As filed with the Securities and Exchange Commission on September 14, 2020.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Aziyo Biologics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	2836	47-4790334
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
(240) 247-1170

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ronald Lloyd
President and Chief Executive Officer
Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
(240) 247-1170

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee[(3)]
Class A Common Stock, par value $0.001 per share[(4)]	$57,500,000	$7,464

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the additional shares that the underwriters have the option to purchase from the registrant.
(3) Calculated in accordance with Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
(4) To the extent shares of common stock are purchased by entities affiliated with Deerfield Private Design Fund III, L.P., the common stock will be issued in the form of Class B common stock, $0.001 par value per share. The Proposed Maximum Aggregate Offering Price includes such shares of Class B common stock, and this registration statement registers the offer and sale of such Class B common stock and an equivalent number of shares of Class A common stock, $0.001 par value per share, into which such Class B common stock is convertible at the option of the holder thereof.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED SEPTEMBER 14, 2020

Shares

AZIYO BIOLOGICS, INC.

Class A Common Stock

$ per share

- Aziyo Biologics, Inc. is offering shares.
- We anticipate that the initial public offering price will be between $ and $ per share.
- This is our initial public offering and no public market currently exists for our shares.
- Proposed Nasdaq Global Market trading symbol: "AZYO."

This investment involves risk. See "Risk Factors" beginning on page 18.

Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote and shares of Class B common stock will be non-voting, except as may be required by law. Each share of Class B common stock may be converted at any time into one share of Class A common stock at the option of its holder, subject to the ownership limitations provided for in our amended and restated certificate of incorporation to become effective upon the closing of this offering.

We are an "emerging growth company" and a "smaller reporting company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements in future reports after the completion of this offering. See "Prospectus Summary — Implications of Being an Emerging Growth Company and a Smaller Reporting Company."

	Per Share	Total
Initial public offering price	$	$
Underwriting discount[(1)]	$	$
Proceeds, before expenses, to Aziyo Biologics, Inc.	$	$

(1) See "Underwriting" beginning on page 168 for additional information regarding underwriting compensation.

The underwriters have a 30-day option to purchase up to additional shares from us at the initial public offering price less the underwriting discount.

Certain of our existing stockholders, including entities affiliated with certain of our directors, have indicated an interest in purchasing an aggregate of approximately $ in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or no shares in this offering to any or all of these stockholders, or any or all of these stockholders may determine to purchase more, fewer or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering. To the extent shares of common stock offered hereby are purchased by entities affiliated with Deerfield Private Design Fund III, L.P., such shares will be issued in the form of Class B common stock that will be convertible into an equivalent number of shares of our Class A common stock. The public offering price of and underwriting discount on such shares of Class B common stock will be identical to the shares of Class A common stock otherwise offered hereby. Unless otherwise indicated or as the context otherwise requires, references to Class A common stock being offered hereby include the shares of Class A common stock into which shares of our Class B common stock purchased in this offering are convertible.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities described herein or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to investors on or about , 2020.

Piper Sandler **Cowen**

Cantor **Truist Securities**

The date of this prospectus is , 2020

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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This prospectus includes our trademarks, trade names and service marks, including, without limitation, "Aziyo®," "CanGaroo®," "ProxiCor®," "Tyke®," "VasCure®," "FiberCel®," "ViBone®," "OsteGro®," "SimpliDerm®" and our logo, which are our property and are protected under applicable intellectual property laws. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks may appear in this prospectus without the ®, TM and SM symbols, but such references are not intended to indicate, in any way, that we or the applicable owner forgo or will not assert, to the fullest extent permitted under applicable law, our rights or the rights of any applicable licensors to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

PROSPECTUS SUMMARY

This summary highlights, and is qualified in its entirety by, the more detailed information included elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and notes to those financial statements included elsewhere in this prospectus, before making an investment decision. Some of the statements in this summary constitute forward-looking statements, see "Special Note Regarding Forward-Looking Statements." In this prospectus, unless the context otherwise requires, references to "we," "us," "our," the "Company" and "Aziyo" refer to the consolidated operations of Aziyo Biologics, Inc. and its consolidated subsidiaries.

Overview

We are a commercial-stage regenerative medicine company focused on creating the next generation of differentiated products and improving outcomes in patients undergoing surgery, concentrating on patients receiving implantable medical devices. From our proprietary tissue processing platforms, we have developed a portfolio of advanced regenerative medical products that are designed to be very similar to natural biological material. Our proprietary products, which we refer to as our Core Products, are designed to address the implantable electronic device/cardiovascular, orthopedic/spinal repair and soft tissue reconstruction markets, which represented a combined $3 billion market opportunity in the United States in 2019. To expand our commercial reach, we have commercial relationships with major medical device companies, such as Boston Scientific and Medtronic, to promote and sell some of our Core Products. We believe our focus on our unique regenerative medicine platforms and our Core Products will ultimately maximize our probability of continued clinical and commercial success and will create a long-term competitive advantage for us.

We estimate that more than two million patients were either implanted with medical devices, such as pacemakers, defibrillators, neuro-stimulators, spinal fusion and trauma fracture hardware or tissue expanders for breast reconstruction, in the United States in 2019. This number is driven by advances in medical device technologies and an aging population with a growing incidence of comorbidities, including diabetes, obesity and cardiovascular and peripheral vascular diseases. These comorbidities can exacerbate various immune responses and other complications that can be triggered by a device implant.

Our Core Products are targeted to address unmet clinical needs with the goal of promoting healthy tissue formation and avoiding complications associated with medical device implants, such as scar-tissue formation, capsular contraction, erosion, migration, non-union of implants and implant rejection. We believe that we have developed the only biological envelope, which is covered by a number of patents, that forms a natural, systemically vascularized pocket for holding implanted electronic devices. We have a proprietary processing technology for manufacturing bone regenerative products for use in orthopedic/spinal repair that preserves a cell's ability to regenerate bone and decelerates cell apoptosis, or programmed cell death. We have a patented cell removal technology that produces undamaged extracellular matrices for use in soft tissue reconstruction. In pre-clinical and clinical studies, our products have supported and, in some cases, accelerated tissue healing, and thereby improved patient outcomes. Our Core and Non-Core product portfolio is highlighted in the table below.

Market		Product Brands	Description	Go-To-Market Strategy
CORE PRODUCTS	Implantable Electronic Devices and Cardiovascular	CanGaroo	Biological envelope that remodels into systemically connected, vascularized tissue for the long-term pocket protection of certain cardiac and neurostimulator implantable electronic devices	Direct and supported by commercial partners
		ProxiCor Tyke VasCure	Portfolio of extracellular matrices that retain the natural composition of collagen, growth factors and proteins for use in vascular and cardiac repair and pericardial closure	Direct and independent sales agents
	Orthopedic and Spinal Repair	FiberCel ViBone OsteGro V	Variety of viable matrices, produced with a proprietary process that is designed to protect and preserve native bone cells and reduce programmable cell death, for use in bone repair and fusion procedures	Commercial partners
	Soft Tissue Reconstruction	SimpliDerm	Pre-hydrated, human acellular dermal matrix, or HADM, that is designed to enable rapid integration, cellular repopulation and rapid revascularization at the surgical site	Direct and independent sales agents
NON-CORE PRODUCTS	Contract Manufacturing	Various Products	Contract manufacturing of particulate bone, precision milled bone, cellular bone matrix, acellular dermis, amnion and other soft tissue products to utilize fully our starting human biological materials, leverage our existing overhead and improve our cash flow	Corporate customers

Our growth strategy is focused on increasing penetration in our target markets. We believe we can expand our commercial penetration in these markets and thereby grow our business by increasing our direct sales force and developing and launching more clinically relevant products from our pipeline and, when possible and appropriate, from acquisitions.

Our go-to-market strategy includes a hybrid of a direct sales force, commercial partners and independent sales agents. As of June 30, 2020, we had 27 direct sales representatives who focus on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. By growing our direct sales force and leveraging our existing commercial partners, we believe we can expand our customer base and further strengthen our existing customer relationships and increase penetration in our target markets.

We have a well-established and scalable manufacturing platform, consisting of two facilities that are supported by our corporate headquarters. Our Silver Spring, Maryland location is our headquarters and functions as a research and development and corporate support center. Our Roswell, Georgia location is our processing, production and distribution facility for all our implantable electronic device/cardiovascular products. Our Richmond, California location is our human tissue products facility. We believe we have sufficient operating capacity at both our Roswell and Richmond facilities to support future growth.

We have a proven track record of growing our business. Net sales from our Core Products grew from $22.7 million for the year ended December 31, 2018 to $30.9 million for the year ended December 31,

2019, representing an annual growth rate of 36%. Our total net sales increased from $39.0 million for the year ended December 31, 2018 to $42.9 million for the year ended December 31, 2019, representing an annual growth rate of 10%. Our gross margins improved from 41% in the year ended December 31, 2018 to 46% in the year ended December 31, 2019. Our gross margins, excluding intangible asset amortization, improved from 50% in the year ended December 31, 2018 to 54% in the year ended December 31, 2019. We incurred a net loss of $11.6 million for the year ended December 31, 2018, and a net loss of $11.9 million for the year ended December 31, 2019.

Net sales from our Core Products grew from $13.7 million for the six months ended June 30, 2019 to $15.6 million for the six months ended June 30, 2020. Our total net sales decreased from $19.7 million for the six months ended June 30, 2019 to $18.4 million for the six months ended June 30, 2020. Our gross margins improved from 47% in the six months ended June 30, 2019 to 49% in the six months ended June 30, 2020. Our gross margins, excluding intangible asset amortization, improved from 56% in the six months ended June 30, 2019 to 58% in the six months ended June 30, 2020. We incurred a net loss of $6.1 million for the six months ended June 30, 2019, and a net loss of $9.7 million for the six months ended June 30, 2020.

Gross margin, excluding intangible asset amortization, is a non-GAAP financial measure. See "— Summary Consolidated Financial Data — Non-GAAP Financial Measures" for a discussion regarding our use of gross margin, excluding intangible asset amortization, including its limitations and a reconciliation to the most directly comparable GAAP financial measure.

Our Competitive Strengths

Our mission is to provide advanced regenerative care products that improve the outcomes in patients primarily undergoing implantable device-related surgery. To accomplish this mission, we intend to establish our Core Products as the standard of care for treating patients undergoing such procedures. We believe our key competitive strengths position us well to execute on our growth strategy. Our key competitive strengths are:

- **Well-Positioned in Large, Attractive and Growing Markets**. We believe that the implantable electronic devices/cardiovascular, orthopedic/spinal repair and soft tissue reconstruction markets, which represented a combined $3 billion market opportunity in the United States in 2019, will continue to experience accelerated growth. We further believe there is growing adoption of regenerative medicine products by the medical community as physicians become aware of the benefits of using natural products during surgery.
- **Regenerative Medicine Technology Focus**. Our scientific expertise and know-how in regenerative medicine technology has allowed us to develop our proprietary platforms to create differentiated biomaterials, including our Core Products: CanGaroo, ProxiCor, Tyke, VasCure, FiberCel, ViBone, OsteGro V and SimpliDerm. These types of products, which are designed to more closely resemble natural products than similar traditionally processed products, have enabled us to advance the science of regenerative medicine as well as to process tissue and produce products at commercial scale.
- **Broad Portfolio of Core Products to Address the Needs of Physicians, Patients and Providers.** Physicians use our broad portfolio of regenerative medicine products to meet the needs of individual patients. The breadth of our current portfolio, which includes products used in implantable electronic devices, orthopedic/spinal repair and soft tissue reconstructive procedures, gives us the flexibility to target a broad set of procedures, each with a full suite of products to accommodate both the clinical and economic factors that may affect purchasing decisions.
- **Large and Growing Body of Clinical Data and FDA Cleared Products.** We have significant regulatory experience in obtaining U.S. Food and Drug Administration, or FDA, clearance for regenerative medicine products requiring 510(k) clearance and in navigating the comprehensive regulatory framework that applies to human cells, tissues and cellular and tissue-based products, or HCT/Ps. We have and continue to develop a body of pre-clinical, clinical and patient outcomes data, including third-party publications that reviewed the technical and clinical attributes of our products.

- **Relationships with Care Providers.** Our medical and commercial teams have established extensive customer relationships in the healthcare industry. We have developed excellent relationships with physicians, nurses and hospital administrators. We believe we are well-positioned to leverage these relationships to increase our penetration in our target markets.
- **Commercial Relationships with Major Medical Device Companies.** We have commercial agreements with major medical device companies, including Boston Scientific, Biotronik, Medtronic, Surgalign Holdings and others, which we collectively refer to as our commercial partners, to promote or commercialize some of our products. Our commercial partners use their own network of more than 2,000 sales representatives, clinical specialists and independent sales agents.
- **Established and Scalable Manufacturing and Commercial Infrastructure.** We have well-established relationships to obtain the human and animal tissues, which we need to manufacture our products, in the quantity needed and in a manner that preserves their integrity. We have sufficient capacity to increase the scale of our manufacturing, and the required quality control and regulatory capabilities to ensure that our products meet established specifications. Our established regulatory, operational and commercial infrastructure provides a firm foundation for growth as we continue to scale our business.
- **Executive Management Team with Extensive Experience in Regenerative Medicine.** Our executive management team has extensive experience in the regenerative medicine and medical device industries. This experience allows us to operate with a deep understanding of the underlying trends in regenerative medicine and the intertwined scientific, clinical, regulatory, commercial and manufacturing functions that drive success in this industry.

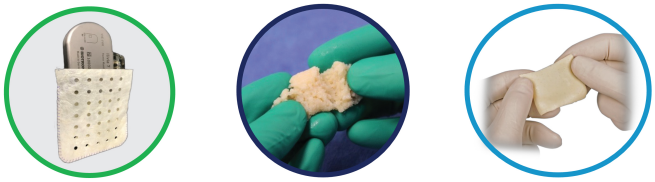
Our Growth Strategy

The key elements of our growth strategy are:

- **Increase Penetration in Our Target Markets.** We believe that the potential for growth in regenerative medicine in our target markets presents a long-term opportunity to increase the use of our products. We plan to continue our growth and accelerate our penetration into these target markets by increasing the size of our direct sales force and by leveraging our relationships with our commercial partners that have well-established sales infrastructure and significant experience in our target markets.
- **Additional Growth through Selective Acquisitions.** We have demonstrated our ability to identify acquisition opportunities and integrate assets that complement our strategy and generate revenue and incremental gross profits. We will continue to evaluate possible acquisitions that complement our existing portfolio and leverage our established commercial and manufacturing infrastructure.
- **Robust Pipeline of Innovative Core Products from Our Proven Research and Development Capabilities.** We have brought to market four commercial Core Products in the past three years. In addition to our current core commercial products, we have a pipeline of products being developed for the implantable electronic devices/cardiovascular market, the orthopedic/spinal repair market and the soft tissue reconstruction market that we expect to launch in the future. We will continue to conduct pre-clinical studies and clinical trials, gather patient data and perform other research to support the further adoption of our products in the marketplace.
- **Continuing to Expand the Reach of Our Direct Sales Force**. As of June 30, 2020, we had 27 sales representatives who focus on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. We plan to grow our sales organization in order to expand our network of hospital and physician customers, drive deeper penetration in current accounts and provide additional technical assistance to our commercial partners.

Our Core Products/Solutions

Our portfolio of regenerative medicine Core Products has been developed to address the following specific markets:



IMPLANTABLE ELECTRONIC DEVICES / CV

ORTHOPEDIC / SPINAL REPAIR

SOFT TISSUE RECONSTRUCTION

Implantable Electronic Devices/Cardiovascular Market

Market Opportunity

In 2019, we estimate, based on industry sources and other third-party estimates, that there were more than 600,000 procedures in the United States to install or replace implantable electronic devices, such as pacemakers, pulse generators and defibrillators, as well as spinal cord neuromodulators and vagus nerve, deep brain and sacral nerve stimulators, which represents an estimated $600 million opportunity.

Limitations of Existing Solutions

Implantable electronic devices are now the standard of care for patients suffering from cardiac arrhythmias and heart failure. Such devices are implanted in soft tissue, which is not heavily vascularized, and its implantation may trigger a biologic response that results in inflammation and fibrosis, leading to the device and its wire leads being encased in dense or calcified fibrous material. In 2015, a group of third-party researchers published a systematic review and meta-analysis of 60 published reports, consisting of 21 prospective, nine case-control and 30 retrospective cohort studies published between 1981 and 2013, each of which examined the rate of infection associated with the implantation of electronic devices. The average rate of infection was between 1.0 and 1.3% and the reported rates of infection ranged from 0.3 to 16.4%. In 2019, a different group of third-party researchers published the results of a global, prospective randomized clinical trial focused on infection complications of implantable electronic cardiovascular devices which identified a 1.2% mean infection rate during 12-month follow-up in the control arm (3,488 patients), and this was later reported by other third-party researchers in 2020 to rise to 1.9% at the 36 months follow-up. However, infection is not the only significant complication associated with implantation. Data from third party studies published in 2011 and 2016 indicated that migration occurred in 0.5 to 10.9% of such procedures, and data from third party studies published in 2001 and 2007 indicated that erosion of the device through the skin occurred in 0.2 to 5.0% of such procedures. Thus, migration and erosion have been shown to be similarly frequent and can result in infection or require replacement of the device. Other complications include those associated with Twiddler's syndrome, which is a malfunction of a pacemaker due to manipulation of the device by the patient, and discomfort at the implant site.

Our Solution

CanGaroo was designed to mitigate complications deriving from implantable electronic devices and the shortcomings of synthetic envelopes. We believe that CanGaroo is the only biological product that forms a natural, systemically vascularized pocket that conforms to and securely holds implantable electronic devices. CanGaroo is cleared for use with pacemaker pulse generators, defibrillators and other cardiac implantable electronic devices as well as vagus nerve stimulators, spinal cord neuromodulators, deep brain stimulators and sacral nerve stimulators.

The CanGaroo envelope is constructed from perforated, multi-laminate sheets of decellularized, non-crosslinked, lyophilized small intestine submucosa (SIS) extracellular matrix (ECM), derived from porcine small intestinal submucosa, a natural biomaterial, which is rich in natural growth factors, structural proteins and collagens. The ECM is sewn into the shape of a pouch, into which the device is placed. We sell the biological envelope in a variety of sizes, which allows it to accommodate various sized electronic devices, and it has a shelf life of 30 months.

CanGaroo is soft and pliable and is designed to conform to the implantable device for easy handling and implantation. The SIS ECM is designed to mitigate the biologic foreign body response that normally

occurs around the electronic device. CanGaroo is remodeled into a surrounding layer of vital, vascularized tissue, potentially reducing the risk of capsular formation, migration and erosion of the implantable device through the skin, and complications associated with Twiddler's syndrome. CanGaroo may also facilitate the process of implantation and of device removal during replacement, as well as enhance patient comfort.

Additional Cardiovascular Products

Through our direct sales force and independent sales agents, we also sell additional cardiovascular products derived from our specialized SIS ECM, all of which received 510(k) regulatory clearance as medical devices. Proxicor is cleared for use as an intracardiac patch or pledget, for tissue repair, i.e., atrial septal defect, ventricular septal defect and suture-line buttressing, as well as for the reconstruction and repair of the pericardium. ProxiCor enables cardiac and congenital heart surgeons to reestablish the essential native anatomical structures of the heart and pericardium by providing a natural bio-scaffold that allows the patient's own cells to form a new pericardial layer. Tyke was developed based on a request by pediatric cardiovascular surgeons to deliver an ECM material that maintained the biomechanical properties found in our existing products, but was thinner, more pliable and better suited for intracardiac and branch pulmonary artery use in neonates and infants. Tyke is cleared for use in neonates and infants for the repair of pericardial structures; as an epicardial covering for damaged or repaired cardiac structures; and as a patch material for intracardiac defects, septal defect and annulus repair, suture-line buttressing and cardiac repair. VasCure is cleared for use, and is used by cardiovascular, vascular and general surgeons as, a patch material to repair or reconstruct the peripheral vasculature, including the carotid, renal, iliac, femoral and tibial blood vessels and as a pledget or for suture line buttressing when repairing peripheral vessels. VasCure can be modeled into site-specific tissue and conforms to repair defects easily.

Orthopedic/Spinal Repair Market

Market Opportunity

According to industry sources, in the United States in 2019, there were an estimated 1.5 million surgical procedures for orthopedic and spinal repair, which, excluding the cost for spinal and orthopedic hardware, used bone repair products valued at more than $2 billion. The number of such surgeries has increased over the last several years, driven, in part, by a higher incidence of comorbidities and chronic inflammatory and degenerative conditions, including osteoarthritis.

Spinal fusion, the leading application for bone fusion surgeries in the United States, involves the use of grafting material to cause two vertebrae to grow together into one. In the United States in 2019, medical facilities performed 695,000 spinal fusion surgeries, of which approximately 400,000 were lumbar operations. Lower extremity applications, including ankle arthrodesis, or surgical immobilization of a joint by fusion of the adjacent bones, now represent a bone fusion market of approximately 165,000 fusions. With improving fixation methods, success rates have improved across these applications.

Limitations of Existing Solutions

Although success rates for orthopedic and spinal fusion have improved, inadequate bone healing remains one of the leading causes of failure for any fusion procedure. Fusion is especially challenging in patients who have underlying healing deficiencies because of such comorbidities as diabetes and obesity. Currently, autologous bone, which is harvested from the patient, is considered the gold standard for bone fusions, as compared to bone harvested from another individual, or an allograft. However, obtaining sufficient autologous material may not always be possible, may not yield good quality material, may cause donor site morbidity and pain and has an additional cost associated with its harvest. Other options, such as bone morphogenetic protein-2, or BMP-2, and human graft products, both suffer from adverse effects that include, but are not limited to, bone resorption and premature cellular death.

Our Solution

Our bone regenerative products are processed by a proprietary method designed to protect and preserve the native bone cells (osteogenic) needed for bone formation and to decelerate cell apoptosis. Our products, besides being osteogenic, are also osteoinductive (ability to recruit cells and to signal the need for bone formation) and osteoconductive (three-dimensional scaffold appropriate for bone formation). These products, which have handling properties that support their placement by the surgeon and their integration

with the patient's bone, are intended for use in patients mainly receiving orthopedic and spinal implants to enhance the bone repair process and include FiberCel, ViBone and OsteGro V, all of which are viable, cellular bone matrices.

FiberCel is a fiber-based bone repair product made from human tissue and engineered to be like natural tissue. It is marketed for use in orthopedic or reconstructive bone grafting procedures in combination with autologous bone or other forms of allograft bone or alone as a bone graft. FiberCel provides handling properties that are critical for use as a bone void filler in various orthopedic and spinal procedures. FiberCel contains cancellous bone particles with preserved living cells and demineralized cortical bone fibers to facilitate bone repair and healing.

ViBone is a particle-based bone repair product designed to perform and handle in a manner similar to an autograft and is marketed for use as allograft bone. ViBone contains cancellous and demineralized cortical bone particles.

OsteGro V is our newest product leveraging our proprietary process designed to protect and preserve native bone cells. OsteGro V is marketed for use for the repair, replacement or reconstruction of bone defects and contains cancellous bone particles as well as demineralized cortical bone particles and fibers to enhance product handling.

Soft Tissue Reconstruction Market

Market Opportunity

According to certain third-party estimates, there were more than 100,000 procedures in the United States in 2019 using biologic matrices for plastic and reconstructive surgery, which constituted an approximately $500 million market. Plastic and reconstructive surgery is performed to treat structures of the human body that are affected aesthetically or functionally due to defects, abnormalities, trauma, infection, burns, tumors or disease. Plastic and reconstructive surgery is generally performed to improve function and ability, but it may also be performed to achieve a more natural appearance of the affected anatomical structure. Clinical practice of plastic and reconstructive surgery includes: excision of tumors of the skin, vasculature, chest, oral and oropharyngeal cavities and extremities and reconstructions of the same; debridement, skin grafting and skin flaps for burn reconstructions; trauma surgery for the hands, upper and lower limbs and facial region; congenital or acquired malformations related to the hands, face, skull and jaw; surgical removal of vascular abnormalities; a range of aesthetic surgeries; and reconstructions of the breast, which is one of the most common applications of biologic matrices.

Limitations of Existing Solutions

Autologous tissue repair procedures are options for stabilizing soft tissue defects in various applications. However, these methods have limitations that include, but are not limited to, infection and extended healing times. Synthetic products provide a substitute when autologous reconstruction is not feasible or desired. Yet, they too have their limitations that include, but are not limited to, foreign body reaction which can lead to pain and other complications. Human acellular dermal matrix, or HADM, products offer a biologic alternative for reconstructive procedures, but they have their own limitations which can ultimately lead to issues with how rapidly and to what extent an implant is integrated.

Our Solution

SimpliDerm was designed to offer improved biocompatibility and better functioning in the patient. It is marketed for use for the repair or replacement of damaged or insufficient integumental tissue or for the repair, reinforcement or supplemental support of soft tissue defects or any other homologous use of human integument. SimpliDerm is a pre-hydrated, HADM manufactured with our patented cell removal technology, a process that maintains the biological and structural integrity of the tissue's extracellular matrix components and allows for rapid integration, cellular repopulation and revascularization at the surgical site. Its structurally intact extracellular matrix is designed to closely resemble that which occurs naturally.

Our Non-Core Products: Contract Manufacturing

We fulfill tissue processing contracts through our contract manufacturing services at our Richmond, California facility in order to utilize as much as possible of the starting human biological material from

which we produce our core orthopedic/spinal repair and soft tissue reconstruction products, leverage our existing overhead and improve our cash flow. For the year ended December 31, 2019, our net sales from contract manufacturing was approximately $12.0 million, representing approximately 27.9% of our total net sales.

Clinical Data

We have accumulated a substantial body of pre-clinical and clinical data for our Core Products. We believe that the reported outcomes from our studies help to differentiate our Core Products in the marketplace.

Implantable Electronic Device

Pre-Clinical and Clinical Studies

In a pre-clinical rabbit model, the CanGaroo envelope was more successful in providing a barrier surrounding a cardiovascular implantable electronic device, or CIED, compared to a pacemaker canister alone. To evaluate our CanGaroo envelope, we have conducted two post-market studies involving 1,122 patients. We are also conducting a retrospective study of approximately 600 patients, and are planning to initiate an additional 30-patient retrospective study in the near term. The SECURE Study was a prospective, single arm, observational, post-market study assessing patients who underwent the implantation of a CIED in a CanGaroo envelope. The results of the SECURE Study provided evidence supporting the safety of the CanGaroo envelope when used for the implantation of CIEDs in humans. The CARE Study was a retrospective, consecutive case series, post market study. The low rates of CanGaroo envelope complications observed in the CARE Study support the safety of the product when used in a human CIED implantation. The recently initiated CARE Plus Study is an ongoing retrospective cohort study of the outcomes in patients who received a CanGaroo envelope, Medtronic's synthetic TYRX envelope or no envelope during their CIED implantation. The CARE Plus Study is being conducted at a single site with an estimated 600 patients to be evaluated. The HEAL Study is a planned, retrospective cohort study of 30 CIED patients who are presenting for their latest reoperation after a previous implantation. Patients evaluated in the study will be from one of three cohorts based on whether a CanGaroo envelope, Medtronic's synthetic TYRX envelope or no envelope was used during the prior implantation.

Orthopedic/Spinal Repair

Pre-Clinical and Clinical Studies

Characterization studies were conducted to evaluate whether the manufacturing processes for our viable bone matrices improve certain product characteristics affecting the key elements of bone formation, including osteogenesis, osteoconduction and osteoinduction, versus traditional viable bone matrix manufacturing processes. Our viable bone matrices showed improvements in all of these characteristics, as well as less cell death. A prospective, post-market clinical study is being conducted to evaluate outcomes in patients undergoing cervical or lumbar interbody fusion surgery using ViBone. This study is ongoing and interim results showed a decrease in neck pain compared to the baseline. For the patients reviewed as of September 30, 2019, all patients displayed either fusion or probable fusion at the surgery site.

