changes may be difficult to predict and implement and could materially, or otherwise, impact how we prepare and report our consolidated financial statements, results of operations, and financial condition. The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes- Oxley Act and the NYSE American, may strain our resources and divert management' s attention, and we may be unable to comply with these requirements in a timely or cost- effective manner. As a public company, we are subject to the reporting requirements of the Exchange Act and the corporate governance standards of the Sarbanes- Oxley Act and the NYSE American. These requirements place a strain on our management, systems and resources and we will continue to incur significant legal, accounting, insurance and other expenses. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition within specified time periods and to prepare a proxy statement with respect to our annual meeting of stockholders. The Sarbanes- Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. The NYSE American requires that we comply with various corporate governance requirements. To maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting and comply with the Exchange Act and NYSE American requirements, significant resources and management oversight are required. This may divert management' s attention from other business concerns and lead to significant costs associated with compliance, which could have a material adverse effect on us and the market price of our common stock. Furthermore, as we grow our business both organically and through acquisitions, our disclosure controls and procedures and internal control over financial reporting will become more complex, and we may require significantly more resources to ensure that these controls and procedures remain effective. **For example, as a result of the control deficiencies in the design and implementation of our internal control over financial reporting that related to our recent acquisitions, which constituted two material weaknesses, we will be allocating additional resources to our internal control over financial reporting, as described in greater detail under the heading Part II. Item 9A. " Controls and Procedures. "** These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors or its committees or as our executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements. We cannot predict or estimate the amount of additional costs we may incur or the timing of these costs. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation. Scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. Public companies are facing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance (" ESG ") practices and disclosure. Investor advocacy groups, investment funds and influential investors are also focused on these practices, especially as they relate to the environment, climate change, health and safety, supply chain management, diversity, labor conditions and human rights, both in our own operations and in our supply chain. Increased ESG- related compliance costs could result in material increases to our overall operational costs. Our ESG practices may not meet the standards of all of our stakeholders and advocacy groups may campaign for further changes. A failure, or perceived failure, to adapt to or comply with regulatory requirements or to respond to investor or stakeholder expectations and standards could negatively impact our business and reputation and have a negative impact on the trading price of our common stock. Item 1B. Unresolved Staff Comments