Soft Tissue Reconstruction

Pre-Clinical and Clinical Studies

SimpliDerm was implanted in non-human primates and explanted at two weeks, four weeks and three months. Tissue samples, characterized with staining, cytokine analysis and gene expression markers, showed a lower inflammatory response than with the market-leading HADM. Currently, we are collecting clinical data in an Investigational Review Board, or IRB, approved, retrospective, multi-center study evaluating patients who have undergone breast reconstruction post-mastectomy with SimpliDerm and patients receiving other HADMs. These data will inform us as to the design of future clinical feasibility and pivotal studies to support potential regulatory applications for a breast reconstruction indication for SimpliDerm.

Risk Factors

Our business is subject to a number of risks that you should be aware of before making an investment decision. You should carefully consider all of the information set forth in this prospectus and, in particular,

should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our common stock. Among these important risks are the following:

- Our long-term growth depends on our ability to enhance our products, expand our product indications and develop, acquire and commercialize additional product offerings.
- A substantial portion of our net sales is generated through our commercial partners and independent sales agents, which subjects us to various risks.
- Our revenue and profitability could be materially and adversely affected if we fail to maintain our relationships with our existing contract manufacturing customers and enter into agreements with new contract manufacturing customers, or if existing contract manufacturing customers reduce purchases of our products. Our relationships with these customers also subject us to certain risks.
- We plan to expand our direct sales force, and if we are unable to successfully expand, manage and maintain our direct sales force, we may not be able to generate greater market share and revenue growth.
- We have incurred operating losses since our inception, expect to continue to incur significant expenses and operating losses in the future, and may not be able to achieve or sustain profitability.
- Our business has been, and may continue to be, adversely affected by the outbreak of the novel strain of coronavirus disease, COVID-19, and may be adversely affected by any future pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide.
- Adverse changes in general domestic and global economic conditions and instability and disruption of credit markets, including as a result of the current COVID-19 pandemic or any other outbreak of an infectious disease, could adversely affect our business, financial condition, results of operations and liquidity.
- Our future growth depends on physician awareness of the distinctive characteristics, benefits, safety, clinical efficacy and cost-effectiveness of our products.
- Our success depends on the continued and future acceptance of our products by the medical community.
- We face significant and continuing competition from other companies, some of which have longer operating histories, more established products and/or greater resources than we do, which could adversely affect our business, financial condition and results of operations.
- Pricing pressure, as a result of cost-containment efforts of our customers, purchasing groups, third-party payors and governmental organizations, could adversely affect our sales and profitability.
- The processing of human tissue for our products is technically complex, requiring high levels of quality control and precision, which subjects us to increased production risks.
- Because we depend upon a limited number of third-party suppliers and manufacturers and, in certain cases, exclusive suppliers for raw materials essential to our business, we may incur significant product development costs and experience material delivery delays if we lose any significant supplier, which could materially and adversely affect our business, financial condition and results of operations.
- If we are unable to obtain, maintain and adequately protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce or defend our rights.

Corporate Information

We were incorporated in Delaware in August 2015 as a subsidiary of Tissue Banks International, Inc., or TBI (now KeraLink International, or KeraLink). In November 2015, all of the assets and substantially all of the liabilities of the musculoskeletal division of TBI were contributed to us and 75% of the ownership interests in us were transferred to HighCape Partners QP, L.P., or HighCape Partners QP, certain of its affiliates, and Deerfield Private Design Fund III, L.P., or Deerfield. Our offices are located at 12510

Prosperity Drive, Suite 370, Silver Spring, Maryland 20904. Our telephone number is (240) 247-1170. Our corporate website is *www.aziyo.com*. The information contained on, or that can be accessed through our website, is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus or in deciding to purchase our common stock.

Implications of Being an Emerging Growth Company and a Smaller Reporting Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act, and a "smaller reporting company" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. As such, we may take advantage of certain exemptions from various reporting requirements that are applicable to other publicly traded entities that are not emerging growth companies or smaller reporting companies. With respect to emerging growth companies, these exemptions include:

- the option to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- not being required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes;" and
- not being required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We have elected to take advantage of certain of these reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of some or all of these reduced reporting requirements in the future. As a result, the information that we provide to our stockholders may be different than the information you might receive from other public reporting companies in which you hold equity interests. See "Risk Factors — Risks Related to Our Common Stock and this Offering — We are an 'emerging growth company' and a 'smaller reporting company,' and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our common stock less attractive to investors."

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period, provided in Section 13(a) of the Exchange Act, for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements and the reported results of operations contained therein may not be directly comparable to those of other public companies.

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are $1.07 billion or more; (ii) the last day of 2025; (iii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common equity held by non-affiliates is $700 million or more as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years.

Even after we cease to be an emerging growth company, we will remain a smaller reporting company until the fiscal year following the earlier of (i) our determination that the market value of the voting and non-voting shares held by non-affiliates is $250 million or more but less than $700 million as of the last

business day of our second fiscal quarter and our annual revenues are $100 million or more during our most recently completed fiscal year, or (ii) the market value of the voting and non-voting shares held by non-affiliates is $700 million or more measured on the last business day of our second fiscal quarter. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies, including reduced financial and executive compensation disclosure. In addition, even if we cease to be an emerging growth company, we will remain exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act provided we do not qualify as an "accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if our annual revenue was $100 million or more during our most recently completed fiscal year and the market value of our common equity held by non-affiliates is $75 million or more as of the last business day of our most recently completed second fiscal quarter, and only after we have been subject to the reporting requirements of the Exchange Act for a period of at least 12 calendar months.

THE OFFERING

Class A common stock offered by us	shares
Option to purchase additional shares	The underwriters have a 30-day option to purchase up to additional shares of our Class A common stock at the initial public offering price less estimated underwriting discounts and commissions.
Class A common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Class B common stock to be outstanding after this offering	shares.
Total Class A and Class B common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares of our Class A common stock), at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and commissions and the estimated offering expenses payable by us. We anticipate that we will use the net proceeds of this offering to hire additional sales personnel and expand our marketing programs and to fund product development and clinical research activities and that we will use the remainder for working capital and other general corporate purposes. See "Use of Proceeds" beginning on page 79 for additional information.
Voting rights	Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote and shares of Class B common stock will be non-voting, except as may be required by law. Each share of Class B common stock may be converted into one share of Class A common stock at the option of its holder, subject to the ownership limitations provided for in our amended and restated certificate of incorporation to become effective upon the closing of this offering. See "Description of Capital Stock" for additional information.
Risk factors	Investing in our common stock involves a high degree of risk. You should carefully read the "Risk Factors" beginning on page 18 and the other information included in this prospectus

	for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Proposed Nasdaq Global Market symbol	"AZYO"

Certain of our existing stockholders, including entities affiliated with certain of our directors, have indicated an interest in purchasing an aggregate of approximately $ in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or no shares in this offering to any or all of these stockholders, or any or all of these stockholders may determine to purchase more, fewer or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering. To the extent shares of common stock offered hereby are purchased by entities affiliated with Deerfield, such shares will be issued in the form of Class B common stock that will be convertible into an equivalent number of shares of our Class A common stock. The public offering price of and underwriting discount on such shares of Class B common stock will be identical to the shares of Class A common stock otherwise offered hereby. Unless otherwise indicated or as the context otherwise requires, references to Class A common stock being offered hereby include the shares of Class A common stock into which shares of our Class B common stock purchased in this offering are convertible, and references to our "common stock" refer to shares of our Class A common stock and shares of our Class B common stock or either, as the context may require.

The number of shares of our common stock that will be outstanding after this offering is based on shares of our Class A common stock and shares of Class B common stock (including shares of all of our convertible preferred stock on an as-converted basis) outstanding as of , 2020, assumes no issuance of Class B common stock in connection with this offering, and excludes:

- shares of our Class A common stock issuable upon exercise of stock options outstanding under our 2015 Stock Option / Stock Issuance Plan, referred to as our 2015 Plan, as of , 2020, at a weighted-average exercise price of $ per share;
- shares of our Class A common stock that remain available for issuance under our 2015 Plan as of , 2020; and
- shares of our Class A common stock reserved for future issuance under our 2020 Incentive Award Plan, referred to as our 2020 Plan, which will become effective in connection with this offering.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- a -for- reverse stock split of our common stock, which will become effective prior to the effectiveness of the registration statement of which this prospectus forms a part;
- the automatic conversion of all outstanding shares of our Series A convertible preferred stock into an aggregate of shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering;
- the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering pursuant to our certificate of incorporation (as currently in effect), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) (a $1.00 increase in the assumed initial public offering price of $ per share would decrease the number of shares of our Class A common stock and Class B common stock issuable in respect of such liquidation preference by an aggregate of shares and shares, respectively; a $1.00 decrease in the assumed initial public offering price of $ per share

would increase the number of shares of our Class A common stock and Class B common stock issuable in respect of such liquidation preference by an aggregate of shares and shares, respectively);

- the assumed net exercise of a warrant to purchase shares of our Class A common stock outstanding as of , 2020, which we refer to as the Common Stock Warrant, that will expire if not exercised prior to the closing of this offering, and which will result in the issuance of shares of our Class A common stock, assuming the fair market value of our Class A common stock for purposes of such net exercise will be equal to the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) (a $1.00 increase in the assumed initial public offering price of $ per share would increase the number of shares of our Class A common stock issuable in connection with such assumed net exercise by shares; a $1.00 decrease in the assumed initial public offering price of $ per share would decrease the number of shares of our Class A common stock issuable in connection with such assumed net exercise by shares);
- the assumed net exercise of warrants to purchase shares of our Series A convertible preferred stock outstanding as of , 2020, which we refer to as the Preferred Stock Warrants, that will expire if not exercised prior to the closing of this offering, and which will result in the issuance of an aggregate of shares of our Class A common stock, assuming the fair market value of our Series A convertible preferred stock for purposes of such net exercise will be $ per share, based on an assumed initial public offering price for our common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock (a $1.00 increase in the assumed initial public offering price of $ per share would increase the number of shares of our Class A common stock issuable in connection with such assumed net exercise by an aggregate of shares; a $1.00 decrease in the assumed initial public offering price of $ per share would decrease the number of shares of our Class A common stock issuable in connection with such assumed net exercise by an aggregate of shares);
- the issuance and sale of an aggregate of (i) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of convertible promissory notes, which we refer to as the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (ii) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020;
- the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020;
- no exercise of outstanding options after , 2020;
- the filing and effectiveness of our restated certificate of incorporation, which we refer to as our Post-IPO Certificate of Incorporation, and the effectiveness of our amended and restated bylaws, which we refer to as our Post-IPO Bylaws, which will occur upon the closing of this offering; and
- no exercise by the underwriters of their option to purchase additional shares of our Class A common stock.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated financial data for the periods and as of the dates indicated. We have derived the consolidated statements of operations data for the years ended December 31, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the six months ended June 30, 2019 and 2020 and the consolidated balance sheet data as of June 30, 2020 from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial information set forth below on the same basis as our audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and results of operations as of the applicable dates and for the applicable periods.

Our historical results are not necessarily indicative of the results that should be expected for any future period, and our results for the interim period are not necessarily indicative of the results that should be expected for the full year ending December 31, 2020. You should read the following summary consolidated financial data together with the more detailed information contained in "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:				
Net sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442
Cost of goods sold	23,093	23,133	10,376	9,443
Gross profit	15,945	19,768	9,333	8,999
Operating expenses:				
Sales and marketing	13,165	16,161	7,157	8,297
General and administrative	8,520	9,616	4,293	5,699
Research and development	2,481	2,400	1,235	1,948
Total operating expenses	24,166	28,177	12,685	15,944
Loss from operations	(8,221)	(8,409)	(3,352)	(6,945)
Interest expense	5,519	5,381	2,686	2,783
Other (income) expense	(2,200)	(1,881)	—	—
Loss before provision for income taxes	(11,540)	(11,909)	(6,038)	(9,728)
Provision for income taxes	26	30	14	10
Net loss and net loss attributable to common stockholders	$ (11,566)	$ (11,939)	$ (6,052)	$ (9,738)
Net loss per share attributable to common stockholders — basic and diluted[(1)]	$ (1.32)	$ (1.32)	$ (0.67)	$ (1.08)
Weighted average shares of common stock outstanding used to compute net loss per share attributable to common stockholders — basic and diluted[(1)]	8,785,082	9,014,779	9,002,913	9,046,663
Pro forma net loss per share attributable to common stockholders — basic and diluted (unaudited)[(1)]				
Pro forma weighted average shares of common stock outstanding used to compute pro forma net loss per share attributable to common stockholders — basic and diluted (unaudited)[(1)]				

(1) See Notes 14 and 15 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the

method used to calculate the historical and pro forma basic and diluted net loss per share attributable to common stockholders and the weighted average number of shares used in the computation of the per share amounts. All share and per share amounts set forth in the table above have been adjusted to give retrospective effect to the -for- reverse stock split of our common stock effected on , 2020.

	As of June 30, 2020		
	Actual	Pro Forma[1]	Pro Forma As Adjusted[2][3]
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash	$ 990	$	$
Working capital[4]	(3,310)		
Total assets	42,195		
Long-term debt, including current portion	26,061		
Long-term revenue interest obligation, including current portion	19,433		
Series A convertible preferred stock	44,899		
Total stockholders' equity (deficit)	(64,723)		

(1) The pro forma consolidated balance sheet data gives effect to:

- the automatic conversion of all outstanding shares of our Series A convertible preferred stock into an aggregate of shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering;
- the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering pursuant to our certificate of incorporation (as currently in effect), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus);
- the assumed net exercise of the Common Stock Warrant, which will result in the issuance of shares of our Class A common stock, assuming the fair market value of our Class A common stock for purposes of such net exercise will be equal to the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus);
- the assumed net exercise of the Preferred Stock Warrants, which will result in the issuance of an aggregate of shares of our Class A common stock, assuming the fair market value of our Series A convertible preferred stock for purposes of such net exercise will be $, based on an assumed initial public offering price for our Class A common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock;
- the issuance and sale of an aggregate of (i) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (ii) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020; and
- the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020.

The number of shares of common stock issuable to holders of our Series A and Series A-1 convertible preferred stock in respect of the liquidation preference described above, the number of shares of Class A common stock issuable upon the net exercise of the Common Stock Warrant and the number of shares of Series A convertible preferred stock issuable upon the assumed net exercise of the Preferred Stock Warrants, in each case, as described above, will depend on the actual initial public offering price determined at pricing. See "— The Offering" for information regarding the expected impact of a $1.00 increase or decrease in the assumed initial public offering price per share on the number of shares issuable in connection with the events described in the foregoing sentence.

(2) Reflects the pro forma adjustments described in footnote (1) and the issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, working capital, total assets, additional paid-in capital and total stockholders' equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price, after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us, would increase (decrease) each of cash, working capital, total assets, additional paid-in capital and total stockholders' equity by $ million. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

(4) We define working capital as our total current assets less our total current liabilities. See our consolidated financial statements included elsewhere in this prospectus for further details regarding our current assets and liabilities.

Non-GAAP Financial Measures

This prospectus presents our gross margin, excluding intangible asset amortization, for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2019 and 2020. We calculate gross margin, excluding intangible asset amortization, as gross profit, excluding amortization expense relating to intangible assets we acquired in our acquisition of all of the commercial assets of CorMatrix Cardiovascular, Inc., or CorMatrix, in 2017, or the CorMatrix Acquisition, divided by net sales. Gross margin, excluding intangible asset amortization, is a supplemental measure of our performance, is not defined by or presented in accordance with U.S. generally accepted accounting principles, or GAAP, has limitations as an analytical tool and should not be considered in isolation or as an alternative to our GAAP gross margin, gross profit or any other financial performance measure presented in accordance with GAAP. We present gross margin, excluding intangible asset amortization, because we believe that it provides meaningful supplemental information regarding our operating performance by removing the impact of amortization expense, which is not indicative of our overall operating performance. We believe this provides our management and investors with useful information to facilitate period-to-period comparisons of our operating results. Our management uses this metric in assessing the health of our business and our operating performance, and we believe investors' understanding of our operating performance is similarly enhanced by our presentation of this metric.

Although we use gross margin, excluding intangible asset amortization, as described above, this metric has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may use other measures to evaluate their performance, which could reduce the usefulness of this non-GAAP financial measure as a tool for comparison.

The following table presents a reconciliation of our gross margin, excluding intangible asset amortization, for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2019 and 2020 to the most directly comparable GAAP financial measure, which is our GAAP gross margin.

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(dollars in thousands)			
Net sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442
Cost of Goods Sold	23,093	23,133	10,376	9,443
Gross profit	$ 15,945	$ 19,768	$ 9,333	$ 8,999
Intangible amortization expense	$ 3,398	$ 3,398	$ 1,699	$ 1,699
Cost of Goods Sold, excluding intangible amortization	$ 19,695	$ 19,735	$ 8,677	$ 7,744
Gross profit, excluding intangible amortization	$ 19,343	$ 23,166	$ 11,032	$ 10,698
Gross margin	41%	46%	47%	49%
Gross margin, excluding intangible amortization	50%	54%	56%	58%

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this prospectus before making an investment in our common stock. Our business, financial condition, results of operations and prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our common stock could decline and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below.

Risks Related to Our Business

Our long-term growth depends on our ability to enhance our products, expand our product indications and develop, acquire and commercialize additional product offerings.

Our industry is highly competitive and subject to rapid change and technological advancements. Competition intensifies as technical advances in each field are made and become more widely known. We can give no assurance that others will not develop products, services and processes with significant advantages over the products, services and processes that we offer or are seeking to develop. It is, therefore, important to our business that we continue to enhance our existing product offerings, expand our product indications and develop or otherwise introduce and successfully commercialize new products. Developing, acquiring and commercializing products is expensive and time-consuming and could divert management's attention away from our core business. Even if we are successful in developing additional products, the success of any new product offering or enhancements to any of our existing products will depend on several factors, including our ability to:

- properly identify and anticipate physician and patient needs;
- develop and introduce new products and product enhancements in a timely manner;
- distinguish our products from those of our competitors;
- develop an effective and dedicated sales and marketing team;
- enter into successful agreements with commercial partners, independent sales agents and other third parties where it is beneficial for us to do so;
- adequately protect our intellectual property, avoid infringing, misappropriating or otherwise violating the intellectual property rights of third parties and obtain and maintain necessary intellectual property licenses from third parties;
- demonstrate, if required, the safety and efficacy of new products with data from pre-clinical studies and clinical trials;
- obtain the necessary regulatory clearances or approvals for new products, product enhancements and expanded indications;
- maintain full compliance with FDA, European Union Medical Devices regulations and other regulatory requirements applicable to new devices or products or modifications of existing devices or products;
- provide adequate training to potential users of our products;
- receive adequate coverage and reimbursement for our products; and
- otherwise compete effectively against products and enhancements developed by our competitors.

If we are not successful in expanding our indications and developing, acquiring and commercializing new products and product enhancements, our ability to increase our net sales may be impaired, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our research and development efforts may require a substantial investment of time and resources before we are adequately able to determine the commercial viability of a new product, technology or other innovation.

Even if we are able to successfully develop and commercialize new product offerings or enhancements, they may be quickly rendered obsolete by changing customer preferences or the introduction by our competitors of products embodying new technologies or features and/or otherwise not produce sales in excess of the costs of development, any of which could also materially and adversely affect our business, financial condition and results of operations. Furthermore, to the extent we seek to enhance our products and broaden our product portfolio through acquisitions or other commercial transactions, we will be subject to additional risks. See "— We regularly evaluate opportunities to make acquisitions of, investments in, and licenses or other commercial arrangements involving, other companies or technologies, and to enter into other strategic transactions. These transactions entail significant risks."

A substantial portion of our net sales is generated through our commercial partners and independent sales agents, which subjects us to various risks.

We currently rely on the efforts of our commercial partners and independent sales agents to generate a substantial portion of our net sales, and we expect to continue to rely on these third parties to generate a substantial portion of our net sales in the future while we work to grow our direct sales force. As a result, the impairment or termination of these relationships for any reason, or the failure of these parties to diligently sell our products and comply with applicable laws and regulations, could materially and adversely affect our ability to generate revenue and profits. Because our commercial partners and independent sales agents control the relationships with our end customers, if our relationship with any commercial partner or independent sales agent ends, we will likely also lose our relationship with their customers. Furthermore, our success is partially dependent on the willingness and ability of the sales representatives and other employees of our commercial partners and independent sales agents to diligently sell our products. However, we cannot guarantee that they will be successful in marketing our products. In addition, because our commercial partners and independent sales agents do not sell our products exclusively, they may focus their sales efforts and resources on other products that produce better margins or greater commissions for them or are incorporated into a broader strategic relationship with a partner. Because we do not control the sales representatives and other employees of our commercial partners, we cannot guarantee that our sales processes, regulatory compliance and other priorities will be consistently communicated and executed. In addition, we do not have staff in many of the areas covered by our commercial partners and independent sales agents, which makes it particularly difficult for us to monitor their performance. While we may take steps to mitigate the risks associated with noncompliance by our commercial partners and independent sales agents, there remains a risk that they will not comply with regulatory requirements or our requirements and policies. Actions by the sales representatives and other employees of our commercial partners and independent sales agents that are beyond our control could result in flat or declining sales in that territory, harm to the reputation of our company or our products or legal liability, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition to the risk of losing customers, the operation of local laws and our agreements with our commercial partners and independent sales agents would make it difficult for us to replace a commercial partner or independent sales agent we feel is underperforming.

In order to increase our sales, particularly with respect to our Core Products, we intend to develop relationships and arrangements with additional commercial partners and/or independent sales agents, which we may not be able to do on commercially reasonable terms or at all. If we are unable to establish new commercial partner and independent sales agent relationships and maintain our relationships with our existing commercial partners and independent sales agents, in each case, on commercially reasonable terms, we will be unable to increase sales of our products and our business, financial condition and results of operations could be materially and adversely affected.

In addition, certain of our commercial partners may, from time to time, account for a significant portion of our net sales and/or accounts receivable. Sales to Surgalign Holdings, one of our commercial partners, accounted for 12% and 11% of our net sales during the year ended December 31, 2019 and six months ended June 30, 2020, respectively and represented 23% and 13% of our accounts receivable as of December 31, 2019 and June 30, 2020, respectively. Sales to Medtronic, also one of our commercial partners, accounted for 15% of our net sales during the six months ended June 30, 2020 and represented 27% of our accounts receivable as of June 30, 2020. The loss of one or more significant commercial partners, or a material reduction in their purchases of our products, would adversely affect our business,

financial condition and results of operations. We are also subject to the risk that any such commercial partner will experience financial difficulties that prevent them from making payments to us on a timely basis or at all.

Our revenue and profitability could be materially and adversely affected if we fail to maintain our relationships with our existing contract manufacturing customers and enter into agreements with new contract manufacturing customers, or if existing contract manufacturing customers reduce purchases of our products. Our relationships with these customers also subject us to certain risks.

Our contract manufacturing operations are an important component of our business, enabling us to utilize as much as possible of the human biological material from which we produce our core orthopedic/spinal repair and soft tissue reconstruction products, leverage our existing overhead and improve our cash flow. In addition, we have historically generated a significant portion of our net sales from our contract manufacturing customers, which represented approximately 41.8% and 27.9% of our net sales for the years ended December 31, 2018 and 2019, respectively and 30.6% and 15.4% of our net sales for the six months ended June 30, 2019 and 2020, respectively. As a result, if we are unable to maintain our relationships with our existing contract manufacturing customers and establish relationships with new contract manufacturing customers on terms that are favorable to us, or if our existing contract manufacturing customers materially reduce their purchases of our products, our sales and profitability will be adversely affected.

In addition, although we have invested, and expect to continue to invest, significant time and resources cultivating our relationships with these customers, these relationships subject us to certain risks. For example, our contract manufacturing customers may use their experience with our products to develop their own solutions, which they may be able to produce at a lower cost than the price they pay for our products. This is particularly true given that many of our customers are large, established companies that may be able to achieve greater economies of scale in manufacturing and production and/or experience synergies from vertical integration. In addition, our contract manufacturing customers routinely audit and inspect our facilities, processes and practices to ensure that our manufacturing process and products meet their internal standards and applicable regulatory standards. To date, we have passed all such audits and inspections. However, we may not do so in the future, and any failure to perform to our customers' satisfaction in these audits could significantly harm our relationships with them and our reputation, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, the need to comply with our customers' internal requirements could result in increased development, manufacturing, warranty and administrative costs. A significant increase in these costs could adversely affect our business, financial condition and results of operations. There is also a risk that we may be unable to supply products in the quantities and of the quality required by these customers within their required timeframes, which would also jeopardize our relationships with them. Disagreements or disputes may also arise from time to time. Any of these events, to the extent they cause our customers to reduce purchases of our products or terminate their relationships with us, could have a material adverse effect on our business, financial condition and results of operations.

In addition, our sales to these customers may be impacted by changes in their buying habits over which we have no control. Such changes may be driven by, among other things, changes in market share, cyclicality, inventory reductions, spending patterns, cost-cutting measures, product development activity and timelines and changes in supply chain management, as well as the impact of general economic conditions. These customers may also experience financial difficulties or other problems that may prevent them from making payments to us on a timely basis or at all. Any of these events could cause our operating results to fluctuate from period to period, make it more difficult for us to manage our inventory and production schedules and otherwise adversely affect our business, financial condition and results of operations.

We plan to expand our direct sales force, and if we are unable to successfully expand, manage and maintain our direct sales force, we may not be able to generate greater market share and revenue growth.

Prior to the CorMatrix Acquisition, we had a very small direct sales force and sold our Core Products primarily through independent sales agents or to other companies for resale or incorporation into their products. Though our orthopedic/spinal repair products are now primarily sold through our commercial partners, we currently utilize our direct sales force to sell CanGaroo and our cardiovascular products, as

well as our SimpliDerm product. As of June 30, 2020, our direct sales organization consisted of 27 sales representatives, who are focused on increasing market access and market penetration by selling our products, managing our commercial partners, who assist in selling CanGaroo, and providing technical assistance. Our operating results are directly dependent upon the efforts of these employees. If our direct sales force fails to adequately promote, market and sell our products and effectively manage and assist our commercial partners, our net sales may be adversely affected.

In addition, in order to expand our network of hospital and physician customers, drive deeper penetration in our current accounts and provide additional technical assistance to our commercial partners, we plan to expand the size and geographic scope of our direct sales force. This growth may require us to split or adjust existing sales territories, which may adversely affect our ability to retain customers in those territories. Additionally, our future success will depend largely on our ability to continue to hire, train, retain and motivate skilled sales personnel with significant industry experience and technical knowledge of regenerative medicine and related products. Because the competition for their services is high, we cannot assure you we will be able to hire and retain additional personnel on favorable or commercially reasonable terms, if at all. Failure to hire or retain qualified sales personnel would prevent us from expanding our business and generating additional revenue. In addition, it typically takes a substantial period of time before newly hired sales personnel are effective. Though we currently utilize commercial partners and independent sales agents to sell certain of our products, there is no guarantee that we will be able to establish relationships with additional parties, or that our existing commercial partners and independent sales agents will purchase or otherwise commercialize any products we may seek to introduce in the future. If we are unable to expand our sales and marketing capabilities, we may not be able to effectively commercialize our products, which could have a material adverse effect on our business, financial condition and results of operations.

We are working to grow our direct sales force for certain of our products, which may result in higher fixed costs and may slow our ability to reduce costs in the face of a sudden decline in demand for our products.

A key component of our growth involves expanding the size and geographic scope of our direct sales force. A direct sales force may subject us to higher fixed costs than those of other companies that market competing products primarily through third parties due to the costs that we will bear associated with employee benefits, training and managing sales personnel. As a result, we could be at a competitive disadvantage relative to competitors who rely more heavily on third parties to market and sell their products. Additionally, these fixed costs may slow our ability to reduce costs in the face of a sudden decline in demand for our products, which could have a material adverse effect on our business, financial condition and results of operations.

We have incurred operating losses since our inception, expect to continue to incur significant expenses and operating losses in the future, and may not be able to achieve or sustain profitability.

We have incurred net losses since our inception in 2015. For the years ended December 31, 2018 and 2019, we had net losses of $11.6 million and $11.9 million, respectively, and for the six months ended June 30, 2019 and 2020, we had net losses of $6.1 million and $9.7 million, respectively. As of June 30, 2020, we had an accumulated deficit of $66.7 million. To date, we have financed our operations primarily through private placements of our convertible preferred stock, amounts borrowed under our credit facilities and sales of our products. We have devoted the majority of our resources to acquisition and integration, manufacturing costs, research and development, clinical activity and investing in our commercial infrastructure through our direct sales force and commercial partners in order to expand our presence and to promote awareness and adoption of our products.

We expect that our operating expenses will continue to increase as we grow our sales organization, expand our product development and clinical and research activities, and incur additional costs associated with being a public company. As a result, we expect to continue to incur operating losses in the future and may never achieve profitability. Furthermore, even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. If we do not achieve or sustain profitability, it will be more difficult for us to finance our business and accomplish our strategic objectives, either of which would have a material adverse effect on our business, financial condition and results of operations and

cause the market price of our Class A common stock to decline. In addition, failure of our products to significantly penetrate existing or new markets would negatively affect our business, financial condition and results of operations.

Our recurring losses from operations and financial condition raise substantial doubt about our ability to continue as a going concern.

Without giving effect to the anticipated net proceeds from this offering, based on our current operating plans, there is substantial doubt as to whether our future cash flows together with our existing cash will be sufficient to meet our anticipated operating needs into 2021. In our audited consolidated financial statements for the year ended December 31, 2019 and our unaudited interim consolidated financial statements for the six months ended June 30, 2020, we concluded that this circumstance raised substantial doubt about our ability to continue as a going concern within one year from the original issuance date of such financial statements and from the date of the registration statement of which this prospectus forms a part. Similarly, in its report on such financial statements, our independent registered public accounting firm included an explanatory paragraph stating that our recurring losses from operations and accumulated deficit raise substantial doubt about our ability to continue as a going concern. If our existing resources are not sufficient and we are unable to increase our product sales, we will need to raise additional capital to finance our operations, which we may not be able to do on acceptable terms or at all. If we are unable to increase our sales and/or raise additional capital and continue as a going concern, we may have to liquidate the company, and it is likely that investors will lose all or a part of their investment. After this offering, in our own required quarterly assessments, we may again conclude that there is substantial doubt about our ability to continue as a going concern, and future reports from our independent registered public accounting firm may also contain statements expressing substantial doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities in the future and there remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding on commercially reasonable terms or at all.

Our business has been, and may continue to be, adversely affected by the outbreak of the novel strain of coronavirus disease, COVID-19, and may be adversely affected by any future pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide.

If a pandemic, epidemic or outbreak of an infectious disease occurs in the United States or worldwide, our business may be adversely affected. In December 2019, a novel strain of coronavirus, SARS-CoV-2, was identified in Wuhan, China. Since then, SARS-CoV-2, and the resulting disease, COVID-19, has spread to most countries and all 50 states within the United States. The COVID-19 pandemic has negatively impacted our business, financial condition and results of operations by significantly decreasing and delaying the number of procedures performed using our products, and we expect the pandemic to continue to negatively impact our business, financial condition and results of operations. Similar to the general trend in elective and other surgical procedures, the number of procedures performed using our products has decreased significantly as healthcare organizations in the United States have prioritized the treatment of patients with COVID-19 or have otherwise altered their operations to prepare for and respond to the pandemic. For example, in the United States, governmental authorities have recommended, and in certain cases required, that elective, specialty and other non-emergency procedures and appointments be suspended or canceled in order to avoid patient exposure to medical environments and the risk of potential infection with the novel coronavirus, and to focus limited resources and personnel capacity on the treatment of COVID-19 patients. Beginning in March 2020, a significant number of procedures using our products have been postponed or cancelled, which has negatively impacted sales of our products. Decreases in procedures have been most prevalent in regions experiencing significant outbreaks, while healthcare organizations in other regions have continued to undertake procedures using our products at reduced levels as compared to before the pandemic. The COVID-19 pandemic could also adversely impact the initiation, continuation and completion of our clinical trials by, for example, delaying procedures using our products or reducing the number of patients, healthcare providers or clinical facilities available or willing to participate in the clinical trials. These delays could result in increased costs, delays in advancing our product development, delays in testing the effectiveness of our technology or termination of the clinical studies altogether. These measures and challenges will likely continue for the duration of the pandemic, which is uncertain, and may continue to reduce our net sales and negatively

impact our business, financial condition and results of operations while the pandemic continues. Further, even after the pandemic ultimately subsides, we anticipate there will be a substantial backlog of patients seeking procedures and appointments for a variety of medical conditions and, as a result, patients seeking procedures performed using our products will have to navigate limited provider capacity. We believe this limited capacity of providers, hospitals and other healthcare facilities could have a significant adverse effect on our business, financial condition and results of operations during and following the COVID-19 pandemic.

Numerous state and local jurisdictions, including those where our facilities are located, have imposed, and others in the future may impose, "shelter-in-place" orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Such orders or restrictions have resulted in reduced operations at our manufacturing facilities, travel restrictions and cancellation of events and have restricted the ability of our sales representatives and those of our commercial partners and independent sales agents to attend procedures in which our products are used, among other effects, thereby significantly and negatively impacting our operations. Other disruptions or potential disruptions include restrictions on the ability of our sales representatives and other personnel, and those of our commercial partners and independent sales agents, to travel and access customers for training and case support; inability of our suppliers to manufacture and deliver to us on a timely basis or at all; delays in our ability to obtain medical records for tissue donors, which we need in order to release our products; disruptions in our production schedule and ability to manufacture and assemble products; inventory shortages or obsolescence; delays in actions of regulatory bodies; delays in clinical trials and studies; diversion of or limitations on employee resources that would otherwise be focused on the operations of our business, including because of sickness of employees or their families or the desire of employees to avoid contact with groups of people; delays in growing or reductions in our direct sales force, including through delays in hiring, lay-offs, furloughs or other losses of sales representatives; restrictions in our ability to ship our products to customers; business adjustments or disruptions of certain third parties, including suppliers, medical institutions and clinical investigators with whom we conduct business; negative impact on our customers' credit profiles, which may adversely impact our future collection experience; and additional government requirements or other incremental mitigation efforts that may further impact our or our suppliers' capacity to manufacture our products. The extent, to which the COVID-19 pandemic or any future pandemic, epidemic or outbreak of an infectious disease impacts our business, will depend on future events and developments, which are highly uncertain and cannot be predicted, including the severity and spread of the disease and the effectiveness of actions to contain the disease or treat its impact, among others. As new information regarding COVID-19 continues to emerge, it is difficult to predict what impact this disease will ultimately have on our business.

Adverse changes in general domestic and global economic conditions and instability and disruption of credit markets, including as a result of the current COVID-19 pandemic or any other outbreak of an infectious disease, could adversely affect our business, financial condition, results of operations and liquidity.

We are subject to risks arising from adverse changes in general domestic and global economic conditions, including any recession, economic slowdown or disruption of credit markets. While the potential economic impact brought by, and the duration of, any pandemic, epidemic or outbreak of an infectious disease, including COVID-19, may be difficult to assess or predict, the current COVID-19 pandemic has resulted in, and may continue to result in, significant disruption of global financial markets. These events, and any financial crisis that may occur in the future, could make it more difficult and more expensive for hospitals and health systems to obtain credit, which may contribute to pressures on their operating margins. As a result, hospitals and health systems may curtail and reduce capital and overall spending, which may have a significant adverse effect on our business. In addition, the current economic downturn that has resulted from the COVID-19 pandemic has resulted and may continue to result in, and any economic downturn that may occur in the future may also result in, higher unemployment and a reduction in the number of individuals covered by private insurance, which may result in an increase in the cost of uncompensated care for hospitals. Higher unemployment may also result in a shift in reimbursement patterns as unemployed individuals switch from private plans to public plans such as U.S. Medicaid or Medicare. As economic conditions deteriorate and unemployment increases, any significant shift in coverage for the unemployed may have an unfavorable impact on our business.

In addition, the current COVID-19 pandemic and any other disruption in the capital and credit markets could impede our access to capital, which could be further adversely affected if we are unable to maintain our current credit ratings. Should we have limited access to additional financing sources, we may need to defer capital expenditures or seek other sources of liquidity, which may not be available to us on acceptable terms or at all. Similarly, if our suppliers face challenges in obtaining credit or other financial difficulties, they may be unable to provide the materials required to manufacture our products. All of these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

Our future growth depends on physician awareness of the distinctive characteristics, benefits, safety, clinical efficacy and cost-effectiveness of our products.

We focus our sales, marketing and training efforts on physicians, surgeons and other healthcare professionals. The acceptance of our products depends in part on our ability to educate these individuals as to the distinctive characteristics, benefits, safety, clinical efficacy and cost-effectiveness of our products compared to alternative products, procedures and therapies. We support our direct sales force, commercial partners and independent sales agents through in-person educational programs and online medical educational materials, among other things. We also produce marketing materials, including materials outlining our products, for our sales teams using printed, video and multimedia formats. However, our efforts to educate physicians, surgeons and other healthcare professionals regarding our products may not be successful, particularly in markets in which we rely exclusively on the efforts of our commercial partners and independent sales agents. A failure to educate physicians and surgeons may impair our ability to achieve market acceptance of our products and adversely affect our business, financial condition and results of operations.

Our success depends on the continued and future acceptance of our products by the medical community.

Even if we are able to increase awareness of our products among healthcare professionals, there can be no assurance that this will translate into greater acceptance of our products by the medical community. We believe physicians, surgeons and other healthcare professionals will only adopt our products if they determine, based on experience, clinical data and published peer reviewed journal articles, that the use of our products in a particular procedure is a favorable alternative to other available methods. Physicians also are more interested in using cost-effective products as they face increasing cost-containment pressure. In general, physicians may be slow to change their medical treatment practices and adopt our products for a variety of reasons, including, among others:

- their lack of experience using our products;
- lack of evidence supporting additional patient benefits from use of our products over conventional methods;
- pressure to contain costs;
- preference for other treatment modalities or our competitors' products;
- perceived liability risks generally associated with the use of new products and procedures;
- limited availability of coverage and/or reimbursement from third-party payors; and
- the time that must be dedicated to learning how to use our products.

The degree of market acceptance of our products will continue to depend on a number of factors, some of which are outside of our control, including, among other things:

- the actual and perceived safety and efficacy of our products;
- the potential and perceived advantages of our products over alternative treatments;
- clinical data and the clinical indications for which our products are approved;
- product labeling or product insert requirements of the FDA, the European Union or other regulatory authorities, including any limitations or warnings contained in approved labeling;
- the cost of using our products relative to the use of our competitors' products or alternative treatment modalities;

- relative convenience and ease of administration;
- the strength of marketing and distribution support;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- our reputation and the reputation of our products;
- the prevalence and severity of any adverse events patients experience involving our products;
- the shelf life of our products and our ability to manage the logistics of the end-user supply chain; and
- sufficient and readily accessible third-party insurance coverage and reimbursement for procedures incorporating our products.

In addition, we believe recommendations for, and support of our products by, influential physicians are essential for market acceptance and adoption. If we do not receive this support (e.g., because we are unable to demonstrate favorable long-term clinical data or otherwise), physicians and hospitals may not use our products, which would significantly impair our ability to increase our sales and prevent us from achieving and sustaining profitability.

Unfavorable results from any of our pre-clinical studies or clinical trials, comparative effectiveness, economic or other studies, or from similar trials or studies conducted by others, may negatively affect the use or adoption of our products by physicians, hospitals and payors, which could have a negative impact on the market acceptance of our products and their profitability.

We regularly conduct a variety of pre-clinical studies and clinical trials, comparative effectiveness studies and economic and other studies of our products in an effort to generate clinical and real-world outcomes and cost effectiveness data in order to obtain product approval and drive further penetration in the markets we serve. If a clinical study conducted by us or a third party fails to demonstrate statistically significant results supporting performance, use benefits or compelling health or economic outcomes from using our products, physicians may elect not to use our products. Furthermore, in the event of an adverse clinical study outcome, our products may not achieve "standard-of-care" status, where they exist, for the conditions in question, which could deter the adoption of our products. Also, if serious adverse events are reported during the conduct of a study, it could affect continuation of the study, product approval or clearance and product adoption. In addition, U.S. and foreign regulatory authorities routinely conduct audits of clinical studies and such audits may result in adverse regulatory actions. If we are unable to develop a body of statistically significant evidence from our clinical study program, whether due to adverse results or the inability to complete properly designed studies, domestic and international public and private payors could refuse to cover procedures using our products, limit the manner in which they cover our products or reduce the price they are willing to pay or reimburse for procedures using our products. Any of these events could have a negative impact on market acceptance of procedures using our products and their profitability, which could have a material adverse effect on our business, financial condition and results of operations.

We will need to continue to expand our organization, and managing growth may be more difficult than we expect.

Managing our growth may be more difficult than we expect. We anticipate that a period of significant expansion will be required to penetrate and service the markets for our existing and anticipated future products and to continue to develop new products. This expansion will place a significant strain on our management, operational and financial resources. To manage the expected growth of our operations and personnel, we must both modify our existing operational and financial systems, procedures and controls and implement new systems, procedures and controls. We must also expand our finance, administrative and operations staff. Management may be unable to hire, train, retain, motivate and manage necessary personnel or to identify, manage and exploit existing and potential strategic relationships and market opportunities. If we fail to meet these challenges effectively, there may be an adverse effect on our business, financial condition and results of operations.

We regularly evaluate opportunities to make acquisitions of, investments in, and licenses or other commercial arrangements involving, other companies or technologies, and to enter into other strategic transactions. These transactions entail significant risks.

Our success depends, in part, on our ability to continually enhance and broaden our product offerings in response to changing customer demands, competitive pressures and advances in technologies. Accordingly, although we have no current commitments with respect to any acquisition or investment, we regularly review potential acquisitions of, investments in, and licenses or other commercial arrangements involving, complementary businesses, products or technologies instead of developing them ourselves. In addition, in regularly evaluating our financial and operating performance, we may decide to sell one or more of our product lines or another portion of our business. Opportunities to engage in these transactions may not be readily available to us at commercially reasonable prices, on other terms acceptable to us or at all. Even if such opportunities are available, these transactions involve significant risks. In connection with one or more of these transactions, we may:

- issue additional equity securities that would dilute the value of your investment in us;
- use cash that we may need in the future to operate our business;
- incur debt that could have terms unfavorable to us or that we might be unable to repay;
- structure the transaction in a manner that has unfavorable tax consequences, such as a stock purchase that does not permit a step-up in the tax basis for the assets acquired;
- incur asset impairment or other acquisition-related charges, or unforeseen costs, expenditures and risks;
- be unable to realize the anticipated benefits, such as increased revenues, cost savings or synergies from additional sales of existing or newly acquired products;
- experience dissynergies in shared functions following a divestment of any portion of our business;
- be unable to successfully integrate, operate, maintain and manage any newly acquired operations;
- divert management's attention from the existing business to integrate, operate, maintain and manage any newly acquired operations and personnel, or to manage the complexities involved in separating divested operations, services, products and personnel;
- be unable to secure the services of key employees related to an acquisition or, in the case of a divestiture, lose one or more of our key employees;
- face increased scrutiny and review of our company and operations from government and other regulatory authorities; and
- otherwise be unable to succeed in the marketplace with the acquisition.

The occurrence of any of the above could materially and adversely affect our business, financial condition and results of operations. Furthermore, business acquisitions also involve the risk of unknown liabilities associated with the acquired business, which could be material. Such liabilities could include lack of compliance with government regulations that could subject us to investigation, civil and criminal sanctions, litigation and/or other actions that make it impossible to realize the anticipated benefits of the transaction. For example, we may acquire a company that was not compliant with FDA quality requirements or was making payments or other forms of remuneration to physicians to induce them to use their products. Incurring unknown liabilities or the failure to complete or realize the anticipated benefits of an acquisition, investment or other commercial arrangement, whether resulting from one or more of the factors described above or otherwise, could have a material and adverse effect on our business, financial condition and results of operations.

New lines of business and new products and services may subject us to additional risks.

From time to time, we may implement or acquire new lines of business or introduce new products and services within our existing business lines. There are risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed or are evolving. In developing and commercializing new lines of business and new products and services, we may invest significant time

and resources. External factors, such as regulatory compliance obligations, competitive alternatives, lack of market acceptance and shifting market preferences, may also affect the successful implementation of a new line of business or a new product or service. Failure to successfully plan for and manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, financial condition and results of operations.

We face significant and continuing competition from other companies, some of which have longer operating histories, more established products and/or greater resources than we do, which could adversely affect our business, financial condition and results of operations.

We operate in highly competitive markets that are characterized by intense competition, subject to rapid change and significantly affected by new product introductions, technological advancements and other market activities of industry participants. Our competitors have historically dedicated, and will continue to dedicate, significant resources to promote their products and to develop new products that compete with ours. Customers in our target markets consider many factors when selecting a product, including product efficacy, ease of use, price, availability of payor coverage and adequate third-party reimbursement for procedures using the product, customer support services for technical-, clinical- and reimbursement-related matters and customer preference for, and loyalty to, particular products or a particular manufacturer. We expect competition to remain intense as competitors introduce additional competing products and enhancements to their existing products, and continue expanding into geographic markets where we currently operate or plan to expand. Product introductions or enhancements by competitors, which may have advanced technology, better features or lower pricing, may make our products obsolete or less competitive. As a result, we will be required to devote continued efforts and financial resources to develop and commercialize new products and enhancements to our existing products, deliver cost-effective clinical outcomes, manage our costs and expand our geographic reach.

Many of our current and potential competitors have longer operating histories and substantially greater financial, technical, marketing, sales, distribution and other resources than we do, which may prevent us from achieving significant market penetration or improved operating results. Certain competitors' products, such as competitors of SimpliDerm, are subject to a simpler reimbursement process than are our products. Competitors may also be able to leverage their market share and other resources to set prices at a level below that which is profitable for us. These companies may also enjoy other competitive advantages, including, without limitation:

- greater company, product and brand recognition;
- better quality and greater volume of clinical data;
- more effective marketing to and education of physicians and other healthcare professionals;
- greater control of key intellectual property and more expansive portfolios of intellectual property rights;
- more experience in obtaining and maintaining regulatory clearances or approvals for products and product enhancements;
- more established relationships with hospitals and other healthcare providers, physicians, suppliers, customers and third-party payors;
- additional lines of products, and the ability to bundle products to offer greater incentives to gain a competitive advantage;
- more established sales, marketing and worldwide distribution networks;
- better product support and service;
- superior product safety, reliability and durability;
- more effective pricing and revenue strategies; and
- more effective clinical training programs.

Our ability to achieve and maintain profitability will depend, in part, on our ability to develop or acquire proprietary products that reach the market in a timely manner, receive adequate coverage and

reimbursement for procedures using our products, and are safer and more effective than their alternatives, as well as our ability to otherwise compete effectively on the factors listed above. If we are unable to do so, our sales and/or margins will decrease, which could have a material adverse effect on our business, financial condition and results of operations.

Pricing pressure as a result of cost-containment efforts of our customers, purchasing groups, third-party payors and governmental organizations could adversely affect our sales and profitability.

Medical technology companies, healthcare systems and group purchasing organizations, or GPOs, have intensified competitive pricing pressure as a result of industry trends and new technologies. Rising healthcare costs have resulted in numerous cost reform initiatives by legislators, regulators and third-party payors. This cost reform has triggered a consolidation trend in the healthcare industry to aggregate purchasing power and, as a result, purchasing decisions are increasingly shifting to hospitals, integrated delivery networks, or IDNs, and other hospital groups, and away from individual surgeons and physicians. Many existing and potential facility customers for our products within the United States are members of GPOs and IDNs, including accountable care organizations or public-based purchasing organizations, and our business is partly dependent on contracts with these organizations. Purchases of our products can be contracted under national tenders or with larger hospital GPOs. GPOs and IDNs negotiate pricing arrangements with healthcare product manufacturers and distributors and offer the negotiated prices to affiliated hospitals and other members. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process and, at any given time, we are typically in various stages of responding to bids and negotiating and renewing GPO and IDN agreements. Bids are generally solicited from multiple manufacturers or service providers with the intention of obtaining lower pricing. Due to the highly competitive nature of the bidding process and the GPO and IDN contracting processes in the United States, we may not be able to obtain or maintain contract positions with major GPOs and IDNs across our product portfolio. Furthermore, GPO and IDN contracts are typically terminable without cause upon 60 to 90 days' notice. In addition, while having a contract with a major purchaser for a given product category can facilitate sales, there can be no guarantee that sales volumes for those products will be maintained. For example, GPOs and IDNs are increasingly awarding contracts to multiple suppliers for the same product category and, even when we are the sole contracted supplier of a GPO or IDN for a certain product category, members of the GPO or IDN are generally free to purchase from other suppliers. If we are unable to maintain and renew our contracts with our current GPO and IDN customers and negotiate contracts with new customers on favorable terms, or if sales volumes under these agreements decline, our business, financial condition and results of operations could be materially and adversely affected.

In addition, most of our customers purchase our products directly and then bill third-party payors for procedures using those products. Because there is typically no separate reimbursement for supplies used in surgical procedures, the additional cost associated with the use of our products can affect the profit margin of the hospital or surgery center where the procedure is performed. Some of our target customers may be unwilling to adopt our products in light of the additional associated cost or may negotiate for lower pricing. Further, any decline in the amount payors are willing to reimburse our customers for procedures using our products, including those as a result of healthcare reform initiatives, could make it difficult for existing customers to continue using or to adopt our products and could create additional pricing pressure for us. In addition to these competitive forces, we continue to see pricing pressure as hospitals introduce new pricing structures into their contracts and agreements, including fixed price formulas, capitated pricing and episodic or bundled payments intended to contain healthcare costs. If we are forced to lower the price we charge for our products, our margins will decrease, which could impair our ability to grow our business and have a material adverse effect on our business, financial condition and results of operations and impair our ability to grow our business.

Outside the United States, centralized governmental healthcare authorities may exert pricing pressures in an effort to lower healthcare costs. Implementation of healthcare reforms and competitive bidding contract tenders may limit the price or the level at which reimbursement is provided for our products and adversely affect both our pricing flexibility and the demand for our products. Healthcare providers may respond to such cost-containment pressures by substituting lower-cost products or other therapies for our products. Our failure to offer acceptable prices to these customers could adversely affect our sales and profitability in these markets.

We expect that market demand, government regulation, third-party coverage and reimbursement policies and societal pressures will continue to change the healthcare industry worldwide, resulting in further business consolidations and alliances among our customers, which may exert further downward pressure on the prices for our products.

The processing of human tissue for our products is technically complex, requiring high levels of quality control and precision, which subjects us to increased production risks.

We manufacture our human tissue products using technically complex processes requiring specialized facilities, highly specific raw materials, skill and diligence by our personnel and other production constraints. 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. In addition to ongoing production risks, process deviations or unanticipated effects of approved process changes may result in non-compliance with regulatory requirements, including stability requirements or specifications. For example, our bone allograft products FiberCel, ViBone and OsteGro V, must be shipped and maintained within a specified temperature range. If environmental conditions deviate from that range, our products' remaining shelf-lives could be impaired or their safety and efficacy could be adversely affected, making them unsuitable for use. The occurrence of this or any other actual or suspected production or distribution problem can lead to lost inventories, customer returns and, in some cases, recalls, with consequential damage to our reputation and customer relationships and the risk of product liability. The investigation and remediation of any potential or identified problems can cause production delays and result in substantial additional expenses and lost revenue. In addition, we may experience difficulties in scaling up processing and production of our human tissue products, including problems related to yields, quality control and assurance, tissue availability, adequacy of control policies and procedures and availability of skilled personnel. Furthermore, developing and maintaining our production capabilities has required, and will continue to require, the investment of significant resources, and we cannot guarantee that we will be able to achieve economies of scale. If we are unable to process and produce our human tissue products on a timely basis, at acceptable quality and costs and in sufficient quantities, or if we experience technological problems, delays in production, failure in the storage of our products or other loss of supply, our business would be materially and adversely affected.

Performance issues, service interruptions or price increases by our shipping carriers could adversely affect our business, harm our reputation and impair our ability to provide our products on a timely basis or at all.

Expedited, reliable shipping is essential to our operations. We rely heavily on providers of transport services for reliable, timely and secure point-to-point transport of our products to our customers and for tracking of these shipments. Should a carrier encounter delivery performance issues such as loss, delays, damage or destruction of any of our products, it would be costly to replace these products in a timely manner and such occurrences may damage our reputation and lead to decreased demand for our products and increased cost and expense to our business. This risk is particularly high with respect to FiberCel, ViBone and OsteGro V, which must be shipped and maintained within a specified temperature range. In addition, any significant increase in shipping rates could adversely affect our operating margins and results of operations. Similarly, strikes, severe weather, natural disasters, equipment malfunctions or other service interruptions affecting the delivery services we use, would impair our ability to process orders for our products on a timely basis or at all, which could have a material adverse effect on our business, financial condition and results of operations.

If our facilities are damaged or become inoperable, we will be unable to continue to research, develop and supply our products and, as a result, there will be an adverse effect on our business until we are able to secure new facilities and rebuild our inventory.

We do not have redundant facilities. We perform most of our research and development activity and manufacture our tissue-based products at our facility in Richmond, California. The SIS ECM biomaterial used in our medical device products are manufactured by Cook Biotech Incorporated, or Cook Biotech, at their facility in West Lafayette, Indiana and converted to a finished product at our facility in Roswell, Georgia. Regulatory approvals of our products are limited to one or more specifically approved manufacturing facilities. As a result, if we fail to produce enough of a product at a facility, or if any of our production facilities were to be shut down or otherwise become unavailable for any reason, finding

alternative manufacturing capabilities and obtaining the necessary regulatory approvals would require a considerable amount of time and expense and would cause a significant disruption in service to our customers.

Disruption to our facilities could arise for a variety of reasons, including technical, labor or other difficulties, equipment malfunction, contamination due to a COVID-19 infection or otherwise, the failure of our employees to follow specific protocols and procedures, the destruction of, or damage to, any facility (as a result of a natural or man-made disaster, including, but not limited to, a tornado, flood, fire, power outage or other event), quality control issues or other reasons. Any disruption in the operation of our facilities as a result of any of the above could impair our product development and commercialization efforts and result in lost sales, lost customers and harm to our reputation, any of which would negatively impact our growth prospects and profitability and have a material adverse effect on our business, financial condition and results of operations. In addition, certain of these events, such as natural or man-made disasters, would cause us to incur additional losses, including the time and expense required to repair and/or replace our equipment and to rebuild our inventory. Although we possess insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms or at all.

Because we depend upon a limited number of third-party suppliers and manufacturers and, in certain cases, exclusive suppliers for products essential to our business, we may incur significant product development costs and experience material delivery delays if we lose any significant supplier, which could materially and adversely affect our business, financial condition and results of operations.

We obtain some of our raw materials from a limited group of suppliers and rely on a single supplier to source the SIS ECM biomaterial used to manufacture CanGaroo and our cardiovascular products for reasons of quality assurance, cost-effectiveness, availability or constraints resulting from regulatory requirements. For us to be successful, our suppliers must be able to provide us with products and components in substantial quantities, in compliance with regulatory requirements, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Our efforts to maintain a continuity of supply and high quality and reliability may not be successful on a timely basis or at all. Manufacturing disruptions experienced by our suppliers may jeopardize our supply of finished products. Due to the stringent regulations and requirements of the FDA and other similar non-U.S. regulatory agencies regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain raw materials. A change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology. Transitioning to a new supplier could be time-consuming and expensive, may result in 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 systems.

A reduction or interruption in manufacturing, or an inability to secure alternative sources of raw materials or components, could have a material and adverse effect on our business, financial condition, results of operations and cash flows. One or more of our suppliers may refuse to extend us credit with respect to our purchasing or leasing of equipment, supplies, products or components, or may only agree to extend us credit on significantly less favorable terms or subject to more onerous conditions. This could significantly disrupt our ability to purchase or lease required equipment, supplies, products and components in a cost-effective and timely manner, and could have a material adverse effect on our business, financial condition and results of operations. Any casualty, natural disaster or other disruption of any of our sole-source suppliers' operations, for example due to a COVID-19 infection of employees of the supplier, or any unexpected loss of any existing exclusive supply contract, could have a material adverse effect on our business, financial condition and results of operations. In addition, if a change in manufacturer results in a significant change to any product, a new 510(k) clearance from the FDA or similar international regulatory authorization may be necessary before we implement the change, which could cause substantial delays.

Certain of our products are dependent on the availability of tissue from human donors, and any disruption in supply could adversely affect our business, financial condition and results of operations.

The products we manufacture for the orthopedic/spinal repair and soft tissue reconstruction markets, as well as our contract manufacturing products, require that we obtain human tissue. The success of our

business depends, in part, on the availability of tissue from human donors. Any inability to obtain tissue from our sources will interfere with our ability to effectively meet demand for these products. The recovery of human tissue for our products is very labor-intensive, and it is, therefore, difficult to maintain a steady supply stream. In addition, the availability of acceptable donors is relatively limited and may be impacted by regulatory changes, general public opinion of the donation process and the reputation of our company and the third-party procurement firms with which we partner to manage the donation process. Media reports or other negative publicity concerning both improper methods of tissue recovery from donors and disease transmission from donated tissue, including bones and dermis, may limit widespread acceptance of our 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 transmission of disease, may broadly affect the rate of future tissue donation and market acceptance of allograft technologies and donated tissue use. Potential patients may not be able to distinguish our products, technologies and tissue recovery and processing procedures from others engaged in tissue recovery. In addition, unfavorable reports about us or any of our third-party procurement firms may make families of potential donors or donors themselves, from whom we are required to obtain consent before processing tissue, reluctant to agree to donate tissue to for-profit tissue processors. Any disruption in the supply of any human tissue component could materially harm our ability to manufacture our products until a new source of supply, if any, could be found. We may be unable to find a sufficient alternative supply channel within a reasonable period of time, on commercially reasonable terms or at all, which would have a material adverse effect on our business, financial condition and results of operations.

Increased prices for raw materials used in our products could adversely affect our business, financial condition and results of operations.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices may fluctuate based on a number of factors beyond our control, including changes in supply and demand, general economic conditions, labor costs, delivery costs, competition, import duties, excises and other indirect taxes, currency exchange rates and government regulation. Due to the highly competitive nature of the healthcare industry and the cost containment efforts of our customers and third-party payors, we may be unable to pass along cost increases for key components or raw materials through higher prices to our customers. If the cost of key components or raw materials increases, and we are unable to fully recover these increased costs through price increases or offset these increases through other cost reductions, we could experience lower margins and profitability. Significant increases in the prices of raw materials that cannot be recovered through productivity gains, price increases or other methods could adversely affect our business, financial condition and results of operations.

If we are not able to accurately forecast demand for our products and manage our inventory, our margins could decrease and we could lose sales, either of which could have a material adverse effect on our business, financial condition and results of operations.

While we must maintain sufficient inventory levels to operate our business successfully and meet customer demand for our products, we must be careful to avoid amassing excess inventory. To ensure adequate inventory supply, we must forecast inventory needs and place orders with our suppliers based on our estimates of future demand for our products. Demand for our products can change rapidly and unexpectedly, including during the time between when raw materials are ordered from our suppliers and the finished product is offered for sale. Our ability to accurately forecast demand for our products could be negatively affected by a number of factors, many of which are beyond our control, including our failure to accurately manage our expansion strategy, product introductions by competitors, an increase or decrease in customer demand for our products or for products of our competitors, our failure to accurately forecast customer acceptance of new products, unanticipated changes in general market conditions, reimbursement or regulatory matters and weakening of economic conditions. Inventory levels that exceed the demand for our products may result in inventory write-downs or write-offs, which would adversely affect our gross margins. For example, in 2019, our launch of SimpliDerm resulted in reduced demand for certain of our other dermis inventory and resulted in inventory write-downs. Conversely, if we underestimate demand for our products, additional supplies of raw materials or additional manufacturing capacity may not be available when required on terms that are acceptable to us or at all, and suppliers or our third-party manufacturer may not be able to allocate sufficient capacity in order to meet our increased requirements. As a result, we may not be able to meet customer demand for our products,

resulting in lost sales and potential damage to our reputation and customer relationships, any of which would adversely affect our business, financial condition and results of operations.

In addition, while we seek to maintain sufficient levels of inventory in order to protect ourselves from supply interruptions, our products generally have a shelf life of two to three years. We are, therefore, subject to the risk that a portion of our inventory will become obsolete or expire, which could have a material adverse effect on our profitability and cash flows due to the resulting inventory impairment charges and costs required to replace such inventory.

If hospitals and other healthcare providers are unable to obtain coverage or adequate reimbursement for procedures performed with our products, it is unlikely our products will be widely used.

In the United States, the commercial success of our existing products and any products we may develop or acquire in the future will depend, in part, on the extent to which governmental payors at the federal and state levels, including Medicare and Medicaid, private health insurers and other third-party payors, provide coverage and establish adequate reimbursement levels for procedures utilizing our products. Hospitals and other healthcare providers that purchase our products for treatment of their patients generally rely on third-party payors to pay for all or part of the costs and fees associated with our products as part of a "bundled" rate for the associated procedures. The existence of coverage and adequate reimbursement for procedures using our products by government and private payors is critical to market acceptance of our existing and future products. Neither hospitals nor surgeons are likely to use our products if they do not receive adequate reimbursement for the procedures utilizing our products.

Many private payors currently base their reimbursement policies on the coverage decisions and payment amounts determined by the Centers for Medicare and Medicaid Services, or CMS, which administers the Medicare program. Others may adopt different coverage or reimbursement policies for procedures performed with our products, while some governmental programs, such as Medicaid, have reimbursement policies that vary from state to state, some of which may not pay for the procedures performed with our products in an adequate amount, if at all. Because the Medicare and Medicaid programs are increasingly used as models for how private payors and other governmental payors develop their coverage and reimbursement policies, a Medicare national or local non-coverage decision, denying coverage for procedures using one or more of our products, could result in private and other third-party payors also denying coverage. Third-party payors also may deny reimbursement for procedures using our products if they determine that a product used in a procedure was not medically necessary, was not used in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved use. Unfavorable coverage or reimbursement decisions by government programs or private payors underscore the uncertainty that our products face in the market and could have a material adverse effect on our business.

Many hospitals and clinics in the United States belong to GPOs, which typically incentivize their hospital members to make a relatively large proportion of purchases of similar products from a limited number of vendors that have contracted to offer discounted prices. Such contracts often include exceptions for purchasing certain innovative new technologies, however. Accordingly, the commercial success of our products may also depend to some extent on our ability to either negotiate favorable purchase contracts with key group purchasing organizations and/or persuade hospitals and clinics to purchase our product "off contract."

The healthcare industry in the United States has experienced a trend toward cost containment as government and private payors seek to control healthcare costs by paying service providers lower rates. While it is expected that hospitals will be able to obtain coverage for procedures using our products, the level of payment available to them for such procedures may change over time. State and federal healthcare programs, such as Medicare and Medicaid, closely regulate provider payment levels and have sought to contain, and sometimes reduce, payment levels. Private payors frequently follow government payment policies and are likewise interested in controlling increases in the cost of medical care. In addition, some payors are adopting pay-for-performance programs that differentiate payments to healthcare providers based on the achievement of documented quality-of-care metrics, cost efficiencies or patient outcomes. These programs are intended to provide incentives to providers to deliver the same or better results while consuming fewer resources. As a result of these programs, and related payor efforts to reduce payment levels, hospitals and other providers are seeking ways to reduce their costs, including the amounts they pay

to medical device manufacturers. We may not be able to sell our products profitably if third-party payors deny or discontinue coverage or reduce their levels of payment below that which we project, or if our production costs increase at a greater rate than payment levels. Adverse changes in payment rates by payors to hospitals could adversely impact our ability to market and sell our products and negatively affect our financial performance.

In international markets, medical device regulatory requirements and healthcare payment systems vary significantly from country to country, and many countries have instituted price ceilings on specific product lines. We cannot assure you that our products will be considered cost-effective by international third-party payors, that reimbursement will be available or, if available, that the third-party payors' reimbursement policies will not adversely affect our ability to sell our products profitably. Any failure to receive regulatory or reimbursement approvals would negatively impact market acceptance of our products in any international markets in which those approvals are sought.

We face the risk of product liability claims and may not be able to obtain or maintain adequate product liability insurance.

Our business exposes us to the risk of product liability claims that are inherent in the manufacturing, processing, investigating and marketing of medical devices and human and animal tissue products. We are, and may in the future be, subject to product liability claims and lawsuits, including potential class actions or mass tort claims, alleging that our products have resulted or could result in an unsafe condition or injury. Product liability claims may be made by patients and their families, healthcare providers or others selling our products. Product liability claims may include, among other things, allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. We may be subject to such claims even if the apparent injury is due to the actions of others or the pre-existing health of the patient. For example, we rely on physicians and other healthcare providers to properly and correctly use our products. If these physicians or other healthcare providers are not properly trained or are negligent in using our products, the capabilities of our products may be diminished or the patient may suffer critical injury. In addition, we may be subject to product liability claims, as well as a number of other risks, as a result of physicians and other healthcare providers using our products "off-label." See "— The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business."

Defending a lawsuit, regardless of merit, could be costly, divert management attention and result in adverse publicity, which could result in the withdrawal of, or reduced acceptance of, our products in the market. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- harm to our business reputation;
- investigations by regulators;
- significant legal costs;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- loss of revenue;
- exhaustion of any available insurance and our capital resources; and
- decreased demand for our products.

Although we have product liability insurance that we believe is adequate, this insurance is subject to deductibles and coverage limitations, and we may not be able to maintain this insurance. Also, it is possible that claims could exceed the limits of our coverage or be excluded from coverage under our policy, and may increase the cost of maintaining our coverage. If we are unable to maintain product liability insurance at an acceptable cost or on acceptable terms with adequate coverage or otherwise protect ourselves against potential product liability claims, or if we underestimate the amount of insurance we need, we

could be exposed to significant liabilities, which may harm our business. One or more product liability claims could have a significant adverse effect on our business, financial condition and results of operations.

We bear the risk of warranty claims on our products.

We bear the risk of warranty claims on our products. We may not be successful in claiming recovery under any warranty or indemnity provided to us by our suppliers or vendors in the event of a successful warranty claim against us by a customer, and any recovery from such supplier or vendor may not be adequate. Furthermore, we may not have any, or have an adequate, warranty provided by our supplier. In addition, warranty claims brought by our customers related to third-party components may arise after our ability to bring corresponding warranty claims against such suppliers expires, which could result in costs to us.

Defects, failures or quality issues associated with our products could lead to product recalls or safety alerts, adverse regulatory actions, litigation, including product liability claims, and negative publicity, any of which may erode our competitive advantage and market share and have a material adverse effect on our reputation, business, financial condition and results of operations.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure. Quality and safety issues may occur with respect to any of our products, and our future operating results will depend on our ability to maintain an effective quality control system and effectively train and manage our workforce with respect to our quality system. The development, manufacture and control of our products are subject to extensive and rigorous regulation by numerous government agencies, including the FDA, the Competent Authorities of the European Union and similar foreign agencies. Compliance with these regulatory requirements, including but not limited to the FDA's Quality System Regulation, or QSR, current Good Manufacturing Practices, or GMPs and adverse events/recall reporting requirements in the United States and other applicable regulations worldwide, is subject to continual review and is monitored rigorously through periodic inspections by the FDA and foreign regulatory authorities. If we fail to comply with our reporting obligations, the FDA, the Competent Authorities of the European Union or other regulatory authority could take action, including issuance of warning letters and/or untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products or delay in the clearance of future products.

The FDA and foreign regulatory authorities may also require post-market testing and surveillance to monitor the performance of approved products. Our facilities and those of our suppliers, commercial partners and independent sales agents are also subject to periodic regulatory inspections. If the FDA or a foreign authority were to conclude that we have failed to comply with any of these requirements, it could institute a wide variety of enforcement actions, ranging from a public warning letter to more severe sanctions, such as product recalls or seizures, withdrawals, monetary penalties, consent decrees, injunctive actions to halt the manufacture or distribution of products, import detentions of products made outside the United States, export restrictions, restrictions on operations or other civil or criminal sanctions. Civil or criminal sanctions could be assessed against our officers, employees, or us. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products.

If our products do not function as designed, or are designed improperly, we or the third-party manufacturer of such products may withdraw such products from the market, whether by choice or as a result of regulatory requirements. In August 2019, we recalled and discarded certain production lots of CanGaroo from the market due to suture breakage. In January 2018, we recalled five of our allograft tissue implants because a pre-sterilized donor culture should have been disqualified, each of which had a negative effect on our business, financial condition and results of operations. Any product recall we or a third-party manufacturer may conduct in the future, whether voluntary or required, may have also negatively affect our business financial condition and results of operations, and this effect may be material.

In addition, we cannot predict the results of future legislative activity or future court decisions, any of which could increase regulatory requirements, subject us to government investigations or expose us to unexpected litigation. Any regulatory action or litigation, regardless of the merits, may result in substantial costs, divert management's attention from other business concerns and place additional restrictions on

our sales or the use of our products. In addition, negative publicity, including regarding a quality or safety issue, could damage our reputation, reduce market acceptance of our products, cause us to lose customers and decrease demand for our products. Any actual or perceived quality issues may also result in issuances of physician's advisories against our products or cause us to conduct voluntary recalls. Any product defects or problems, regulatory action, litigation, negative publicity or recalls could disrupt our business and have a material adverse effect on our business, financial condition and results of operations.

Our operating results may fluctuate significantly from quarter to quarter and year to year due to the seasonality of our business, as well as a variety of other factors, many of which are outside of our control.

Our quarterly and annual results of operations may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter or other period should not be relied upon as an indication of our future performance. Our quarterly and annual financial results may fluctuate as a result of a variety of factors, many of which are outside our control and, as a result, may not fully reflect the underlying performance of our business. One such factor includes seasonal variations in our sales. We have experienced and may in the future experience higher sales in the fourth quarter as hospitals in the United States increase their purchases of our products to coincide with the end of their budget cycles. Satisfaction of patient deductibles through the course of the year also results in increased sales later in the year. In general, our first quarter usually has lower sales than the preceding fourth quarter as patient deductibles are re-established with the new year, thereby increasing their out-of-pocket costs.

Other factors that may cause fluctuations in our quarterly and annual results include, among other things:

- the timing of medical procedures using our products;
- the announcement or introduction of new products by our competitors;
- failure of government health benefit programs and private health plans to cover our products or to timely and adequately reimburse the users of our products;
- the impact of the COVID-19 pandemic, or any other pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide that impacts the number of procedures being performed;
- the rate of reimbursement for procedures using our products by government and private insurers;
- whether our products are granted pass-through reimbursement status or included in the "bundled" reimbursement structure;
- changes in purchasing patterns by our commercial partners or customers, or the loss of any significant customer or group of customers;
- our ability to upgrade and develop our systems and infrastructure to accommodate growth;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure;
- changes in, or enactment of, new laws or regulations promulgated by federal, state or local governments;
- changes in our supply or manufacturing costs;
- cost containment initiatives or policies developed by government and commercial payors that create financial incentives not to use our products;
- our inability to demonstrate that our products are cost-effective or superior to competing products;
- our ability to develop new products;
- the degree of competition in our industry and any changes in the competitive landscape;
- discovery of product defects during the manufacturing process;

- initiation of a government investigation into potential non-compliance with laws or regulations, or the initiation of a voluntary or involuntary recall with respect to one or more of our products;
- sanctions imposed by federal or state governments due to non-compliance with laws or regulations; and
- general economic conditions as well as economic conditions specific to the healthcare industry.

We have based our current and future expense levels largely on our investment plans and estimates of future events, although certain of our expense levels are, to a large extent, fixed. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in sales relative to our planned expenditures would have an immediate adverse effect on our business, results of operations and financial condition. Further, as a strategic response to changes in the competitive environment or to changes in laws and regulations, we may from time to time make certain pricing, service or marketing decisions (e.g., reduce prices) that could have a material and adverse effect on our business, financial condition and results of operations. Due to the foregoing factors, our revenue and operating results are and will remain difficult to forecast.

Our indebtedness and our Revenue Interest Obligation to Ligand Pharmaceuticals Incorporated may limit our flexibility in operating our business and adversely affect our financial health and competitive position.

As of June 30, 2020, we had $32.0 million of indebtedness outstanding, consisting of $19.7 million outstanding under our Term Loan Facility (as defined under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Description of Certain Indebtedness") (net of $0.3 million of unamortized discount and deferred financing costs), $5.9 million outstanding under our Revolving Credit Facility (as defined under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Description of Certain Indebtedness") (with $1.0 million of additional borrowings available thereunder), $2.0 million outstanding under the 2020 Bridge Notes, $3.0 million outstanding pursuant to a promissory note under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Stability Act, or the CARES Act, which we refer to as the PPP Loan, and a $1.4 million promissory note payable to one of our suppliers. In addition, we are party to a royalty agreement with Ligand Pharmaceuticals Incorporated, or Ligand, pursuant to which we assumed a restructured, long-term obligation to Ligand, which we refer to as the Revenue Interest Obligation, that requires us to pay Ligand 5.0% of future sales of the products we acquired from CorMatrix (as well as products substantially similar to those products), subject to annual minimum payments of $2.75 million and certain milestone payments if sales of the acquired products exceed certain thresholds. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Significant Judgments and Estimates — Revenue Interest Obligation."

In order to service this indebtedness and our Revenue Interest Obligation, and any additional indebtedness or other long-term obligations we may incur in the future, we need to generate sufficient levels of cash from our operating activities. Our ability to generate cash is subject, in part, to our ability to successfully execute our business strategy, as well as general economic, financial, competitive, regulatory and other factors beyond our control. We cannot assure you that our business will be able to generate sufficient levels of cash from operations or that future borrowings or other financings will be available to us in an amount sufficient to enable us to service our indebtedness, satisfy our obligations under the Revenue Interest Obligation and fund our other liquidity needs. To the extent we are required to use cash from operations or the proceeds of any future financing to service our indebtedness and satisfy our obligations under the Revenue Interest Obligation instead of funding working capital, capital expenditures or other general corporate purposes, we will be less able to plan for, or react to, changes in our business, industry and in the economy generally. This will place us at a competitive disadvantage compared to our competitors that have less indebtedness.

In addition, the agreements governing our Term Loan Facility and Revolving Credit Facility contain, and any agreements evidencing or governing other future indebtedness may also contain, certain covenants that limit our ability to engage in certain transactions that may be in our long-term best interests. Subject to certain limited exceptions, these covenants limit our ability to, among other things:

- incur additional indebtedness;
- incur certain liens;
- pay dividends or make other distributions on equity interests;
- enter into agreements restricting their subsidiaries' ability to pay dividends;
- redeem, repurchase or refinance subordinated indebtedness;
- consolidate, merge or sell or otherwise dispose of their assets;
- make investments, loans, advances, guarantees and acquisitions;
- enter into transactions with affiliates;
- amend or modify their governing documents;
- amend or modify certain material agreements;
- alter the business conducted by them and their subsidiaries; and
- enter into sale and leaseback transactions.

In addition to these covenants, the agreements governing our Term Loan Facility and Revolving Credit Facility also contain a financial covenant, which is tested on a monthly basis, and requires us to achieve a specified minimum net product revenue (as defined therein) for the preceding 12-month period. While we were in compliance with all covenants under these agreements as of June 30, 2020, we have had past breaches requiring waivers and there can be no guarantee that we will not breach these covenants in the future. Our ability to comply with these covenants may be affected by events and factors beyond our control. In the event that we breach one or more covenants, our lenders may choose to declare an event of default and require that we immediately repay all amounts outstanding, terminate any commitment to extend further credit and foreclose on the collateral granted to them to collateralize such indebtedness. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may be able to incur significant additional indebtedness in the future. Although the agreements governing our Term Loan Facility and Revolving Credit Facility contain restrictions on the incurrence of additional indebtedness by us, such restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prohibit us from incurring obligations that do not constitute indebtedness as defined therein. To the extent that we incur additional indebtedness or such other obligations, the risks associated with our substantial indebtedness described above will increase.

Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021 may adversely affect the market value of our current or future debt obligations.

The London Inter-bank Offered Rate, or LIBOR, and certain other interest "benchmarks" may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, there may be adverse impacts on the financial markets generally and interest rates on borrowings under our Term Loan Facility and Revolving Credit Facility may be adversely affected.

We may be unable to obtain forgiveness of the PPP Loan, in whole or in part, in accordance with the provisions of the CARES Act, which could adversely affect our financial condition.

In May 2020, we entered into a promissory note with Silicon Valley Bank, or SVB, under the Paycheck Protection Program of the CARES Act pursuant to which SVB agreed to make a loan to us in the amount of approximately $3.0 million. The PPP Loan matures in May 2022, bears interest at a rate of 1.0% per annum and requires no payments during the first six months from the date of the loan.

The PPP Loan is unsecured and guaranteed by the Small Business Administration, or the SBA. Under the terms of the PPP Loan, the principal amount of the loan may be forgiven to the extent it is used for qualifying expenses as described in the CARES Act and we otherwise request forgiveness in accordance with the terms of the PPP Loan and the requirements of the SBA. While we expect to request that a significant portion of the principal amount of the PPP Loan be forgiven and to comply with all corresponding requirements, we cannot guarantee that we will be successful in obtaining forgiveness of all or any part of such principal amount. We will be required to repay any principal amount of the PPP Loan that is not forgiven, together with accrued and unpaid interest, in equal monthly installments prior to the maturity date of the loan, which would further restrict our operating and financial flexibility.

Our future capital needs are uncertain and we may need to raise funds in the future, and such funds may not be available on acceptable terms or at all.

We believe that the net proceeds from this offering, together with our existing cash will enable us to fund our operating expenses and capital expenditure requirements through at least the next months. However, we have based these estimates on assumptions that may prove to be incorrect, and we could spend our available financial resources much faster than we currently expect. Any future funding requirements will depend on many factors, including, among other things:

- continued patient, physician and market acceptance of our products;
- the scope, rate of progress and cost of our current and future pre-clinical studies and clinical trials;
- the cost of our research and development activities and the cost of commercializing new products or technologies;
- the cost and timing of expanding our sales and marketing capabilities;
- the cost of filing and prosecuting patent applications and maintaining, defending and enforcing our patent or other intellectual property rights;
- the cost of defending, in litigation or otherwise, any claims that we infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights;
- the cost and timing of additional regulatory approvals;
- costs associated with any product recall that may occur;
- the effect of competing technological and market developments;
- the expenses we incur in manufacturing and selling our products;
- the costs of developing and commercializing new products or technologies;
- the extent to which we acquire or invest in products, technologies and businesses, although we currently have no commitments or agreements relating to any of these types of transactions;
- the costs of operating as a public company;
- unanticipated general, legal and administrative expenses; and
- the effects on any of the above of the current COVID-19 pandemic or any other pandemic, epidemic or outbreak of infectious disease.

In addition, our operating plan may change as a result of any number of factors, including those set forth above and other factors currently unknown to us, and we may need additional funds sooner than anticipated. Any additional equity or debt financing that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds by selling additional shares of our common stock or other securities convertible (directly or indirectly) into or exercisable or exchangeable for shares of our common stock after this offering, the issuance of such securities will result in dilution to our stockholders. The price per share at which we sell additional shares of our common stock, or securities convertible into or exercisable or exchangeable for shares of our common stock, in future transactions may be higher or lower than the price per share paid by investors in this offering. Furthermore, investors purchasing any securities we may issue in the future may have rights superior to your rights as a holder of our common stock.

In addition, any future debt financing into which we enter may impose upon us covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish some rights to our technologies or our products, or grant licenses on terms that are not favorable to us.

Furthermore, we cannot be certain that additional funding will be available to us on acceptable terms, if at all. If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our products or license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize. We also may have to reduce marketing, customer support or other resources devoted to our products or cease operations. Any of these factors could harm our business, financial condition and results of operations.

Security breaches, loss of or damage to data, system failures and other disruptions could compromise sensitive information related to our business or our customers' patients, or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we may become exposed to, or collect and store, sensitive data, including procedure-based information and legally protected health information, credit card, and other financial information, insurance information and other potentially personally identifiable information. We also store sensitive intellectual property and other proprietary business information. Regardless of any precautions we may take, our information technology, or IT, and infrastructure, and that of our technology partners and providers, may be vulnerable to cyberattacks by hackers or viruses or breaches due to employee error, malfeasance or other disruptions. We rely extensively on IT systems, networks and services, including internet sites, data hosting and processing facilities and tools, physical security systems and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third parties or their vendors, to assist in conducting our business. A significant breakdown, invasion, corruption, destruction or interruption of critical information technology systems or infrastructure, by our workforce, others with authorized access to our systems or unauthorized persons could negatively impact operations. The ever-increasing use and evolution of technology, including cloud-based computing, creates opportunities for the unintentional dissemination or intentional destruction of confidential information stored in our or our third-party providers' systems, portable media or storage devices. We could also experience a business interruption, theft of confidential information or reputational damage from industrial espionage attacks, malware or other cyber-attacks, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party providers.

Unauthorized disclosure of sensitive or confidential patient or employee data, including personally identifiable information, whether through breach of computer systems, systems failure, employee negligence, fraud or misappropriation, or otherwise, or unauthorized access to or through our information systems and networks, whether by our employees or third parties, could result in negative publicity, legal liability and damage to our reputation. Unauthorized disclosure of personally identifiable information could also expose us to sanctions for violations of data privacy laws and regulations around the world. Although we have general liability and cybersecurity insurance coverage, our insurance may not cover all claims, continue to be available to us on reasonable terms or be sufficient in amount to cover one or more large claims; additionally, the insurer may disclaim coverage as to any claim. The successful assertion of one or more large claims against us that exceed or are not covered by our insurance coverage or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, prospects, operating results and financial condition.

Despite our security measures, there can be no assurance that our efforts will prevent breakdowns or breaches to our or our third-party providers' databases or systems, or any resulting unauthorized access to, or disclosure and use of, non-public or other legally protected information. Phishing, social engineering and other attacks upon IT systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide

range of motives and expertise. In addition to unauthorized access to or acquisition of personal information, confidential information, intellectual property or other sensitive information, such attacks could include the deployment of harmful malware and ransomware, and may use a variety of methods, including denial-of-service attacks, social engineering and other means, to attain such unauthorized access or acquisition or otherwise affect service reliability and threaten the confidentiality, integrity and availability of information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breakdowns or breaches, or resulting access, disclosure, or other loss of information, could significantly disrupt our business and result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and damage to our reputation, any of which could have a material and adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to retain and motivate key management personnel and other employees and consultants, to attract, retain and motivate additional qualified personnel and to effectively navigate changes in our senior management team.

Our success depends to a significant extent on our ability to attract, retain and motivate key management personnel and other employees and consultants for our business, including scientific, technical and sales and marketing personnel. There is currently a shortage of skilled executives and other personnel in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms, given the competition among numerous regenerative medicine and other healthcare companies, for individuals with similar skill sets. Many of the companies that we compete against for qualified personnel have substantially greater financial and other resources and different risk profiles than we do. They may also provide more diverse opportunities, better chances for career advancement and/or more attractive compensation. Some of these characteristics may be more appealing to high quality candidates than what we can offer. Furthermore, in order to offer attractive compensation, we may need to increase the level of cash compensation that we pay to them, which will reduce funds available for research and development and support of our commercialization and sales growth objectives. There can be no assurance that we will have sufficient cash available to offer our employees and consultants attractive compensation or that we will realize any corresponding benefits from the payment of such compensation. We are also vulnerable to the risk that these individuals may take actions, either within or outside the scope of their duties, that intentionally or unintentionally tarnish our brand and reputation or otherwise adversely affect our business. We also cannot prevent our senior management team from terminating their employment with us. Losing the services of any member of our senior management team could materially harm our business until a suitable replacement is found, and such replacement may not have equal experience and capabilities. In addition, we do not maintain “key person” insurance policies on the lives of any of our management team or other employees. The inability to recruit or a loss of the services of any executive, key employee or consultant may impede the progress of our research, development, commercialization and sales growth objectives, which could have a material adverse effect on our business, financial condition, results of operations and our ability to grow our business.

In addition, we have recently added a new Chief Commercial Officer and Chief Medical Officer, and are conducting a search for a Chief Financial Officer. These changes, and any other changes to our senior management team we experience in the future, subject us to a number of additional risks, including risks pertaining to the coordination of responsibilities and tasks, the creation of new management systems and processes, differences in management style, effects on corporate culture and the need for transfer of historical knowledge. If our management team does not work together harmoniously, efficiently allocate responsibilities between themselves and implement and abide by effective controls, our operations will be adversely affected.

Our sales into foreign markets expose us to risks associated with international sales and operations.

Though we have historically focused our market development and commercial activities primarily in the United States, we have obtained marketing registrations, developed commercial and distribution capabilities and are currently selling CanGaroo and our cardiovascular products in several countries outside the United States primarily through independent sales agents. Our international sales subject us to additional risks as compared to those we face in the United States.

The sale and shipment of our products across international borders subject us to extensive U.S. and foreign governmental trade, import and export and customs regulations and laws, including but not limited to, the Export Administration Regulations and trade sanctions against embargoed countries, which are administered by the Office of Foreign Assets Control within the Department of the Treasury, or OFAC, as well as the laws and regulations administered by the Department of Commerce. These regulations limit our ability to market, sell, distribute or otherwise transfer our products or technology to prohibited countries or persons.

Compliance with these regulations and laws is costly, and failure to comply with applicable legal and regulatory obligations could adversely affect us in a variety of ways that include, but are not limited to, significant criminal, civil and administrative penalties, including imprisonment of individuals, monetary fines, denial of export privileges, seizure of shipments and restrictions on certain business activities. The failure to comply with applicable legal and regulatory obligations could also result in the disruption of our distribution and sales activities.

These risks may limit or disrupt our sales and commercialization efforts outside the United States, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. Operating in international markets also requires significant management attention and financial support, and, as a result, will divert these resources away from our other operations.

We are subject to anti-bribery, anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, any of which would adversely affect our business, financial condition and results of operations.

We currently are and, as we increase our international presence and global sales, will increasingly be, exposed to trade and economic sanctions and other restrictions imposed by the United States, the European Union and other governments and organizations. The U.S. Departments of Justice, Commerce, State and Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the U.S. Foreign Corrupt Practices Act, or the FCPA, and other federal statutes and regulations, including those established by OFAC. In addition, the U.K. Bribery Act of 2010, or the Bribery Act, prohibits both domestic and international bribery, as well as bribery across both private and public sectors. An organization that "fails to prevent bribery" by anyone associated with the organization can be charged under the Bribery Act unless the organization can establish the defense of having implemented "adequate procedures" to prevent bribery. Under these laws and regulations, as well as other anti-corruption laws, anti-money laundering laws, export control laws, customs laws, sanctions laws and other laws governing our operations, various government agencies may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of these laws or regulations would negatively affect our business, financial condition and results of operations.

As our international operations increase, we expect to implement policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants and agents with the FCPA, OFAC restrictions, the Bribery Act and other export control, anti-corruption, anti-money-laundering and anti-terrorism laws and regulations. We cannot assure you, however, that any such policies and procedures will be sufficient or that directors, officers, employees, representatives, consultants and agents have not engaged, and will not engage, in conduct for which we may be held responsible, nor can we assure you that our business partners have not engaged, and will not engage, in conduct that could materially affect their ability to perform their contractual obligations to us or result in our being held liable for such conduct. Violations of the FCPA, OFAC restrictions, the Bribery Act or other export control, anti-corruption, anti-money laundering and anti-terrorism laws or regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

Our officers, employees, independent contractors, principal investigators, consultants, commercial partners and independent sales agents may engage in misconduct or activities that are improper under other laws and regulations, which would create liability for us.

We are exposed to the risk that our officers, employees, independent contractors (including contract research organizations, or CROs), principal investigators, consultants, commercial partners and independent sales agents may engage in fraudulent conduct or other illegal activity and/or may fail to disclose unauthorized activities to us. Misconduct by these parties could include, but is not limited to, intentional, reckless and/or negligent failures to comply with the laws and regulations of the FDA and its foreign counterparts, including, but not limited to, those relating to the manufacture, processing, packing, holding, investigating or distributing in commerce of medical devices, biological products and/or HCT/Ps, requiring the reporting of true, complete and accurate information to such regulatory bodies (including any safety problems associated with the use of our products), and relating to the conduct of clinical trials and the protection of human research subject.

In particular, companies involved in the manufacture of medical products are subject to laws and regulations intended to ensure that medical products that will be used in patients are safe and effective, and specifically that they are not adulterated or contaminated, that they are properly labeled, and have the identity, strength, quality and purity that which they are represented to possess. Further, companies involved in the research and development of medical products are subject to extensive laws and regulations intended to protect research subjects and ensure the integrity of data generated from clinical trials and of the regulatory review process. Any misconduct in any of these areas, whether by our own employees or by contractors, vendors, business associates, consultants or other entities acting as our agents, could result in regulatory sanctions, criminal or civil liability and serious harm to our reputation. It is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in preventing such conduct, mitigating risks, or reducing the chance of governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such investigations or other actions or lawsuits are instituted against us, those actions could have a significant impact on our business, financial condition and results of operations, including, without limitation, the imposition of significant fines and other sanctions that may materially impair our ability to run a profitable business. Even if we are successful in defending against the imposition of any such fines or other sanctions, we could be required to incur substantial legal fees and other costs, and management's attention will be diverted from our core business operations, either of which would negatively affect our business, financial condition and results of operations.

Our ability to use certain tax attributes to offset future income tax liabilities may be subject to limitations.

We have certain net operating losses and other tax attributes, as described in Note 11 to our consolidated financial statements included elsewhere in this prospectus, including net operating loss carryforwards, or NOLs, for federal income tax purposes of approximately $32.0 million and state NOLs of approximately $10.5 million. If not utilized, $17.6 million of our NOLs will begin to expire for federal income tax purposes beginning in 2036, and our state NOLs will expire beginning in 2030. Our ability to utilize our federal NOLs will depend on our future income, and there is a risk that our NOLs could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our operating results.

In addition, our ability to utilize our NOLs may be subject to an annual limitation under the Internal Revenue Code of 1986, as amended, or the Code. In general, under Sections 382 and 383 of the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change NOLs or tax credits to offset future taxable income. If we undergo an ownership change in connection with this offering or have previously undergone an ownership change, our ability to utilize federal NOLs or tax credits could be limited by Sections 382 and 383 of the Code. Additionally, future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 and 383 of the Code. Our state NOLs or credits may also be impaired under state tax law. Accordingly, we may not be able to utilize a material portion of our federal and state NOLs or credits. Our ability to utilize our NOLs or credits is conditioned upon our attaining profitability and generating U.S. federal and state taxable income. Valuation allowances have been provided for all deferred tax assets related to our federal and state NOLs.

In addition, other tax attributes, such as interest carryforwards, are also subject to various limits on their use under the Code. We have established valuation allowances for our interest carry forwards to reflect these limitations and their anticipated impact on our ability to utilize these tax attributes following the adoption of the December 2017 tax reform legislation known as H.R. 1, commonly referred to as the Tax Cuts and Jobs Act, or the TCJA, in the United States.

Changes in tax laws, unfavorable resolution of tax contingencies or exposure to additional income tax liabilities could have a material impact on our results of operations or financial condition.

We are subject to income taxes as well as non-income based taxes in the United States. We may from time to time be subject to tax audits in various jurisdictions. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of any tax audits to which we are subject in order to determine the appropriateness of our tax provision and have established contingency reserves for material, known tax exposures. However, the calculation of such tax exposures involves the application of complex tax laws and regulations in many jurisdictions, as well as interpretations as to the legality under state aid rules of the European Union of tax advantages granted in certain jurisdictions. Therefore, there can be no assurance that we will accurately predict the outcomes of any tax audits to which we may be subject or that issues raised by tax authorities will be resolved at a financial cost that does not exceed our related reserves and the actual outcomes of any such audit could have a material impact on our results of operations or financial condition.

Changes in tax laws and regulations, or their interpretation and application, in the jurisdictions where we are subject to tax, could materially impact our effective tax rate. For example, changes in tax law implemented by the TCJA became effective in 2018 and 2019, and we expect the U.S. Treasury to continue to issue future notices and regulations under the TCJA. Certain provisions of the TCJA and the regulations issued thereunder could have a significant impact on our future results of operations as could interpretations made by us in the absence of regulatory guidance and judicial interpretations. In addition, in 2018, we established valuation allowances against certain deferred tax assets (including interest carry forwards) to reflect certain limitations on these assets and their anticipated impact on our ability to utilize these tax assets following the adoption of the TCJA. We are continuing to examine the impact of TCJA. As the expected impact of certain aspects of the legislation is unclear and subject to change, we note that the TCJA could adversely affect our business, financial condition and results of operations.

Additionally, the U.S. Congress, government agencies in jurisdictions outside the United States where we do business and the Organization for Economic Co-operation and Development, or OECD, have recently focused on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The OECD has released several components of its comprehensive plan to create an agreed set of international rules for fighting base erosion and profit shifting. As a result, the tax laws in the United States and other countries, in which we do business, could change on a prospective or retroactive basis and any such changes could materially adversely affect our business, financial condition and results of operations.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our business, financial condition and results of operations.

U.S. GAAP, and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business are highly complex. These matters include, but are not limited to, revenue recognition, leases, income taxes, impairment of goodwill and long-lived assets and equity-based compensation. Changes in these rules, guidelines or interpretations could significantly change our reported or expected financial performance or financial condition.

In addition, the preparation of financial statements in conformity with GAAP requires management to make assumptions, estimates and judgments that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity,

and the amount of net sales and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

As we conduct clinical studies designed to generate long-term data on some of our existing products, the data we generate may not be consistent with our existing data and may demonstrate less favorable safety or efficacy.

We are currently collecting and plan to continue collecting long-term clinical data regarding the quality, safety and effectiveness of some of our existing products. The clinical data collected and generated as part of these studies will further strengthen our clinical evaluation concerning safety and performance of these products. We believe that this additional data will help with the marketing of our products by providing surgeons and physicians with additional confidence in their long-term safety and efficacy. If the results of these clinical studies are negative, these results could reduce demand for our products and significantly reduce our ability to achieve expected net sales. We do not expect to undertake such studies for all of our products and will only do so in the future where we anticipate the benefits will outweigh the costs and risks. For these reasons, surgeons and physicians could be less likely to purchase our products than competing products for which longer-term clinical data are available. Also, we may not choose or be able to generate the comparative data that some of our competitors have or are generating and we may be subject to greater regulatory and product liability risks. If we are unable to or determined not to collect sufficient long-term clinical data supporting the quality, safety and effectiveness of our existing products, our business, financial condition and results of operations could be adversely affected.

The estimates of market opportunity and forecasts of market and sales growth included in this prospectus may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts are inherently uncertain. Our estimates of the annual total addressable markets for our products are based on a number of internal and third-party estimates and assumptions, including, without limitation, the number of implantable electronic device procedures and orthopedic/spinal repair procedures, as well as the number of procedures using biologic products annually in the United States. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable market for any of our products may prove to be incorrect. If the actual number of procedures, the price at which we are able to sell any of our products, or the annual total addressable market is smaller than we have estimated, it may impair our sales growth and have an adverse impact on our business, financial condition and results of operations.

Risks Related to Government Regulation

The regulatory approval and clearance processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval or other marketing authorizations for our products and product candidates, our business will be substantially harmed.

The medical device and biologics industries are regulated extensively by governmental authorities, principally the FDA, the E.U. legislative bodies, and corresponding state and foreign regulatory agencies and authorities. The time required to obtain approval, clearance, certification of conformity or other marketing authorizations from the FDA, European Union Notified Bodies, and comparable foreign authorities is unpredictable but can often take many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, policies, regulations, or the type and amount of clinical data necessary to gain clearance or approval may change during the course of a product candidate's clinical development and may vary among jurisdictions.

Before we can market or sell a new medical device or a new use of or a claim for or significant modification to an existing medical device in the United States, we must obtain either clearance from the FDA under Section 510(k) of the Federal Food, Drug, and Cosmetic Act, or FDCA, or approval of an application for

premarket approval, or PMA, unless an exemption applies. In the United States, we have obtained 510(k) premarket clearance from the FDA to market products such as our CanGaroo, VasCure, ProxiCor and Tyke products. In the 510(k) premarket clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support a finding of substantial equivalence. Under certain conditions, a medical device is required to be approved under a PMA before it may be legally marketed. The PMA pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on extensive data, including, but not limited to, technical, nonclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. However, some devices are automatically subject to the PMA pathway regardless of the level of risk they pose because they have not previously been classified into a lower risk class by the FDA. Manufacturers of these devices may request that FDA review such devices in accordance with the *de novo* classification procedure, which allows a manufacturer whose novel device would otherwise require the submission and approval of a PMA prior to marketing to request down-classification of the device on the basis that the device presents low or moderate risk. If the FDA agrees with the down classification based on a *de novo* submission, the FDA will authorize the device for marketing. This device type can then be used as a predicate device for future 510(k) submissions.

The process of obtaining regulatory clearances or approvals, or completing the *de novo* classification process, to market a medical device can be costly and time consuming, and we may not be able to successfully obtain pre-market reviews on a timely basis, if at all. If the FDA requires us to go through a lengthier, more rigorous examination for our products than we expect, our product introductions or modifications could be delayed or canceled, which could cause our sales to decline. Further, even where a PMA is not required, we cannot assure you that we will be able to obtain 510(k) clearances with respect to such product candidates or modifications to previously cleared products.

The FDA or any foreign regulatory bodies can delay, limit or deny approval or clearance of our product candidates or require us to conduct additional nonclinical or clinical testing or abandon a program for many reasons, including:

- the FDA or the applicable foreign regulatory agency's disagreement with the design or implementation of our clinical trials;
- negative or ambiguous results from our clinical trials or results that may not meet the level of statistical significance required by the FDA or comparable foreign regulatory agencies for approval;
- serious and unexpected drug or device-related side effects experienced by participants in our clinical trials or by individuals using devices similar to our products or natural product candidates;
- our inability to demonstrate to the satisfaction of the FDA or the applicable foreign regulatory body that our product candidates are safe and effective for their intended uses, or in the case of the 510(k) clearance process, that our product candidate is substantially equivalent to a predicate device;
- the FDA's or the applicable foreign regulatory agency's disagreement with the interpretation of data from pre-clinical studies or clinical trials;
- our inability to demonstrate the clinical and other benefits of our product candidates outweigh any safety or other perceived risks;
- the FDA's or the applicable foreign regulatory agency's requirement for additional pre-clinical studies or clinical trials;
- the FDA's or the applicable foreign regulatory agency's disagreement regarding the formulation, labeling or the specifications of our products or future product candidates;
- the FDA's or the applicable foreign regulatory agency's failure to approve the manufacturing processes or facilities of third-party manufacturers with which we contract; or

- the potential for approval or clearance policies or regulations of the FDA or the applicable foreign regulatory agencies to significantly change in a manner rendering our clinical data insufficient for approval.

Of the large number of products in development, only a small percentage successfully complete the FDA or foreign regulatory approval processes and are commercialized. The lengthy approval or marketing authorization process, as well as the unpredictability of future clinical trial results, may result in our failing to obtain regulatory clearance, approval or other marketing authorization to market our product candidates, which would significantly harm our business, financial condition and results of operations.

Even if we eventually complete clinical testing and receive approval or clearance of an FDA or foreign marketing application for our product candidates, the FDA or the applicable foreign regulatory agency may grant clearance, approval or other marketing authorization contingent on the performance of costly additional clinical trials, including post-market clinical trials. The FDA or the applicable foreign regulatory agency also may clear, approve or authorize for marketing a product candidate for a more limited indication or patient population than we originally requested, and the FDA or applicable foreign regulatory agency may not approve or authorize the labeling that we believe is necessary or desirable for the successful commercialization of a product candidate. Any delay in obtaining, or inability to obtain, applicable regulatory clearance, approval or other marketing authorization would delay or prevent commercialization of that product candidate and would materially adversely impact our business and prospects.

Our products may cause or contribute to adverse medical events or be subject to failures or malfunctions that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us.

Some of our marketed products are subject to Medical Device Reporting, or MDR, obligations, which require that we report to the FDA or the Competent Authorities of the European Union, any incident in which our products may have caused or contributed to a death or serious injury, or in which our products malfunctioned and, if the malfunction were to recur, it could likely cause or contribute to a death or serious injury. The timing of our obligation to report under the MDR regulations is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our product. If we fail to comply with our reporting obligations, the FDA, or the Competent Authorities of the European Union, could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance or approval, seizure of our products or delay in clearance or approval of future products.

The FDA, the Competent Authorities of the European Union, and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future.

Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new clearances or approvals for the device before we may market or distribute the corrected device. Seeking such clearances or approvals may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, it could require us to report those actions as recalls, and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

Modifications to our medical device products may require new 510(k) clearances or other marketing authorizations, and if we make modifications to such products without obtaining requisite marketing authorization, we may be required to cease marketing or recall the modified products until clearances or other marketing authorizations are obtained.

Any modification to a cleared or approved medical device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, requires a new 510(k) clearance or, possibly, approval of a PMA. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. We may make modifications or add features to any of our product candidates that are cleared under the 510(k) clearance process in the future that we believe do not require a new 510(k) clearance or approval of a PMA. If the FDA disagrees with our determination and requires us to submit new 510(k) notifications or PMA applications for modifications to our products for which we have concluded that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties. In addition, the FDA may not approve or clear our products for the indications that are necessary or desirable for successful commercialization or could require clinical trials to support any modifications. Any delay or failure in obtaining required clearances or approvals for such changes would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth. Any of these actions would harm our operating results.

The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business.

Our currently marketed products have been cleared by the FDA for specific indications. For example, our SimpliDerm product has been labeled for use to repair or replace damaged or inadequate integumental tissue and our CanGaroo envelope is intended to securely hold an implantable electronic device to create a stable environment when implanted in the body. We train our marketing personnel and direct sales force to not promote our devices for uses outside of the FDA-approved indications for use, known as "off-label uses." We cannot, however, prevent a physician from using our products off-label, when in the physician's independent professional medical judgment, he or she deems it appropriate. There may be increased risk of injury to patients if physicians attempt to use our products off-label. Furthermore, the use of our products for indications other than those authorized by the FDA or by any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

If the FDA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance or imposition of an untitled letter, which is used for violators that do not necessitate a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action under other regulatory authority, such as false claims laws, if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations.

In addition, physicians may misuse our products or use improper techniques if they are not adequately trained, potentially leading to injury and an increased risk of product liability. If our devices are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. As described above, product liability claims could divert management's attention from our core business, harm our reputation, be expensive to defend and result in sizeable damage awards against us that may not be covered by insurance.

Failure to comply with post-marketing regulatory requirements could subject us to enforcement actions, including substantial penalties, and might require us to recall or withdraw a product from the market.

We are subject to ongoing and pervasive regulatory requirements governing, among other things, the manufacture, marketing, advertising, medical device reporting, sale, promotion, import, export, registration and listing of devices. For example, we must submit periodic reports to the FDA as a condition of receiving 510(k) clearances and other marketing authorizations. These reports include information about failures and certain adverse events associated with the device after its clearance. Failure to submit such reports, or failure to submit the reports in a timely manner, could result in enforcement action by the FDA. Following its review of the periodic reports, the FDA might ask for additional information or initiate further investigation.

The regulations to which we are subject are complex and have become more stringent over time. Regulatory changes could result in restrictions on our ability to continue or expand our operations, and higher than anticipated costs or lower than anticipated sales. Even after we have obtained the proper regulatory clearance to market a device, we have ongoing responsibilities under FDA regulations and applicable foreign laws and regulations. The FDA, state and foreign regulatory authorities have broad enforcement powers. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, state or foreign regulatory authorities, which may include any of the following sanctions:

- untitled letters or warning letters;
- fines, injunctions, consent decrees and civil penalties;
- recalls, termination of distribution, administrative detention or seizure of our products;
- customer notifications or repair, replacement or refunds;
- operating restrictions or partial suspension or total shutdown of production;
- delays in or refusal to grant our requests for future clearances or approvals or foreign marketing authorizations of new products, new intended uses or modifications to existing products;
- withdrawals or suspensions of our current 510(k) clearances, resulting in prohibitions on sales of our products;
- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries; and
- criminal prosecution.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, financial condition and results of operations.

In addition, the FDA may change its clearance policies, adopt additional regulations or revise existing regulations, or take other actions, which may prevent or delay clearance or approval of our future products under development or impact our ability to modify our currently cleared products on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain new clearances or approvals, increase the costs of compliance or restrict our ability to maintain our clearances of our current products. Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in November 2018, FDA officials announced steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals included plans to

potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. These proposals have not yet been finalized or adopted, and the FDA may work with Congress to implement such proposals through legislation. Accordingly, it is unclear the extent to which any proposals, if adopted, could impose additional regulatory requirements on us that could delay our ability to obtain new 510(k) clearances, increase the costs of compliance or restrict our ability to maintain our current clearances, or otherwise create competition that may negatively affect our business.

More recently, in September 2019, the FDA finalized guidance describing an optional "safety and performance based" premarket review pathway for manufacturers of "certain, well-understood device types" to demonstrate substantial equivalence under the 510(k) clearance pathway by showing that such device meets objective safety and performance criteria established by the FDA, thereby obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA is developing a list of device types appropriate for the "safety and performance based" pathway and will continue to develop product-specific guidance documents that identify the performance criteria for each such device type, as well as the testing methods recommended in the guidance documents, where feasible. The FDA may establish performance criteria for classes of devices for which we or our competitors seek or currently have received clearance, and it is unclear the extent to which such performance standards, if established, could impact our ability to obtain new 510(k) clearances or otherwise create competition that may negatively affect our business.

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. Any new statutes, regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of any future products or make it more difficult to obtain clearance or approval for, manufacture, market or distribute our products. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require: additional testing prior to obtaining clearance or approval; changes to manufacturing methods; recall, replacement or discontinuance of our products; or additional record keeping.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be promulgated that could prevent, limit or delay regulatory clearance or approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

Our HCT/P products are subject to extensive government regulation, and our failure to comply with these requirements could cause our business to suffer.

In the United States, we sell human tissue-derived bone allografts, such as ViBone, FiberCel and OsteGro V, which are referred to by the FDA as HCT/Ps. Certain HCT/Ps are regulated by the FDA solely under Section 361 of the Public Health Service Act, or PHSA, and are referred to as "Section 361 HCT/Ps," while other HCT/Ps are subject to FDA's regulatory requirements applicable to medical devices or biologics. Section 361 HCT/Ps do not require 510(k) clearance, PMA approval, biologics license application, or BLA, or other premarket authorization from FDA before marketing. We believe our HCT/Ps are regulated solely under Section 361 of the PHSA and, therefore, we have not sought or obtained 510(k) clearance, PMA approval, or licensure through a BLA. The FDA could disagree with our determination that our human tissue products are Section 361 HCT/Ps and could determine that these products are biologics requiring a BLA or medical devices requiring 510(k) clearance or PMA approval, and could require that we cease marketing such products and/or recall them pending appropriate clearance, approval or license from the FDA. For example, in public comments, the FDA has suggested that the use of human-derived acellular dermal matrices, such as SimpliDerm, may not be considered HCT/Ps when utilized in breast reconstruction procedures. As a result, we may be required to conduct clinical studies and/or seek approval of a PMA before we are able to market SimpliDerm for use in breast reconstruction.

Even though we believe that our HCT/Ps are not subject to premarket approval or review, HCT/Ps are subject to donor eligibility and screening, Good Tissue Practices, product labeling and post-market reporting requirements. If we or our suppliers fail to comply with these requirements, we could be subject to FDA enforcement action, including, for example, warning letters, fines, injunctions, product recalls or seizures and, in the most serious cases, criminal penalties.

The clinical trial process is lengthy and expensive with uncertain outcomes. We have limited data and experience regarding the safety and efficacy of our products. Results of earlier studies may not be predictive of future clinical trial results, or the safety or efficacy profile for such products.

Clinical testing is difficult to design and implement, can take many years, can be expensive and carries uncertain outcomes. The long-term effects of using our products in a large number of patients have not been studied, and the results of short-term clinical use of such products do not necessarily predict long-term clinical benefits or reveal long-term adverse effects.

The results of pre-clinical studies and clinical trials of our products conducted to date and ongoing or future studies and trials of our current, planned or future products may not be predictive of the results of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Our interpretation of data and results from our clinical trials do not ensure that we will achieve similar results in future clinical trials. In addition, pre-clinical and clinical data are often susceptible to various interpretations and analyses, and many companies that have believed their products performed satisfactorily in pre-clinical studies and earlier clinical trials have, nonetheless, failed to replicate results in later clinical trials. Products in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through nonclinical studies and earlier clinical trials. Failure can occur at any stage of clinical testing. Our clinical studies may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical and non-clinical testing in addition to those we have planned.

The initiation and completion of any of clinical studies may be prevented, delayed or halted for numerous reasons. We may experience delays in our ongoing clinical trials for a number of reasons, which could adversely affect the costs, timing or successful completion of our clinical trials, including related to the following:

- we may be required to submit an investigational device exemption, or IDE, application to the FDA, which must become effective prior to commencing certain human clinical trials of medical devices, and the FDA may reject our IDE application and notify us that we may not begin clinical trials;
- regulators and other comparable foreign regulatory authorities may disagree as to the design or implementation of our clinical trials;
- regulators and/or IRBs, or other reviewing bodies may not authorize us or our investigators to commence a clinical trial or to conduct or continue a clinical trial at a prospective or specific trial site;
- we may not reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of subjects or patients required for clinical trials may be larger than we anticipate, enrollment in these clinical trials may be insufficient or slower than we anticipate, and the number of clinical trials being conducted at any given time may be high and result in fewer available patients for any given clinical trial, or patients may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors, including those manufacturing products or conducting clinical trials on our behalf, may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner or at all;

- we might have to suspend or terminate clinical trials for various reasons, including a finding that the subjects are being exposed to unacceptable health risks;
- we may have to amend clinical trial protocols or conduct additional studies to reflect changes in regulatory requirements or guidance, which we may be required to submit to an IRB and/or regulatory authorities for re-examination;
- regulators, IRBs or other parties may require or recommend that we or our investigators suspend or terminate clinical research for various reasons, including safety signals or noncompliance with regulatory requirements;
- the cost of clinical trials may be greater than we anticipate;
- clinical sites may not adhere to the clinical protocol or may drop out of a clinical trial;
- we may be unable to recruit a sufficient number of clinical trial sites;
- regulators, IRBs or other reviewing bodies may fail to approve or subsequently find fault with our manufacturing processes or facilities of third-party manufacturers with which we enter into agreement for clinical and commercial supplies, the supply of devices or other materials necessary to conduct clinical trials may be insufficient, inadequate or not available at an acceptable cost, or we may experience interruptions in supply;
- approval policies or regulations of the FDA, the European Union or applicable foreign regulatory agencies may change in a manner rendering our clinical data insufficient for approval; and
- our current or future products may have undesirable side effects or other unexpected characteristics.

In addition, disruptions caused by the COVID-19 pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Patient enrollment in clinical trials and completion of patient follow-up depend on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the eligibility criteria for the clinical trial, patient compliance, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new treatments that may be approved for the indications we are investigating. For example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and efficacy of a product candidate, or they may be persuaded to participate in contemporaneous clinical trials of a competitor's product candidate. In addition, patients participating in our clinical trials may drop out before completion of the trial or experience adverse medical events unrelated to our products. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may delay commencement or completion of the clinical trial, cause an increase in the costs of the clinical trial and delays, or result in the failure of the clinical trial.

Even if our future products are cleared or approved in the United States, commercialization of our products in foreign countries would require clearance or approval by regulatory authorities in those countries. Clearance or approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional pre-clinical studies or clinical trials. Any of these occurrences could have an adverse effect on our business, financial condition and results of operations.

Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, cleared or approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA to review and clear or approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory and policy changes, the

FDA's ability to hire and retain key personnel and accept the payment of user fees and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for medical devices and biologics or modifications to cleared or for approved medical devices and biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities.

Separately, in response to the COVID-19 pandemic, on March 10, 2020, the FDA announced its intention to postpone most foreign inspections of manufacturing facilities and products, and, on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Subsequently, on July 10, 2020, the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA, the European Union or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA, the European Union or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

We are subject to certain federal, state and foreign fraud and abuse laws, health information privacy and security laws and physician payment transparency laws, which, if violated, could subject us to substantial penalties. Additionally, any challenge to or investigation into our practices under these laws could cause adverse publicity and be costly to respond to, and thus could harm our business.

There are numerous U.S. federal and state, as well as foreign, laws pertaining to healthcare fraud and abuse, including anti-kickback, false claims and physician transparency laws. Our business practices and relationships with providers and hospitals are subject to scrutiny under these laws. We may also be subject to patient information privacy and security regulation by both the federal government and the states and foreign jurisdictions in which we conduct our business. The healthcare laws and regulations that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce either the referral of an individual or furnishing or arranging for a good or service, for which payment may be made, in whole or in part, under federal healthcare programs, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal civil and criminal false claims laws, including the federal civil False Claims Act, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other federal healthcare programs that are false or fraudulent. Moreover, 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 federal civil False Claims Act. Private individuals can bring False Claims Act "qui tam" actions, on behalf of the government and such individuals, commonly known as "whistleblowers," may share in amounts paid by the entity to the government in fines or settlement. When an entity is determined to have violated the federal civil False Claims Act, the government may impose civil penalties, including treble damages, and exclude the entity from participation in Medicare, Medicaid and other federal healthcare programs;
- the federal Civil Monetary Penalties Law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know

is likely to influence the beneficiary's decision to order or receive items or services reimbursable by the government from a particular provider or supplier;

- the Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes that prohibit, among other things, executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal Physician Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, or CHIP, to report annually to CMS, information related to payments and other transfers of value to physicians, which is defined broadly to include doctors, dentists, optometrists, podiatrists and chiropractors, and teaching hospitals, and applicable manufacturers and group purchasing organizations, to report annually ownership and investment interests held by such physicians and their immediate family members. Manufacturers are required to submit annual reports to CMS and failure to do so may result in civil monetary penalties for all payments, transfers of value or ownership or investment interests not reported in an annual submission, and may result in liability under other federal laws or regulations. Effective January 1, 2022, these reporting obligations will extend to include payments and transfers of value made to certain nonphysician providers such as physician assistants and nurse practitioners; and
- analogous state and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers or patients; 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 related to insurance fraud in the case of claims involving private insurers.

These laws and regulations, among other things, constrain our business, marketing and other promotional activities by limiting the kinds of financial arrangements we may have with hospitals, physicians or other potential purchasers of our products, as well as independent sales agents and distributors. Due to the breadth of these laws, the narrowness of statutory exceptions and regulatory safe harbors available, and the range of interpretations to which they are subject, it is possible that some of our current or future practices might be challenged under one or more of these laws.

To enforce compliance with the healthcare regulatory laws, certain enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Responding to investigations can be time-and resource-consuming and can divert management's attention from the business. Additionally, as a result of these investigations, healthcare providers and entities may have to agree to additional compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. Even an unsuccessful challenge or investigation into our practices could cause adverse publicity, and be costly to respond to. If our operations are found to be in violation of any of the healthcare laws or regulations described above or any other healthcare regulations that apply to us, we may be subject to penalties, including administrative, civil and criminal penalties, damages, fines, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, imprisonment, contractual damages, reputational harm, disgorgement and the curtailment or restructuring of our operations.

In addition, members of our management and companies with which they are affiliated or have been affiliated with in the past, have been, and may in the future be, involved in investigations, prosecutions, convictions or settlements in the healthcare industry. For example, Kevin Rakin, the chairman of our board of directors, was named as a defendant in United States ex rel. Webb v. Advanced BioHealing, Inc., or

ABH, a whistleblower suit relating to sales methods employed by sales representatives of ABH, a biotechnology company for which Mr. Rakin served as its chief executive officer. All claims in the lawsuit were dismissed with prejudice pursuant to a settlement agreement, in which Mr. Rakin expressly denied that he engaged in any wrongful conduct, and Mr. Rakin agreed to pay to the United States $2.5 million. Any investigations, prosecutions, convictions or settlements involving members of our management and companies with which they are or have been affiliated may be detrimental to our reputation and could negatively affect our business, financial condition and results of operations.

Healthcare policy changes, including recently enacted legislation reforming the U.S. healthcare system, could harm our cash flows, financial condition and results of operations.

In March 2010, the Affordable Care Act, or ACA, was enacted in the United States, which made a number of substantial changes in the way healthcare is financed by both governmental and private insurers. Among other ways in which it may impact our business, the ACA established a new Patient-Centered Outcomes Research Institute to oversee and identify priorities in comparative clinical effectiveness research in an effort to coordinate and develop such research, implemented payment system reforms, including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models, and expanded the eligibility criteria for Medicaid programs.

Since its enactment, there have been judicial, U.S. Congressional and executive branch challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. For example, the TCJA was enacted, which includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". On December 14, 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate is a critical and inseverable feature of the ACA and, therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit affirmed the District Court's decision that the individual mandate was unconstitutional but remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the U.S. Supreme Court granted the petitions for writs of certiorari to review the case, although it is unclear when a decision will be made or how the Supreme Court will rule. In addition, there may be other efforts to challenge, repeal or replace the ACA. We are continuing to monitor any changes to the ACA that, in turn, may potentially impact our business in the future.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, reduced Medicare payments to providers by 2% per fiscal year, effective on April 1, 2013 and, due to subsequent legislative amendments to the statute, was to remain in effect through 2029. The CARES Act, which was signed into law on March 27, 2020, temporarily suspended these reductions from May 1, 2020 through December 31, 2020, and extended the sequester by one additional year, through 2030. In addition, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

We expect additional state and federal healthcare reform measures to be adopted in the future, any of which could limit reimbursement for healthcare products and services, which could result in reduced demand for our products or additional pricing pressure.

Failure to comply with data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

We and our commercial partners, independent sales agents, suppliers and other business partners may be subject to federal, state and foreign data protection laws and regulations (i.e., laws and regulations that address data privacy and security). In the United States, numerous federal and state laws and regulations, including state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws and regulations (e.g., Section 5 of the FTC Act), that govern the collection,

use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our partners. We may also be subject to U.S. federal rules, regulations and guidance concerning data security for medical devices, including guidance from the FDA. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA. Depending on the facts and circumstances, we could be subject to criminal penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

In addition, the California Consumer Privacy Act, or CCPA, became effective on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Although there are limited exemptions for certain health-related information, including certain clinical trial data, the CCPA may increase our compliance costs and potential liability. Additionally, a new California ballot initiative, the California Privacy Rights Act, appears to have garnered enough signatures to be included on the November 2020 ballot, and if voted into law by California residents, would impose additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It would also create a new California data protection agency specifically tasked to enforce the law, which would likely result in increased regulatory scrutiny of California businesses in the areas of data protection and security. Similar laws have been proposed in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging.

Foreign data protection laws, including the E.U. General Data Protection Regulation, or the GDPR, which became effective in May 2018, may also apply to health-related and other personal information obtained outside of the United States. The GDPR imposes stringent data protection requirements for the processing of personal data in the European Economic Area, or EEA. The GDPR imposes several stringent requirements for controllers and processors of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention and secondary use of information (including for research purposes), increased requirements pertaining to health data and pseudonymised (i.e., key-coded) data and additional obligations when we contract third party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EEA, to the United States and other third countries. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States, e.g. on July 16, 2020, the Court of Justice of the European Union, or the CJEU, invalidated the E.U.-U.S. Privacy Shield Framework, or the Privacy Shield, under which personal data could be transferred from the EEA to U.S. entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. European data protection law provides that E.U. and EEA member states may make their own further laws and regulations limiting the processing of health-related data, which could limit our ability to use and share personal data or could cause our costs to increase, and harm our business and financial condition. Failure to comply with the requirements of GDPR and the applicable national data protection and marketing laws may result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties as well as individual claims for compensation.

In addition, the United Kingdom leaving the European Union could also lead to further legislative and regulatory changes. It remains unclear how the United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfer to the United Kingdom from the European Union and the EEA will be regulated, especially following the United Kingdom's departure from the

European Union on January 31, 2020. However, the United Kingdom has transposed the GDPR into domestic law with the Data Protection Act 2018, which remains in force following the United Kingdom's departure from the European Union. Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations.

Compliance with U.S. and foreign privacy and security laws, rules and regulations could require us to take on more onerous obligations in our contracts, require us to engage in costly compliance exercises, restrict our ability to collect, use and disclose data, or in some cases, impact our ability, or the ability of our commercial partners, independent sales agents, suppliers or other business partners, to operate in certain jurisdictions. Each of these constantly evolving laws can be subject to varying interpretations. Failure to comply with U.S. and foreign data protection laws and regulations could result in government investigations and enforcement actions (which could include civil or criminal penalties), fines, private litigation and/or adverse publicity and could negatively affect our operating results and business. Moreover, patients about whom we or our partners obtain information, as well as the providers who share this information, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could have a material and adverse effect on our business, financial condition and results of operations.

Risks Related to Intellectual Property

If we are unable to obtain, maintain and adequately protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce or defend our rights.

Our commercial success will depend in part on our success in obtaining and maintaining issued patents, trademarks and other intellectual property rights in the United States and elsewhere and protecting our proprietary technology. If we do not adequately protect our intellectual property and proprietary technology, competitors may be able to use our technologies or the goodwill we have acquired in the marketplace and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

Some of our intellectual property rights depend on licensing agreements with third parties, and our patent coverage includes protection provided by licensed patents. If in the future we no longer have rights to one or more of these licensed patents, our patent coverage may be compromised, which in turn could adversely affect our ability to protect our products and defend against competitors.

We have sought to protect our proprietary position by filing patent applications in the United States and abroad related to our products that we view as important to our business. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, we cannot provide any assurances that any of our patents have, or that any of our pending patent applications that mature into issued patents will include, claims with a scope sufficient to protect our existing products, any enhancements we may develop to our existing products or any new products we may develop or acquire and introduce in the future. We, or our licensors, may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, we may miss potential opportunities to strengthen our patent position. Other parties may have developed technologies that may be related or competitive to our system, may have filed or may file patent applications and may have received or may receive patents that overlap or conflict with our patent applications, either by claiming the same methods or devices or by claiming subject matter that could dominate our patent position.

The patent positions of regenerative medicine companies, including our patent position, may involve complex legal, scientific and factual questions, and, therefore, the scope, validity, ownership and enforceability of any patent claims that we may obtain cannot be predicted with certainty. Patents, if

issued, may be challenged, deemed unenforceable, narrowed, invalidated or circumvented. Proceedings challenging our patents could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such proceedings may be costly. Thus, any patents that we currently own or may own may not provide any protection against competitors. Furthermore, an adverse decision in an interference proceeding can result in a third party receiving the patent right sought by us, which in turn could affect our ability to commercialize our products. In recent years, patent rights have been the subject of significant litigation. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our owned or licensed patents or narrow the scope of our patent protection.

Though an issued patent is presumed valid and enforceable, its issuance is not conclusive as to its inventorship, scope, validity or enforceability, and it may not provide us with adequate proprietary protection or competitive advantages against competitors with similar products. Competitors could attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe, misappropriate or otherwise violate our intellectual property rights, design around our patents or develop and obtain patent protection for more effective technologies, designs or methods.

CanGaroo and SimpliDerm are the only current products covered by issued patents. We rely on unpatented trade secrets and know-how for several of our current products to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect and enforce against third parties. Accordingly, we cannot be certain that these intellectual property rights will provide us with adequate protection or enable us to prevent third parties from developing or commercializing competitive products.

We may be unable to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, suppliers, vendors, current and former employees, distributors, commercial partners or independent sales agents. The laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the United States, and we may encounter significant problems in protecting our proprietary rights in these countries.

Our ability to enforce our patent rights depends on our ability to detect infringement. It may be difficult to detect infringers who do not advertise the components that are used in their products. Moreover, it may be difficult or impossible to obtain evidence of infringement in a competitor's or potential competitor's product. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if we were to prevail, may not be commercially meaningful.

In addition, proceedings to enforce or defend our patents could put our patents at risk of being invalidated, held unenforceable or interpreted narrowly, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Such proceedings could provoke third parties to assert claims against us, including that some or all of the claims in one or more of our patents are invalid or otherwise unenforceable. If any of the patents covering our products are narrowed, invalidated or found unenforceable, or if a court found that valid, enforceable patents held by third parties covered one or more of our products, our competitive position could be harmed or we could be required to incur significant expenses to enforce or defend our rights.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- any of our patents, or any of our pending patent applications, if issued, will include claims having a scope sufficient to protect our products;
- any of our pending patent applications will issue as patents;
- we will be able to successfully commercialize our products on a substantial scale, if approved, before the relevant patents we currently have, or may have, expire;
- we were the first to conceive and reduce to practice the inventions covered by each of our patents and pending patent applications;
- we were the first to file patent applications for these inventions;

- others will not develop similar or alternative technologies that do not infringe, misappropriate or otherwise violate our owned or licensed patents and other intellectual property rights;
- any of our patents will ultimately be found to be valid and enforceable;
- ownership of our patents or patent applications will not be challenged by third parties;
- any patents issued to us will provide a basis for an exclusive market for our commercially viable products, will provide us with any competitive advantages or will not be challenged by third parties;
- our competitors will not conduct research and development activities in countries where we do not have patent rights, or in countries where research and development safe harbor laws exist, and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we will develop additional proprietary technologies or products that are separately patentable; or
- our commercial activities or products will not infringe, misappropriate or otherwise violate the patents and other intellectual property rights of others.

Should any of these events occur, they could have a material and adverse effect on our business, financial condition and results of operations.

We may not enter into invention assignment and confidentiality agreements with all of our employees and contractors and such agreements could be ineffective or breached.

We rely, in part, upon unpatented trade secrets, unpatented know-how and continuing technological innovation to develop and maintain our competitive position, which we seek to protect, in part, by confidentiality agreements with our employees, consultants, independent sales agents, collaborators and third-party vendors. We also seek to enter agreements with our employees and consultants that obligate them to assign any inventions created during their work for us to us and have non-compete agreements with some, but not all, of our consultants. However, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. If the employees, consultants or collaborators that are parties to these agreements breach or violate their respective terms, we may not have adequate remedies for any such breach or violation. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such an agreement. Furthermore, if the employees and consultants who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets through such breaches or violations. Further, our trade secrets could otherwise become known or be independently discovered by our competitors. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

The patent protection we obtain for our products may not be sufficient enough to provide us with any competitive advantage or our patents may be challenged.

Our owned and licensed patents and pending patent applications, if issued, may not provide us with any meaningful protection or prevent competitors from designing around our patent claims to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. For example, a third party may develop a competitive product that provides benefits similar to one or more of our products but falls outside the scope of our patent protection or license rights. If the patent protection provided by the patents and patent applications we hold or pursue with respect to our products is not sufficiently broad to impede such competition, our ability to successfully commercialize our products could be negatively affected, which would harm our business.

It is possible that defects of form in the preparation or filing of our patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims, inventorship, claim scope, or requests for patent term adjustments. If we or our collaborators or licensors, fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our collaborators or licensors are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If there are material defects in the form, preparation, prosecution or enforcement of our patents or

patent applications, such patents may be invalid and/or unenforceable, and such applications may never result in valid and enforceable patents. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

Pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Assuming the other requirements for patentability are met, currently, the first to file a patent application is generally entitled to the patent. However, prior to March 16, 2013, in the United States, the first to invent was entitled to the patent. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Similarly, we cannot be certain that parties from whom we do or may license or purchase patent rights were the first to make relevant claimed inventions, or were the first to file for patent protection for them. If third parties have filed prior patent applications on inventions claimed in our patents or applications that were filed on or before March 15, 2013, an interference proceeding in the United States can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such prior applications after March 15, 2013, a derivation proceeding in the United States can be initiated by such third parties to determine whether our invention was derived from theirs.

Moreover, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, our owned and licensed patents or pending patent applications may be challenged in the courts or patent offices in the United States and abroad. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it may be used to invalidate a patent, or may prevent a patent from issuing from a pending patent application. For example, such patent filings may be subject to a third-party submission of prior art to the U.S. Patent and Trademark Office, or USPTO, or to other patent offices around the world. Alternately or additionally, we may become involved in post-grant review procedures, oppositions, derivation proceedings, ex parte reexaminations, inter partes review, supplemental examinations or interference proceedings or challenges in district court, in the United States or in various foreign patent offices, including both national and regional, challenging patents or patent applications in which we have rights, including patents on which we rely to protect our business. In addition, if we seek to enforce our patents against third parties, third parties may initiate such challenges in response. An adverse determination in any such challenges may result in loss of the patent or in patent or patent application claims being narrowed, invalidated or held unenforceable, in whole or in part, or in denial of the patent application or loss or reduction in the scope of one or more claims of the patent or patent application, any of which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Litigation or other proceedings or third-party claims of intellectual property infringement, misappropriation or other violations could require us to spend significant time and money, prevent us from selling our products and adversely affect our stock price.

Our commercial success will depend in part on not infringing, misappropriating or otherwise violating the patents or other proprietary rights of third parties. Significant litigation regarding patent rights occurs in our industry. Our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in patent portfolios and competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make, use and sell our products. We do not always conduct independent reviews of patents issued to third parties. In addition, patent applications in the United States and elsewhere can be pending for many years before issuance, or unintentionally abandoned patents or applications can be revived, so there may be applications of others now pending or recently revived patents of which we are unaware. These applications may later result in issued patents, or the revival of

previously abandoned patents, that will prevent, limit or otherwise interfere with our ability to make, use or sell our products. Third parties may, in the future, assert claims that we are employing their proprietary technology without authorization, including claims from competitors or from non-practicing entities that have no relevant product sales and against whom our own patent portfolio may have no deterrent effect. As we continue to commercialize our products in their current or updated forms, launch new products and enter new markets, we expect competitors may claim that one or more of our products infringe, misappropriate or otherwise violate their intellectual property rights as part of business strategies designed to impede our successful commercialization and entry into new markets. The large number of patents, the rapid rate of new patent applications and issuances, the complexities of the technology involved and the uncertainty of litigation may increase the risk of business resources and management's attention being diverted to patent litigation. We may in the future receive letters or other threats or claims from third parties inviting us to take licenses under, or alleging that we infringe, their patents.

Moreover, we may become party to future adversarial proceedings regarding our patent portfolio or the patents of third parties. Such proceedings could include supplemental examination or contested post-grant proceedings, such as review, reexamination, inter parties review, interference or derivation proceedings before the USPTO and challenges in U.S. District Court. Patents may be subjected to opposition, post-grant review or comparable proceedings lodged in various foreign, both national and regional, patent offices. The legal threshold for initiating litigation or contested proceedings may be low, so that even lawsuits or proceedings with a low probability of success might be initiated. Litigation and contested proceedings can also be expensive and time-consuming, and our adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can. We may also occasionally use these proceedings to challenge the patent rights of others. We cannot be certain that any particular challenge will be successful in limiting or eliminating the challenged patent rights of the third party.

Any lawsuits resulting from such allegations could subject us to significant liability for damages and/or invalidate our proprietary rights. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop making, selling or using products or technologies that allegedly infringe, misappropriate or otherwise violate the asserted intellectual property;
- lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property rights against others;
- incur significant legal expenses;
- pay substantial damages or royalties to the party whose intellectual property rights we may be found to be infringing, misappropriating or otherwise violating;
- pay the attorney's fees and costs of litigation to the party whose intellectual property rights we may be found to be infringing, misappropriating or otherwise violating;
- redesign those products that contain the allegedly infringing intellectual property, which could be costly, disruptive and infeasible; and
- attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all, or from third parties who may attempt to license rights that they do not have.

Any litigation or claim against us, even those without merit, may cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business and harm our reputation. If we are found to infringe, misappropriate or otherwise violate the intellectual property rights of third parties, we could be required to pay substantial damages (possibly treble damages) and/or substantial royalties and could be prevented from selling our products unless we obtain a license or are able to redesign our products to avoid infringement, misappropriation or violation. Any such license may not be available on reasonable terms, if at all, and there can be no assurance that we would be able to redesign our products in a way that would not infringe, misappropriate or otherwise violate the intellectual property rights of others. We could encounter delays in product introductions while we attempt to develop alternative methods or products. If we fail to obtain any required licenses or

make any necessary changes to our products or technologies, we may have to withdraw existing products from the market or may be unable to commercialize one or more of our products.

In addition, we generally indemnify our customers with respect to infringement by our products of the proprietary rights of third parties. Third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed or settle, we may be forced to pay damages or settlement payments on behalf of our customers or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products.

We may not have sufficient resources to bring these actions to a successful conclusion. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the market price of shares of our Class A common stock. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed.

In addition to patent protection, we also rely upon copyright and trade secret protection, as well as non-disclosure agreements and invention assignment agreements with our employees, consultants, independent sales agents and other third parties, to protect our confidential and proprietary information. In addition to contractual measures, we try to protect the confidential nature of our proprietary information using commonly accepted physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products that we consider proprietary. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. Even though we use commonly accepted security measures, trade secret violations are often a matter of state law, and the criteria for protection of trade secrets can vary among different jurisdictions. In addition, trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, it could have a material and adverse effect on our business, financial condition and results of operations.

We may be unable to enforce our intellectual property rights throughout the world.

Obtaining, maintaining and enforcing intellectual property rights is expensive and it is cost prohibitive to do so throughout the world. Accordingly, we may determine not to obtain, maintain or enforce intellectual property rights in certain jurisdictions. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This could make it difficult for us to stop infringement of our foreign patents, if obtained, or the misappropriation or other violation of our other intellectual property rights. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and

legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of our intellectual property. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Third parties may assert ownership or commercial rights to inventions we develop.

Third parties may in the future make claims challenging the inventorship or ownership of our intellectual property. We have written agreements with collaborators that provide for the ownership of intellectual property arising from our collaborations. In addition, we may face claims by third parties that our agreements with employees, contractors or consultants obligating them to assign intellectual property to us are ineffective or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such intellectual property. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property or may lose our exclusive rights in such intellectual property. Either outcome could harm our business and competitive position. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who previously worked with other companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property or personal data, including trade secrets or other proprietary information, of a former employer or other third party. Litigation may be necessary to defend against these claims. If we fail in defending any such claims or settling those claims, in addition to paying monetary damages or a settlement payment, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Recent changes in U.S. patent laws may limit our ability to obtain, defend and/or enforce our patents.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. The Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and also affect patent litigation. The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, which became effective on March 16, 2013, could affect us. The first to file provisions limit the rights of an inventor to patent an invention if the inventor was not the first to file an application for patenting that invention, even if such invention was the first invention. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. This will require us to be cognizant going forward of the timing from invention to filing of a patent application and be diligent in filing patent applications, but circumstances could prevent us from promptly filing patent applications on our inventions.

In addition, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the enforcement and defense of our issued patents. For example, the Leahy-Smith Act provides that an administrative tribunal known as the Patent Trial and Appeals Board, or PTAB, provides a venue for challenging the validity of patents at a cost that is much lower than district court litigation and on timelines that are much faster. This applies to all of our U.S. patents, even those issued before March 16, 2013. Furthermore, because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district

court action. Although it is not clear what, if any, long-term impact the PTAB proceedings will have on the operation of our business, patent challenge proceedings before the PTAB since its inception in 2013 have resulted in the invalidation of many U.S. patent claims. The availability of the PTAB as a lower-cost, faster and potentially more potent tribunal for challenging patents could increase the likelihood that our own patents will be challenged, thereby increasing the uncertainties and costs of maintaining and enforcing them. Any failure by us to adequately address the uncertainties and costs surrounding recent patent legislation could have a material and adverse effect on our business, financial condition and results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and European and other patent agencies over the lifetime of a patent. In addition, the USPTO and European and other patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent failure to make payment of such fees or to comply with such provisions can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which such noncompliance will result in the abandonment or lapse of the patent or patent application, and the partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our licensors fail to maintain the patents and patent applications covering our product candidates or if we or our licensors otherwise allow our patents or patent applications to be abandoned or lapse, our competitors might be able to enter the market, which would hurt our competitive position, could impair our ability to successfully commercialize our product candidates in any indication for which they are approved, and could have a material and adverse effect on our business, financial condition and results of operations.

In addition, any of the intellectual property rights that we own or license that are developed through the use of U.S. government funding will be subject to additional federal regulations. Pursuant to the Bayh-Dole Act of 1980, or Bayh-Dole Act, the government will receive a license under inventions developed under a government-funded program and may require us to manufacture products embodying such inventions in the United States. Under certain circumstances, the government may also claim ownership in such inventions or compel us to license them to third parties. Any failure by us to comply with federal regulations regarding intellectual property rights that were developed through the use of U.S. government funding could have a material and adverse effect on our business, financial condition and results of operations.

If we do not obtain patent term extension in the United States under the Hatch-Waxman Amendments and in foreign countries under similar legislation, thereby potentially extending the term of marketing exclusivity for our product candidates, our business may be materially harmed.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

In the United States, a patent that covers an FDA-approved drug, biologic or medical device may be eligible for a term extension designed to restore the period of the patent term that is lost during the premarket regulatory review process conducted by the FDA. Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, we may be able to extend the term of a patent covering each product candidate under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments and similar legislation in the European

Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, and only claims covering such approved product, a method for using it or a method for manufacturing it may be extended. In the European Union, our product candidates may be eligible for term extensions based on similar legislation. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

Further, under certain circumstances, patent terms covering our products or product candidates may be extended for time spent during the pendency of the patent application in the USPTO (referred to as Patent Term Adjustment, or PTA). The laws and regulations underlying how the USPTO calculates the PTA is subject to change and any such PTA granted by the USPTO could be challenged by a third-party. If we do not prevail under such a challenge, the PTA may be reduced or eliminated, resulting in a shorter patent term, which may negatively impact our ability to exclude competitors. Because PTA added to the term of patents covering products has particular value, our business may be adversely affected if the PTA is successfully challenged by a third party and our ability to exclude competitors is reduced or eliminated. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

We depend on certain technologies that are licensed to us. We do not control the intellectual property rights covering these technologies, and any loss of our rights to these technologies or the rights licensed to us could prevent us from selling our products and adversely impact our business.

We are a party to license agreements under which we are granted rights to intellectual property that is important to our business, and we may need to enter into additional license agreements in the future. We rely on these licenses in order to be able to use and sell various proprietary technologies that are material to our business, as well as technologies we intend to use in our future commercial activities. For example, we expect that we will be dependent on our licensing arrangements with Cook Biotech, relating to CanGaroo and our cardiovascular products. Our rights to use these technologies and the inventions claimed in the licensed patents are subject to the continuation of and our compliance with the terms of those license agreements. Our existing license agreements impose, and we expect that future license agreements will also impose on us, various diligence obligations, milestone payments, royalties and other obligations. If we fail to comply with our obligations under these agreements, or if we are subject to a bankruptcy proceeding, the licensor may have the right to terminate the license, in which case we would not be able to market products covered by the license, which would adversely affect our business, financial condition and results of operations.

As we have done previously, we may need to obtain additional licenses from third parties in order to advance our research or allow commercialization of our products and technologies. The in-licensing and acquisition of third-party intellectual property is a competitive area, and a number of more established companies are also pursuing strategies to in-license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. Furthermore, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Accordingly, we may not be able to obtain any of these licenses on commercially reasonable terms or at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In the event that we are not able to acquire a license, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected products and technologies, which could materially harm our business. In addition, the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties or other forms of compensation and damages.

In some cases, we may not have the right to control the prosecution, maintenance or filing of the patents that are licensed to us, or the enforcement of these patents against infringement by third parties. Some of our patents and patent applications were not filed by us, but were either acquired by us or are licensed from third parties. Thus, these patents and patent applications were not drafted by us, and we did not control or have any input into the prosecution of these patents and patent applications prior to our acquisition of, or our entry into a license with respect to, such patents and patent applications. We cannot be certain that the drafting or prosecution of these patents and patent applications will result or has resulted in valid and enforceable patents. Further, since we do not always retain complete control over our ability to enforce our licensed patent rights against third-party infringement, we cannot be certain that our licensor will elect to enforce these patents to the extent that we would choose to do so, or in a way that will ensure that we retain the rights we currently have under the applicable license agreement. If our licensor fails to properly enforce the patents subject to our license agreement in the event of third-party infringement, our ability to retain our competitive advantage with respect to the applicable products may be materially and adversely affected.

Licensing of intellectual property is an important part of our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property that is subject to a license agreement, including, with respect to, among other things:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether our licensor had the right to grant the rights granted to us under the license agreement;
- whether and the extent to which our technology and processes infringe, misappropriate or otherwise violate intellectual property of the licensor that is not subject to the license agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our involvement in the prosecution and enforcement of the licensed patents and our licensor's overall patent enforcement strategy;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our products and technologies, and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the amounts of royalties, milestones or other payments due under the license agreement.

In addition, we may become the owner of intellectual property that was obtained through assignments, which may be subject to re-assignment back to the original assignor upon our failure to prosecute or maintain such intellectual property, upon our breach of the agreement pursuant to which such intellectual property was assigned, or upon our bankruptcy.

The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, or if intellectual property is re-assigned back to the original assignor, we may be unable to successfully develop and commercialize or continue selling products that utilize the affected intellectual property, any of which could impair our ability to execute our growth strategy and could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to protect and enforce our trademarks and trade names, or build name recognition in our markets of interest, thereby harming our competitive position.

We have not yet registered certain of our trademarks in all of our potential markets. If we apply to register these and other trademarks in the United States and other countries, our applications may not be allowed for registration in a timely fashion or at all, and our registered trademarks may not be maintained or enforced. In addition, the registered or unregistered trademarks or trade names that we own may be

challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition. In addition, third parties may file for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such rights, we may not be able to use these trademarks to develop brand recognition of our technologies, products or services. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Further, we may in the future enter into agreements with owners of such third party trade names or trademarks to avoid potential trademark litigation which may limit our ability to use our trade names or trademarks in certain fields of business.

In addition, opposition or cancellation proceedings may in the future be filed against our trademark applications and registrations, and our trademarks may not survive such proceedings. In addition, third parties may file first for our trademarks in certain countries. If they succeed in registering such trademarks, and if we are not successful in challenging such third party rights, we may not be able to use these trademarks to market our products in those countries. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our Common Stock and this Offering

There has been no prior public market for our common stock, and an active trading market may never develop or be sustained.

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined through negotiations with the underwriters. Although we intend to apply to have our Class A common stock listed on The Nasdaq Global Market, an active trading market for our Class A common stock may never develop or be sustained following this offering. If an active market for our Class A common stock does not develop, it may be difficult for you to sell shares you purchase in this offering, without depressing the market price for the shares, or at all. An inactive trading market may also impair our ability to raise capital by selling shares of our common stock and enter into strategic partnerships or acquire other complementary products, technologies or businesses by using shares of our common stock as consideration. Furthermore, although we intend to apply to have our Class A common stock listed on The Nasdaq Global Market, even if listed, there can be no guarantee that we will continue to satisfy the continued listing standards of The Nasdaq Global Market. If we fail to satisfy the continued listing standards, we could be de-listed, which would negatively impact the price of our Class A common stock and further impair your ability to sell your shares at or above the price you paid for them.

We expect that the price of our Class A common stock will fluctuate substantially and you may not be able to sell the shares you purchase in this offering at or above the initial public offering price.

The initial public offering price for the shares of our common stock sold in this offering is determined by negotiation between the representatives of the underwriters and us. This price may not reflect the market price of our Class A common stock following this offering. In addition, the market price of our Class A common stock is likely to be highly volatile and may fluctuate substantially due to a variety of factors, many of which are outside of our control, including, among other things:

- the volume and timing of sales of our products;
- the introduction of new products or product enhancements by us or others in our industry;
- developments related to the COVID-19 pandemic;
- disputes or other developments with respect to our or others' intellectual property rights;
- our ability to develop, obtain regulatory clearance or approval for, and market new and enhanced products on a timely basis;

- changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business;
- product liability claims, other litigation or regulatory investigations;
- annual or quarterly variations in our results of operations or those of others in our industry, or results of operations that otherwise vary from those expected by securities analysts and investors;
- publications, reports or other media exposure of our products or those of others in our industry, or of our industry generally;
- announcements by us or others in our industry, or by our or their respective suppliers, distributors or other business partners, regarding, among other things, significant contracts, price reductions, capital commitments or other business developments, the entry into or termination of strategic transactions or relationships, securities offerings or other financing initiatives, and public reaction thereto;
- additions or departures of key management personnel;
- changes in governmental regulations or in reimbursement;
- changes in earnings estimates or recommendations by securities analysts, or other changes in investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives;
- the development and sustainability of an active trading market for our Class A common stock;
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors; and
- other factors discussed in this "Risk Factors" section and elsewhere in this prospectus.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies, including, as a result of the COVID-19 pandemic. Broad market and industry factors may significantly affect the market price of our Class A common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our Class A common stock shortly following this offering. If the market price of shares of our Class A common stock after this offering does not ever exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources away from our business.

If our operating and financial performance in any given period does not meet the guidance we provide to the public, the market price of our Class A common stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to certain risks and uncertainties similar to those described in this prospectus and any additional risks and uncertainties described from time to time in our public filings or other public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future. If, in the future, we provide guidance, and our operating and/or financial results for a particular period do not meet such guidance or the expectations of investment analysts, or if we reduce, withdraw or otherwise change our guidance for future periods, or stop providing guidance, the market price of our Class A common stock will likely decline.

Our principal stockholders have significant voting power and may take actions that may not be in the best interests of our other stockholders.

After this offering, our principal stockholders each holding more than 5% of our Class A common stock will collectively control approximately % of our outstanding Class A common stock. As a result, these

stockholders, if they act together, will be able to control the management and affairs of our company and most matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. The interests of these stockholders may not be the same as or may even conflict with your interests. For example, these stockholders could attempt to delay or prevent a change in control of the company, even if such change in control would benefit our other stockholders, thereby depriving our other stockholders of an opportunity to receive a premium for their common stock as part of a sale of the company or our assets. Conversely, these stockholders may pursue acquisitions, divestitures and other transactions that, in their judgment, could enhance the value of their investment, even though such transactions might involve risks to you. Even in the absence of any actual conflict of interest, the degree of control possessed by these stockholders may affect the prevailing market price of our Class A common stock due to investors' perceptions that such conflicts of interest may exist or arise. As a result, this concentration of ownership may not be in the best interests of our other stockholders and may impair your ability to realize any return on your investment in us and may impair your ability to avoid losing some or all of your investment.

Certain of our existing stockholders, including certain affiliates of our directors, have indicated an interest in purchasing shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or no shares in this offering to any of these stockholders, or any of these stockholders may determine to purchase more, fewer or no shares in this offering. The foregoing discussion does not give effect to any potential purchases by these stockholders in this offering.

If you purchase shares of common stock in this offering, you will suffer immediate dilution of your investment.

The initial public offering price of our common stock is substantially higher than the pro forma as adjusted net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent shares of common stock are subsequently issued under outstanding options or warrants, you will incur further dilution. Based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, you would experience immediate dilution of $ per share, representing the difference between our pro forma as adjusted net tangible book value per share as of June 30, 2020 and the assumed initial public offering price. In addition, purchasers of common stock in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our stock but will own only approximately % of our common stock outstanding after this offering.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could use these proceeds in ways that do not improve our results of operations or enhance the value of our common stock. We expect that we will use the net proceeds of this offering to hire additional sales personnel and expand our marketing programs and to fund product development and clinical research activities and that we will use the remainder for working capital and other general corporate purposes, as set forth under "Use of Proceeds." We may also use a portion of the net proceeds from this offering to acquire, in-license or invest in products, technologies or businesses that are complementary to our business. However, we currently have no agreements or commitments to complete any such transaction. This expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds from this offering or the amounts that we will actually spend on the uses set forth above. We may find it necessary or advisable to use the net proceeds for other purposes and, as a result, our management will retain broad discretion over the application of the net proceeds from this offering. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, financial condition and results of operations and cause the market price of our Class A common stock to decline. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market, or the perception in the market that the holders of a large number of shares intend to sell their shares, could reduce the market price of our Class A common stock. After this offering, we will have outstanding shares of Class A common stock and Class B common stock, collectively, based on the number of shares outstanding as of June 30, 2020, after giving effect to (i) the automatic conversion of all outstanding shares of our Series A convertible preferred stock into shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering, (ii) the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering, (iii) the assumed net exercise of the Common Stock Warrant prior to the closing of this offering, which will result in the issuance of shares of our Class A common stock, (iv) the assumed net exercise of the Preferred Stock Warrants prior to the closing of this offering, which, assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock, will result in the issuance of an aggregate of shares of our Class A common stock, (v) the issuance and sale of an aggregate of (x) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (y) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020, and (vi) the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020, in the case of each of clauses (i) through (vi) above, as described elsewhere in this prospectus. This includes the shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. As a holder of our Class B common stock, Deerfield will only have the right to convert each share of our Class B common stock into one share of Class A common stock at its election to the extent that as a result of such conversion, it would not beneficially own in excess of 4.9% of any class of our securities registered under the Exchange Act. As a result, Deerfield may not be deemed an "affiliate" for purposes of Rule 144 and, as a result, any securities it purchases in this offering may be freely tradable. The remaining shares are currently restricted as a result of securities laws or lock-up agreements (which may be waived, with or without notice, by Piper Sandler & Co. and Cowen and Company, LLC) but will become eligible to be sold at various times beginning 180 days after the date of this prospectus, unless held by one of our affiliates, in which case the resale of those securities will be subject to volume limitations under Rule 144 of the Securities Act of 1933, as amended, or the Securities Act. Because Deerfield may not be deemed an "affiliate" for purposes of Rule 144, up to shares of Class B common stock that Deerfield will own upon conversion of its Series A-1 convertible preferred stock in connection with this offering may become freely tradable and not subject to volume limitations following the 180-day lock-up period. Moreover, after this offering, holders of an aggregate of shares of our common stock will have rights, subject to certain conditions and limitations, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders, until such rights terminate pursuant to the terms of our Investor Rights Agreement, as described elsewhere in this prospectus under the heading "Description of Capital Stock — Registration Rights." We also intend to register all shares of Class A common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" section of this prospectus.

The market price of our common stock may drop significantly when the restrictions on resale by our existing stockholders lapse or when we are required to register the sale of our stockholders' remaining shares of our common stock. A decline in the trading price of our common stock might impede our ability to raise capital through the issuance of additional shares of our Class A common stock or other equity securities and may impair your ability to sell shares of our common stock at a price higher than the price you paid for them or at all.

The dual class structure of our common stock and the option of the holders of shares of our Class B common stock to convert into shares of our Class A common stock may limit your ability to influence corporate matters.

Our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share, while our Class B common stock is non-voting. Nonetheless, each share of our Class B common stock may be converted at any time into one share of Class A common stock at the option of its holder, subject to the limitations provided for in our restated certificate of incorporation that prohibit the conversion of our Class B common stock into shares of Class A common stock to the extent that, upon such conversion, such holder would beneficially own in excess of 4.9% of any class of our securities registered under the Exchange Act. Consequently, if holders of Class B common stock following this offering exercise their option to make this conversion, such exercise will have the effect of increasing the relative voting power of those prior holders of our Class B common stock (subject to the ownership limitation described in the previous sentence) and increasing the number of outstanding shares of our voting common stock, and correspondingly decreasing the relative voting power of the current holders of our Class A common stock, which may limit your ability to influence corporate matters. Because our Class B common stock is generally non-voting, stockholders who own more than 10% of our common stock overall but 10% or less of our Class A common stock will not be required to report changes in their ownership from transactions in our Class B common stock pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and would not be subject to the short-swing profit provisions of Section 16(b) of the Exchange Act.

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

After this offering we will have shares of common stock authorized but unissued. Our Post-IPO Certificate of Incorporation will authorize us to issue these shares of common stock and other securities convertible into or exercisable or exchangeable for shares of our common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. As of June 30, 2020, we had shares of our Class A common stock issuable upon the exercise of outstanding options at a weighted average exercise price of $ per share, of which were vested as of such date, and additional shares of our Class A common stock reserved for future issuance under our 2020 Plan, not including the additional shares of Class A common stock that will be reserved for future issuance under our 2020 Plan pursuant to provisions in the 2020 Plan that automatically increase the number of shares of our Class A common stock reserved for future issuance thereunder. See "Executive and Director Compensation." Any additional shares of common stock that we issue, including under our 2020 Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership and voting power held by the investors who purchase common stock in this offering. In the future, we may also issue additional securities if we need to raise capital, including, but not limited to, in connection with acquisitions, which could constitute a material portion of our then-outstanding shares of our common stock.

We are an "emerging growth company" and a "smaller reporting company," and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and a "smaller reporting company," as defined in Rule 12b-2 under the Exchange Act. Emerging growth companies and smaller reporting companies may take advantage of certain exemptions from various reporting requirements that are applicable to other publicly-traded entities that are not emerging growth companies or smaller reporting companies.

With respect to emerging growth companies, these exemptions include:

- the option to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- not being required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes"; and
- not being required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We have elected to take advantage of certain of these reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in the future. As a result, the information that we provide to our stockholders may be different than the information you might receive from other public reporting companies in which you hold equity interests. In addition, the JOBS Act permits emerging growth companies to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements and the reported results of operations contained therein may not be directly comparable to those of other public companies. We cannot predict whether investors will find our common stock less attractive because of our reliance on these exemptions. If some investors do find our common stock less attractive, there may be a less active trading market for our Class A common stock and our stock price may be reduced or more volatile.

We will remain an emerging growth company, and will be able to take advantage of the foregoing exemptions, until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are $1.07 billion or more; (ii) the last day of 2025; (iii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common equity held by non-affiliates is $700 million or more as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years.

Even after we cease to be an emerging growth company, we will still be a smaller reporting company until such time as (i) we determine that the market value of the voting and non-voting shares held by non-affiliates is $250 million or more but less than $700 million as of the last business day of our second fiscal quarter and our annual revenues are $100 million or more during our most recently completed fiscal year, or (ii) the market value of the voting and non-voting shares held by non-affiliates is $700 million or more measured on the last business day of our second fiscal quarter. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies, including reduced financial and executive compensation disclosure. In addition, even if we cease to be an emerging growth company, we will remain exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act provided we do not qualify as an "accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if our annual revenue was $100 million or more during our most recently completed fiscal year and the market value of our common equity held by non-affiliates is $75 million or more as of the last business day of our most recently completed second fiscal quarter, and only after we have been subject to the reporting requirements of the Exchange Act for a period of at least 12 calendar months.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives, which will divert their attention away from our core business operations and revenue-producing activities. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could require us to incur substantially higher costs to obtain the same or similar coverage or accept reduced policy limits and coverage, which in turn could also make it more difficult for us to attract and retain qualified individuals to serve on our board of directors and as our executive officers.

We are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. In addition, if we fail to comply with these rules and regulations, we could be subject to a number of penalties, including the delisting of our Class A common stock, fines, sanctions or other regulatory action or civil litigation.

Failure to comply with requirements to design, implement and maintain effective internal control over financial reporting could have a material adverse effect on our business and stock price.

As a private company, we have not been required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes-Oxley Act, or Section 404.

As a public company, we will have significant requirements for enhanced financial reporting and internal controls. The process of designing, implementing and maintaining effective internal controls is a continuous effort that will require us to anticipate and react to changes in our business and the economic and regulatory environments. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing whether such controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and adversely affect our operating results. In addition, we will be required, pursuant to Section 404, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report following the closing of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation and testing. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. In addition, once we are no longer an emerging growth company, provided we then qualify as an "accelerated filer" as defined in Rule 12b-2 under the Exchange Act, we will be required to include in the annual reports that we file with the SEC an attestation report on our internal control over financial reporting issued by our independent registered public accounting firm.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in

time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the remediation of any deficiencies identified by our independent registered public accounting firm in connection with the issuance of their attestation report. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Any material weaknesses could result in a material misstatement of our annual or quarterly consolidated financial statements or disclosures that may not be prevented or detected.

Furthermore, we may not be able to conclude, on an ongoing basis, that we have effective internal control over financial reporting in accordance with Section 404, or our independent registered public accounting firm may not be able to issue an unqualified attestation report once we become subject to the corresponding requirement under Section 404. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our Class A common stock.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon the closing of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, or the SEC. We believe that any disclosure controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our Class A common stock, our stock price and trading volume would likely decline.

The trading market for our Class A common stock, should it develop, will be influenced by the research and reports that industry or securities analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the analysts, who publish information about our Class A common stock, will have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If no or few securities or industry analysts commence coverage of us, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our financial performance, our stock price or otherwise, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline and result in the loss of all or a part of your investment in us.

Provisions in our Post-IPO Certificate of Incorporation and Post-IPO Bylaws and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our Post-IPO Certificate of Incorporation and our Post-IPO Bylaws, which will become effective upon the closing of this offering, may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our Class A common stock. In addition, because our board of directors is responsible for appointing

the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions include those establishing:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from filling vacancies on our board of directors;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the ability of our board of directors to alter our bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or repeal the provisions of our Post-IPO Certificate of Incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, the president or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Our Post-IPO Certificate of Incorporation will designate specific courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Post-IPO Certificate of Incorporation that will become effective upon the closing of this offering provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State 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 or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our Post-IPO Certificate of Incorporation or Post-IPO Bylaws, (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws or (v) any action asserting a claim governed by the internal affairs doctrine; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act, the rules and regulations thereunder or any other claim for which the federal courts have exclusive jurisdiction; and provided further that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Our Post-IPO Certificate of Incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent

permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Post-IPO Certificate of Incorporation described above.

We believe these provisions benefits us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes and in the application of the Securities Act by federal judges, as applicable, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. However, these provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or agents, which may discourage such lawsuits against us and our directors, officers and other employees and agents.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, would be your sole source of gain.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. As a result, capital appreciation, if any, of our common stock would be your sole source of gain on an investment in our common stock for the foreseeable future. See the "Dividend Policy" section of this prospectus for additional information.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because medical device companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," "would" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements include, but are not limited to, statements concerning:

- estimates regarding our total addressable market, future results of operations, financial position, research and development costs, capital requirements and our needs for additional financing;
- our ability to grow market share;
- our ability to enhance our products, expand our indications and develop, acquire and commercialize additional products;
- our ability to expand, manage and maintain our direct sales and marketing organization and our relationships with our commercial partners and independent sales agents;
- the impact on our business, financial condition and results of operations from the ongoing and global COVID-19 pandemic, or any other pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide;
- the rate and degree of market acceptance of our products;
- our ability to expand our organization and manage our growth;
- our ability to navigate the risks involved in acquisitions of, investments in, and licenses or other commercial arrangements involving, other companies or technologies, and other strategic transactions;
- competitive companies and technologies in our industry;
- our ability to accurately forecast customer demand and manage our inventory;
- our ability to achieve and maintain adequate levels of coverage or reimbursement for procedures performed with our products and any future products we may seek to commercialize;
- our ability to obtain additional financing in this or future offerings and to forecast our liquidity needs;
- our ability to hire and retain our senior management and other highly qualified personnel;
- our business model and strategic plans for our products, technologies and business, including our implementation thereof;
- our ability to commercialize or obtain regulatory approvals for our products, and the effect of delays in commercializing or obtaining regulatory approvals;
- FDA, the European Union or other U.S. or foreign regulatory actions affecting us or the healthcare industry generally, including healthcare reform measures in the United States and international markets;
- the timing or likelihood of regulatory filings and approvals;
- our ability to establish and maintain intellectual property protection and system or avoid claims of infringement, misappropriation or violation;
- the volatility of the trading price of our Class A common stock;
- our expectations regarding the use of proceeds from this offering; and
- our expectations about market trends.

The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial

trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described under the sections in this prospectus entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. The forward-looking statements contained in this prospectus are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

You should read this prospectus with the understanding that our future results, levels of activity, performance and achievements may be different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

INDUSTRY AND OTHER DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations, market position and market opportunity, is based on our management's estimates and research, as well as industry and general publications and research, surveys and studies conducted by third parties. We believe the information from these third-party publications, research, surveys and studies included in this prospectus is reliable. Management's estimates are derived from publicly available information, their knowledge of our industry and their assumptions based on such information and knowledge, which we believe to be reasonable. This data involves a number of assumptions and limitations which are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of shares of our Class A common stock in this offering will be approximately $ million, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares from us is exercised in full, we estimate that our net proceeds will be approximately $ million.

Assuming no exercise of the underwriters' option to purchase additional shares of our Class A common stock, each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us. Each increase (decrease) of 1.0 million in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering by $ million, assuming the assumed initial public offering price stays the same and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, to create a public market for shares of our Class A common stock and to facilitate our future access to the public equity markets. We anticipate that we will use the net proceeds of this offering as follows:

- approximately $ million to hire additional sales personnel and expand our marketing programs;
- approximately $ million to fund product development and clinical research activities; and
- the remainder for working capital and other general corporate purposes.

We may also use a portion of the net proceeds from this offering to acquire, in-license or invest in products, technologies or businesses that are complementary to our business. However, we currently have no agreements, or commitments or understandings with respect to any such transaction.

As of , 2020, we had $ million of cash on hand. Based on our planned use of the net proceeds of this offering and our current cash, we estimate that such funds will be sufficient to enable us to fund our operating expenses and capital expenditure requirements through . We have based this estimate on assumptions that may prove to be incorrect, and we could use our available capital resources sooner than we currently expect. We may satisfy our future cash needs through the sale of equity securities, debt financings, working capital lines of credit, corporate collaborations or license agreements, grant funding, interest income earned on invested cash balances or a combination of one or more of these sources.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments. In addition, our ability to pay cash dividends is currently restricted by the terms of the agreements governing our Term Loan Facility and our Revolving Credit Facility.

CAPITALIZATION

The following table sets forth our cash and capitalization as of June 30, 2020, as follows:

- on an actual basis;
- on a pro forma basis to reflect:
  - the automatic conversion of all outstanding shares of our Series A convertible preferred stock into shares of Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering;
  - the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering pursuant to our certificate of incorporation (as currently in effect), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus);
  - the assumed net exercise of the Common Stock Warrant, which will result in the issuance of shares of our Class A common stock, assuming the fair market value of our common stock for purposes of such net exercise will be equal to the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus);
  - the assumed net exercise of the Preferred Stock Warrants, which will result in the issuance of an aggregate of shares of our Class A common stock, assuming the fair market value of our Series A convertible preferred stock for purposes of such net exercise will be $, based on an assumed initial public offering price for our common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock;
  - the issuance and sale of an aggregate of (i) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (ii) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020;
  - the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020; and
  - the filing and effectiveness of our Post-IPO Certificate of Incorporation which will occur upon the closing of this offering;
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us.

Our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes appearing at the end of this

prospectus, the information set forth under the headings "Use of Proceeds," "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information contained in this prospectus.

	As of June 30, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
	(in thousands, except share and per share data)		
Cash	$ 990	$	$
Total long-term debt[2][4]	$ 26,061		
Total revenue interest obligation[3][4]	19,433		
Preferred stock warrant liability[4]	247	—	—
Series A convertible preferred stock, par value $0.001 per share; 45,500,000 shares authorized, 45,000,000 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	44,899	—	—
Series A-1 convertible preferred stock, par value $0.001 per share; no shares authorized, issued or outstanding, actual, pro forma and pro forma as adjusted[5]	—	—	—
Stockholders' equity (deficit):			
Preferred stock, par value $0.001 per share; no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, par value $0.001 per share; 63,000,000 shares authorized, 9,046,663 shares issued and outstanding, actual; shares authorized, pro forma and pro forma as adjusted; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	9	—	—
Class A Common stock, par value $0.001 per share; no shares authorized, issued or outstanding, actual; shares authorized, pro forma and pro forma as adjusted; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	—		
Class B Common stock, par value $0.001 per share; no shares authorized, issued or outstanding, actual; shares authorized, pro forma and pro forma as adjusted; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	—		
Additional paid-in capital	1,944		
Accumulated deficit	(66,676)		
Total stockholders' equity (deficit)	(64,723)		
Total capitalization	$ 25,917		$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, additional paid-in capital, total stockholders' equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share, after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us, would increase

(decrease) the pro forma as adjusted amount of each of cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million.

(2) Represents our long-term debt, including current portion. For a discussion of our debt obligations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Description of Certain Indebtedness."

(3) Represents our revenue interest obligation, including current portion. For a discussion of our revenue interest obligation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Significant Judgments and Estimates — Revenue Interest Obligation" and Note 9 to our consolidated financial statements included elsewhere in this prospectus.

(4) See our consolidated financial statements and the related notes appearing at the end of this prospectus, which include all liabilities.

(5) Subsequent to June 30, 2020, we issued 18,384,536 shares of our Series A-1 convertible preferred stock to Deerfield in exchange for an equal number of shares of our Series A convertible preferred stock pursuant to an exchange agreement. Upon the closing of this offering, all outstanding shares of our Series A-1 convertible preferred stock will automatically convert into shares of our Class B common stock.

The number of shares in the table above does not include:

- 4,278,583 shares of our Class A common stock issuable upon exercise of stock options outstanding under our 2015 Plan as of June 30, 2020, at a weighted-average exercise price of $0.46 per share;
- 382,500 shares of our Class A common stock that remain available for issuance under our 2015 Plan as of June 30, 2020; and
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, which will become effective in connection with this offering.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering.

As of June 30, 2020, we had a historical net tangible book value of $(88.3) million, or $(9.76) per share of common stock. Our historical net tangible book value per share represents total tangible assets less total liabilities and convertible preferred stock, divided by the number of shares of our common stock outstanding as of June 30, 2020.

Our pro forma net tangible book value as of June 30, 2020 was $ million, or $ per share of our common stock. Pro forma net tangible book value represents the amount of our total tangible assets less total liabilities, after giving effect to (i) the automatic conversion of all shares of our Series A convertible preferred stock into an aggregate of shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering, (ii) the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering pursuant to our certificate of incorporation (as currently in effect), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iii) the assumed net exercise of the Common Stock Warrant, which will result in the issuance of shares of our Class A common stock, assuming the fair market value of our Class A common stock for purposes of such net exercise will be equal to the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iv) the assumed net exercise of the Preferred Stock Warrants, which will result in the issuance of an aggregate of shares of our Class A common stock, assuming the fair market value of our Series A convertible preferred stock for purposes of such net exercise will be $, based on an assumed initial public offering price for our Class A common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock, (v) the issuance and sale of an aggregate of (x) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (y) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020, and (vi) the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020. Pro forma net tangible book value per share represents our pro forma net tangible book value divided by the total number of shares outstanding as of June 30, 2020, after giving effect to the pro forma adjustments described above.

After giving further effect to our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2020 would have been approximately $ million, or approximately $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution of approximately $ per share to new investors participating in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Historical net tangible book value per share as of June 30, 2020	$ (9.76)	
Increase (decrease) per share attributable to the pro forma adjustments described above		
Pro forma net tangible book value (deficit) per share as of June 30, 2020		
Increase per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		$
Dilution per share to new investors in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by $ million, and dilution in pro forma net tangible book value per share to new investors by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and decrease (increase) the dilution to new investors by $ per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our Class A common stock in full, the pro forma as adjusted net tangible book value per share after this offering would be $, the increase in pro forma net tangible book value per share would be $ and the dilution per share to new investors would be $, in each case assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us.

The following table summarizes, on the pro forma as adjusted basis described above, as of June 30, 2020, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing stockholders and new investors paid. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders[1]		%	$	%	$
New investors					$
Total		100.0%		100.0%	

(1) Certain of our existing stockholders, including entities affiliated with certain of our directors, have indicated an interest in purchasing an aggregate of approximately $ in shares of our common stock in this offering at the initial public offering price. The presentation in this table regarding ownership by existing stockholders does not give effect to any purchases in this offering by such stockholders.

If the underwriters exercise their option to purchase additional shares of our Class A common stock in full:

- the percentage of shares of common stock held by existing stockholders will decrease to approximately % of the total number of shares of our common stock outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of shares of our common stock outstanding after this offering.

The foregoing tables and calculations are based on the number of shares of our common stock outstanding as of June 30, 2020, after giving effect to the pro forma adjustments described above, assume no issuance of Class B common stock in connection with this offering and exclude:

- 4,278,583 shares of our Class A common stock issuable upon the exercise of stock options outstanding under our 2015 Plan as of June 30, 2020, at a weighted-average exercise price of $0.46 per share;
- 382,500 shares of our Class A common stock that remain available for issuance under our 2015 Plan as of June 30, 2020; and
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, which will become effective in connection with this offering.

To the extent any of the outstanding options or warrants described above are exercised, new options are issued or we issue additional shares of common stock or other equity or convertible debt securities in the future, there will be further dilution to new investors. If all of the outstanding options and warrants described above had been exercised as of June 30, 2020, the pro forma as adjusted net tangible book value per share after this offering would be $, and total dilution per share to new investors would be $.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial data for the periods and as of the dates indicated. We have derived the consolidated statements of operations data for the years ended December 31, 2018 and 2019 and the consolidated balance sheet data as of December 31, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the six months ended June 30, 2019 and 2020 and the consolidated balance sheet data as of June 30, 2020 from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial information set forth below on the same basis as our audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and results of operations as of the applicable dates and for the applicable periods.

Our historical results are not necessarily indicative of the results that should be expected for any future period, and our results for the interim period are not necessarily indicative of the results that should be expected for the full year ending December 31, 2020. You should read the following selected consolidated financial data together with the more detailed information contained "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:				
Net sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442
Cost of goods sold	23,093	23,133	10,376	9,443
Gross profit	15,945	19,768	9,333	8,999
Operating expenses:				
Sales and marketing	13,165	16,161	7,157	8,297
General and administrative	8,520	9,616	4,293	5,699
Research and development	2,481	2,400	1,235	1,948
Total operating expenses	24,166	28,177	12,685	15,944
Loss from operations	(8,221)	(8,409)	(3,352)	(6,945)
Interest expense	5,519	5,381	2,686	2,783
Other (income) expense	(2,200)	(1,881)	—	—
Loss before provision for income taxes	(11,540)	(11,909)	(6,038)	(9,728)
Provision for income taxes	26	30	14	10
Net loss and net loss attributable to common stockholders	$ (11,566)	$ (11,939)	$ (6,052)	$ (9,738)
Net loss per share attributable to common stockholders — basic and diluted[(1)]	$ (1.32)	$ (1.32)	$ (0.67)	$ (1.08)
Weighted average shares of common stock outstanding used to compute net loss per share attributable to common stockholders — basic and diluted[(1)]	8,785,082	9,014,779	9,002,913	9,046,663
Pro forma net loss per share attributable to common stockholders — basic and diluted (unaudited)[(1)]				
Pro forma weighted average shares of common stock outstanding used to compute pro forma net loss per share attributable to common stockholders — basic and diluted (unaudited)[(1)]				

(1) See Notes 14 and 15 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma basic and diluted net loss per share attributable to common stockholders and the weighted average number of shares used in the computation of the per share amounts. All share and per share amounts set forth in the table above have been adjusted to give retrospective effect to the -for- reverse stock split of our common stock effected on , 2020.

	As of December 31,		As of June 30, 2020
	2018	2019	
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash	$ 2,367	$ 2,482	$ 990
Working capital[1]	4,790	172	(3,310)
Total assets	47,741	44,772	42,195
Long-term debt, including current portion	17,819	21,304	26,061
Long-term revenue interest obligation, including current portion	20,253	19,346	19,433
Preferred stock warrant liability	249	247	247
Total liabilities	49,736	55,434	62,019
Convertible preferred stock	41,411	44,449	44,899
Additional paid-in capital	1,584	1,818	1,944
Accumulated deficit	(44,999)	(56,938)	(66,676)
Total stockholders' deficit	(43,406)	(55,111)	(64,723)

(1) We define working capital as our total current assets less our total current liabilities. See our consolidated financial statements included elsewhere in this prospectus for further details regarding our current assets and liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements reflecting our current expectations, estimates, plans and assumptions concerning events and financial trends that involve risks and may affect our future operating results and financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

We are a commercial-stage regenerative medicine company focused on creating the next generation of differentiated products and improving outcomes in patients undergoing surgery, concentrating on patients receiving implantable medical devices. From our proprietary tissue processing platforms, we have developed a portfolio of advanced regenerative medical products that are designed to be very similar to natural biological material. Our proprietary products, which we refer to as our Core Products, are designed to address the implantable electronic device/cardiovascular, orthopedic/spinal repair and soft tissue reconstruction markets, which represented a combined $3 billion market opportunity in the United States in 2019. To expand our commercial reach, we have commercial relationships with major medical device companies, such as Boston Scientific and Medtronic, to promote and sell some of our Core Products. We believe our focus on our unique regenerative medicine platforms and our Core Products will ultimately maximize our probability of continued clinical and commercial success and will create a long-term competitive advantage for us.

We estimate that more than two million patients were either implanted with medical devices, such as pacemakers, defibrillators, neuro-stimulators, spinal fusion and trauma fracture hardware or tissue expanders for breast reconstruction, in the United States in 2019. This number is driven by advances in medical device technologies and an aging population with a growing incidence of comorbidities, including diabetes, obesity and cardiovascular and peripheral vascular diseases. These comorbidities can exacerbate various immune responses and other complications that can be triggered by a device implant.

Our Core Products are targeted to address unmet clinical needs with the goal of promoting healthy tissue formation and avoiding complications associated with medical device implants, such as scar-tissue formation, capsular contraction, erosion, migration, non-union of implants and implant rejection. We believe that we have developed the only biological envelope, which is covered by a number of patents, that forms a natural, systemically vascularized pocket for holding implanted electronic devices. We have a proprietary processing technology for manufacturing bone regenerative products for use in orthopedic/spinal repair that preserves a cell's ability to regenerate bone and decelerates cell apoptosis, or programmed cell death. We have a patented cell removal technology that produces undamaged extracellular matrices for use in soft tissue reconstruction. In pre-clinical and clinical studies, our products have supported and, in some cases, accelerated tissue healing, and thereby improved patient outcomes.

Our Non-Core Products are those fulfilled through tissue processing contracts at our Richmond, California facility. These contracts serve to utilize as much as possible of the starting human biological material from which we produce our orthopedic/spinal repair and soft tissue reconstruction products, leverage our existing overhead and improve our cash flow. The resulting processed materials, including particulate bone, precision milled bone, cellular bone matrix, acellular dermis and other soft tissue products, are sold to medical/surgical companies as finished products and as a subcomponent of their products. Additionally, we process amniotic membrane as finished product for selected customers.

We process all of our products at our two manufacturing facilities in Roswell, Georgia and Richmond, California, and stock inventory of raw materials, components and finished goods at those locations. We rely on a single or limited number of suppliers for certain raw materials and components. Except for the porcine tissue supplier of our raw materials for our CanGaroo and cardiovascular products, which is Cook Biotech, we generally have no long-term supply agreements with our suppliers, as we obtain supplies on a purchase order basis. Specifically, we acquire donated human tissue directly through tissue procurement firms engaged by us. We primarily ship our Core Products from our facilities directly to hospital customers.

Since inception, we have financed our operations primarily through private placements of our convertible preferred stock, amounts borrowed under our credit facilities and sales of our products. We have devoted the majority of our resources to acquisitions and integration, manufacturing costs, research and development, clinical activity and investing in our commercial infrastructure through our direct sales force and our commercial partners in order to expand our presence and to promote awareness and adoption of our products. As of June 30, 2020, we had approximately 150 employees, of which 27 were direct sales representatives.

We have incurred significant operating losses since our inception. We incurred a net loss of $11.6 million for the year ended December 31, 2018 and a net loss of $11.9 million for the year ended December 31, 2019, and incurred a net loss of $6.1 million for the six months ended June 30, 2019 and a net loss of $9.7 million for the six months ended June 30, 2020. Our accumulated deficit as of June 30, 2020 was $66.7 million.

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we grow our sales organization and expand our product development and clinical and research activities. In addition, upon the closing of this offering, we expect to incur additional costs and expenses associated with operating as a public company.

Our ability to achieve profitability will depend on our ability to generate sales from existing or new products sufficient to exceed our ongoing operating expenses and capital requirements. Because of the numerous risks and uncertainties affecting product sales and our ongoing commercialization and product development efforts, we are unable to predict with any certainty whether we will be able to increase sales of our products or the timing or amount of ongoing expenditures we will be required to incur. Accordingly, even if we are able to increase sales of our products, we may not become profitable. As a result, we anticipate that we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we are able to generate sufficient sales from our products, we expect to finance our operations through equity offerings, debt financings or other capital sources, which may include collaborations or license agreements with other companies or other strategic transactions. We may not be able to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms or at all. If we fail to raise capital or enter into such agreements as and when needed, we will be unable to execute our growth strategy and may be forced to reduce or terminate some or all of our operations.

We believe that the net proceeds from this offering, together with our existing cash, will be sufficient to fund our operating expenses and capital expenditure requirements for at least the next months. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. Without taking into account the net proceeds we expect to receive from this offering, we concluded that there is substantial doubt about our ability to continue as a going concern for one year from the original issuance date of the audited consolidated financial statements and the unaudited interim consolidated financial statements included elsewhere in this prospectus and from the date of the registration statement of which this prospectus forms a part. Our independent registered public accounting firm has included a going concern paragraph in its opinion with respect to this substantial doubt. See "— Liquidity and Capital Resources — Funding Requirements."

Impact of COVID-19

We are closely monitoring the impact of the COVID-19 pandemic on our business. In March 2020, the World Health Organization declared COVID-19 a global pandemic and recommended various containment and mitigation measures worldwide. Since that time, the number of procedures performed using our products has decreased significantly, as governmental authorities in the United States have recommended, and in certain cases required, that elective, specialty and other non-emergency procedures and appointments be suspended or canceled in order to avoid patient exposure to medical environments and the risk of potential infection with COVID-19, and to focus limited resources and personnel capacity on the treatment of COVID-19 patients. As a result, beginning in March 2020, a significant number of procedures using our products have been postponed or cancelled, which has negatively impacted sales of our products. These measures and challenges will likely continue for the duration of the pandemic, which is uncertain, and will likely continue to reduce our net sales and negatively impact our business, financial condition and results of operations while the pandemic continues. Even after the pandemic ultimately

subsides, we expect there will be a substantial backlog of patients seeking procedures and appointments for a variety of medical conditions. As a result, we believe this limited capacity of providers, hospitals and other healthcare facilities could have a significant adverse effect on our business, financial condition and results of operations following the end of the pandemic.

In addition, numerous state and local jurisdictions, including those where our facilities are located, have imposed, and others in the future may impose or re-impose, "shelter-in-place" orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Such orders or restrictions have resulted in reduced operations at our manufacturing facilities, travel restrictions and cancellation of events, and have restricted the ability of our sales representatives and those of our commercial partners and independent sales agents to attend procedures in which our products are used, among other effects, thereby significantly and negatively impacting our operations.

The extent to which the COVID-19 pandemic impacts our future financial condition and results of operations will depend on future events and developments, which are highly uncertain and cannot be predicted, including the severity and spread of the disease and the effectiveness of actions to contain the disease or treat its impact, among others. As new information regarding COVID-19 continues to emerge, it is difficult to predict the degree to which this disease will ultimately have on our business.

Components of Our Results of Operations

Net Sales

We recognize revenue on the sale of our Core Products and our Non-Core Products. With respect to our Core Products, CanGaroo and our cardiovascular products are sold to hospitals and other healthcare facilities primarily through our direct sales force, commercial partners or independent sales agents. Our orthopedic/spinal repair products are sold through commercial partners. Our soft tissue reconstruction product SimpliDerm is sold directly to hospitals and other healthcare facilities through direct sales and independent sales agents. Our contract manufacturing products are sold directly to corporate customers. Gross to net sales adjustments include sales returns and prompt payment and volume discounts.

Expenses

In recent years, we have incurred significant costs in the operation of our business. We expect our expenses to continue to increase for the foreseeable future as we grow our sales and marketing organization, expand our product development and clinical activities and increase our administrative infrastructure. As a result, we will need to generate significant net sales in order to achieve profitability. Below is a breakdown of our main expense categories and the related expenses incurred in each category:

Costs of Goods Sold

Our cost of goods sold relate to purchased raw materials and the processing and conversion costs of such raw materials consisting primarily of salaries and benefits, supplies, quality control testing and the manufacturing overhead incurred at our processing facilities in Richmond, California and Roswell, Georgia. Both facilities have additional capacity, which if utilized, would further leverage our fixed overhead. Cost of goods sold also includes the amortization of intangibles generated from the CorMatrix Acquisition in 2017.

Sales and Marketing Expenses

Sales and marketing expenses are primarily related to our direct sales force, consisting of salaries, commission compensation, fringe benefits, auto/travel, meals and other expenses. Outside of our direct sales force, we incur significant expenses relating to commissions to our CanGaroo commercial partners and independent sales agents. Additionally, this expense category includes distribution costs as well as market research, trade show attendance, advertising and public relations and customer service expenses. We expect sales and marketing expenses to grow commensurate with sales increases, and to an even larger degree in the near-term due to a continued focus on growing our direct sales force and increasing marketing activities, particularly with respect to our CanGaroo and SimpliDerm product lines.

General and Administrative Expenses

General and administrative, or G&A, expenses consist of compensation, consulting, legal, human resources, information technology, accounting, insurance and general business expenses. We expect our

general and administrative expenses to increase as we prepare to become and then function as a public company, especially as a result of hiring additional personnel and incurring greater director and officer insurance premiums, greater investor and public relations costs, and additional costs associated with accounting, legal, tax-related and other services associated with maintaining compliance with exchange listing and SEC requirements.

Research and Development Expenses

Research and development, or R&D, expenses consist primarily of salaries and fringe benefits, laboratory supplies, clinical trials and outside service costs. Our product development efforts primarily relate to new offerings in support of the orthopedic/spinal repair market and activities associated with the development of a CanGaroo envelope with anti-infective properties. We also conduct clinical trials to validate the performance characteristics of our products and to capture patient data necessary to support our commercial efforts.

Results of Operations

Comparison of the Years Ended December 31, 2018 and 2019

	Year Ended December 31,					
	2018		2019		Change 2018 / 2019	
(in thousands, except percentages)	Amount	% of Net Sales	Amount	% of Net Sales	$	%
Net Sales	$ 39,038	100.0%	$ 42,901	100.0%	$ 3,863	9.9%
Cost of goods sold	23,093	59.2%	23,133	53.9%	40	0.0%
Gross Profit	15,945	40.8%	19,768	46.1%	3,823	24.0%
Sales and marketing	13,165	33.7%	16,161	37.7%	2,996	22.8%
General and administrative	8,520	21.8%	9,616	22.4%	1,096	12.9%
Research and development	2,481	6.4%	2,400	5.6%	(81)	(3.3)%
Loss from operations	(8,221)	(21.1)%	(8,409)	(19.6)%	(188)	(2.3)%
Interest expense	5,519	14.1%	5,381	12.5%	(138)	(2.5)%
Other (income) expense, net	(2,200)	(5.6)%	(1,881)	(4.4)%	319	14.5%
Loss before provision of income taxes	(11,540)	(29.6)%	(11,909)	(27.8)%	(369)	(3.2)%
Income tax expense	26	0.0%	30	0.0%	4	15.4%
Net loss	**$ (11,566)**	(29.6)%	**$ (11,939)**	(27.8)%	$ (373)	(3.3)%

Net Sales

Net sales grew $3.9 million, or 9.9%, to $42.9 million in the year ended December 31, 2019 compared to $39.0 million in the year ended December 31, 2018. The increase in net sales was due to the significant growth of our Core Products net sales, which grew $8.2 million, partially offset by a decrease of $4.3 million in net sales of our Non-Core Products.

Net sales information for our Core Products and Non-Core Products is summarized as follows:

	Year Ended December 31,				Change 2018 / 2019	
(in thousands, except percentages)	2018	% of Net Sales	2019	% of Net Sales	$	%
Products:						
Core Products	$ 22,720	58.2%	$ 30,918	72.1%	$ 8,198	36.1%
Non-Core Products	16,318	41.8%	11,983	27.9%	(4,335)	(26.6)%
Total Net Sales	**$ 39,038**	100.0%	**$ 42,901**	100.0%	$ 3,863	9.9%

Net sales generated by our Core Products grew $8.2 million, or 36.1%, to $30.9 million in the year ended December 31, 2019 compared to $22.7 million in the year ended December 31, 2018. The Core Products net sales growth can be largely attributed to the volume growth of our orthopedic/spinal repair products and CanGaroo. The growth in our orthopedic/spinal repair products was due to a broadening of

our commercial agreements with respect to these products, including the commencement of our agreement with Medtronic in April of 2019, and the CanGaroo increases were primarily due to the efforts of our expanded direct sales force and the commencement of our commercial agreement with Boston Scientific in May of 2019.

Net sales generated by our Non-Core Products decreased $4.3 million, or 26.6%, to $12.0 million in the year ended December 31, 2019 compared to $16.3 million in the year ended December 31, 2018. This decrease was primarily due to the reduction in volumes from one significant contract customer after the customer engaged a second tissue supplier. We anticipate a further decline in net sales generated by our Non-Core Products in the year ended December 31, 2020 compared to the year ended December 31, 2019 due to a further reduction in the volume of products purchased by this significant contract customer following the expiration of its contract with us in the first quarter of 2020, as well as the impact of the COVID-19 pandemic. We expect this decline will be partially offset by revenue we expect to begin receiving in the fourth quarter of 2020 under new contract manufacturing agreements into which we have recently entered.

Cost of Goods Sold

Cost of goods sold was $23.1 million in the years ended December 31, 2018 and 2019, and included, in each case, $3.4 million of intangible asset amortization expenses. Gross margin in the year ended December 31, 2019 improved to 46.1%, compared to 40.8% in the year ended December 31, 2018, which was primarily due to an increase in Core Product sales, between years that have higher gross margins than the Non-Core Products. Intangible amortization expense included in cost of goods sold totaled approximately $3.4 million for both the years ended December 31, 2018 and 2019. The year ended December 31, 2019 also included inventory write-downs, due to excessive or expiring product, totaling $1.0 million, caused largely by the launch of SimpliDerm which reduced demand for certain other dermis inventory.

Operating Expenses

Sales and Marketing

Sales and marketing expenses increased $3.0 million, or 22.8%, to $16.2 million in the year ended December 31, 2019 compared to $13.2 million in the year ended December 31, 2018. As a percentage of sales, sales and marketing expenses rose to 37.7% in the year ended December 31, 2019 from 33.7% in the year ended December 31, 2018. The increase was primarily due to a significant increase in the number of personnel in our direct sales force, marketing and hospital contracting functions. Collectively, these personnel additions increased expenses in the year ended December 31, 2019 by $2.5 million.

General and Administrative

G&A expenses increased $1.1 million, or 12.9%, to $9.6 million in the year ended December 31, 2019 compared to $8.5 million in the year ended December 31, 2018. As a percentage of net sales, G&A expenses remained relatively constant at 22.4% and 21.8% in the years ended December 31, 2019 and 2018, respectively. The dollar increase was primarily due to senior leadership additions beginning during mid-2018 and continuing into 2019, including our Chief Executive Officer and Chief Commercial Officer, to support and drive the growth of the business.

Research and Development

R&D expenses remained flat between years with $2.4 million being incurred in the year ended December 31, 2019 compared to $2.5 million in the year ended December 31, 2018. We continue to focus our R&D efforts on the development of our pipeline products in the orthopedic/spinal repair and CanGaroo product groups. With respect to the costs of the individual development projects, the majority of our costs are internal salaries and benefits as well as laboratory supplies. These costs represent shared resources amongst all projects.

Interest Expense

Interest expense decreased to approximately $5.4 million in the year ended December 31, 2019 compared to approximately $5.5 million in the year ended December 31, 2018. The decrease in interest expense in

the year ended December 31, 2019 was due to the lower interest rate negotiated under our Term Loan Facility as part of a July 2019 amendment, as well as the repayment in mid-2018 of a promissory note to a former tissue supplier.

Other (Income) Expense, net

Other (income) expense, net was approximately $1.9 million in the year ended December 31, 2019 and $2.2 million in the year ended December 31, 2018. In both the years ended December 31, 2019 and 2018, we revalued our Revenue Interest Obligation (see below for further discussion) which resulted in gains of $1.9 million and $0.5 million, respectively. Such gains were recorded as Other Income in the respective periods. The year ended December 31, 2018 period also included a gain of $1.5 million due to the early extinguishment of debt related to the repayment of a promissory note to a former tissue supplier.

Comparison of the Six Months Ended June 30, 2019 and 2020

	Six Months Ended June 30,					
	2019		2020		Change 2019 / 2020	
(in thousands, except percentages)	Amount	% of Net Sales	Amount	% of Net Sales	$	%
Net Sales	$ 19,709	100.0%	$ 18,442	100.0%	$ (1,267)	(6.4)%
Cost of goods sold	10,376	52.6%	9,443	51.2%	(933)	(9.0)%
Gross Profit	9,333	47.4%	8,999	48.8%	(334)	(3.6)%
Sales and marketing	7,157	36.3%	8,297	45.0%	1,140	15.9%
General and administrative	4,293	21.8%	5,699	30.9%	1,406	32.7%
Research and development	1,235	6.3%	1,948	10.6%	713	57.8%
Loss from operations	(3,352)	(17.0)%	(6,945)	(37.7)%	(3,593)	(107.2)%
Interest expense	2,686	13.6%	2,783	15.1%	97	3.6%
Other (income) expense, net	—	0.0%	—	0.0%	—	0.0%
Loss before provision of income taxes	(6,038)	(30.6)%	(9,728)	(52.7)%	(3,690)	(61.1)%
Income tax expense	14	0.1%	10	0.1%	(4)	(28.4)%
Net loss	**$ (6,052)**	(30.7)%	**$ (9,738)**	(52.8)%	$ (3,686)	(60.9)%

Net Sales

Net sales decreased $1.3 million, or 6.4%, to $18.4 million in the six months ended June 30, 2020 compared to $19.7 million in the six months ended June 30, 2019. The decrease in net sales was due to a decline of $3.2 million in net sales of our Non-Core Products, partially offset by $1.9 million of growth in net sales of our Core Products.

Net sales information for our Core Products and Non-Core Products is summarized as follows:

	For the Six Months June 30,				Change 2019 / 2020	
(in thousands, except percentages)	2019	% of Net Sales	2020	% of Net Sales	$	%
Products:						
Core Products	$ 13,683	69.4%	$ 15,611	84.6%	$ 1,928	14.1%
Non-Core Products	6,026	30.6%	2,831	15.4%	(3,195)	(53.0)%
Total Net Sales	**$ 19,709**	100%	**$ 18,442**	100%	$ (1,267)	(6.4)%

Net sales generated by our Core Products grew $1.9 million, or 14.1%, to $15.6 million in the six months ended June 30, 2020 compared to $13.7 million in the six months ended June 30, 2019. The Core Products net sales growth can be largely attributed to significant volume growth of our orthopedic/spinal repair products, along with increases in CanGaroo and SimpliDerm, the latter of which was launched in the second half of 2019. The significant growth in the orthopedic/spinal repair products was due to a broadening of our commercial partnerships, including the commencement of our Medtronic commercial partnership in April of 2019. This growth in net sales of our Core Products occurred despite the impact of the COVID-19 pandemic, which negatively affected our sales principally during the second quarter of 2020.

Net sales generated by our Non-Core Products decreased $3.2 million, or 53.0%, to $2.8 million in the six months ended June 30, 2020 from $6.0 million in the six months ended June 30, 2019. This decrease was due to both the reduction in the volume of products purchased by one significant contract customer after the customer engaged a second tissue supplier and the further reduction following the expiration of its contract with us in the first quarter of 2020, as well as the impact of the COVID-19 pandemic, which negatively affected our sales principally during the second quarter of 2020.

Cost of Goods Sold

Cost of goods sold decreased $0.9 million, or 9.0%, to $9.4 million in the six months ended June 30, 2020 compared to $10.4 million in the six months ended June 30, 2019, and included, in each case, $1.7 million of intangible asset amortization expenses. Gross margin in the six months ended June 30, 2020 improved to 48.8%, compared to 47.4% in the six months ended June 30, 2019. Cost of goods sold for the six months ended June 30, 2019 included inventory write-downs, due to excessive or expiring product, totaling $0.5 million, caused largely by the launch of SimpliDerm which reduced demand for certain other dermis inventory. This inventory write-down caused a decrease to our gross margin of 2.5% in the six months ended June 30, 2019. Gross margin in the six months ended June 30, 2020 was negatively impacted by production inefficiencies due to the COVID-19 pandemic which resulted in a production slow down in April and May of 2020.

Operating Expenses

Sales and Marketing

Sales and marketing expenses increased $1.1 million, or 15.9%, to $8.3 million in the six months ended June 30, 2020 compared to $7.2 million in the six months ended June 30, 2019. As a percentage of sales, sales and marketing expenses rose to 45.0% in the six months ended June 30, 2020 from 36.3% in the six months ended June 30, 2019. The increase was primarily due to a significant increase in the number of personnel in our direct sales force which enabled us to cover new territories, as well as additions to our marketing and hospital contracting functions. Collectively, these personnel additions increased expenses in the six months ended June 30, 2020 by $1.3 million.

General and Administrative

G&A expenses increased $1.4 million, or 32.7%, to $5.7 million in the six months ended June 30, 2020 compared to $4.3 million in the six months ended June 30, 2019. As a percentage of net sales, G&A expenses rose to 30.9% in the six months ended June 30, 2020 from 21.8% in the six months ended June 30, 2019. The dollar increase was primarily due to senior leadership additions beginning during late 2019, including the hiring of our Chief Commercial Officer and Chief Medical Officer, to support and drive the growth of the business, which increased G&A expenses by $0.7 million. Also contributing to the overall increase between years were higher legal and accounting fees of $0.4 million incurred to support various business initiatives.

Research and Development

R&D expenses increased $0.7 million, or 57.8%, to $1.9 million in the six months ended June 30, 2020 compared to $1.2 million in the six months ended June 30, 2019. We continue to focus our R&D efforts on the development of our pipeline products in the orthopedic/spinal repair and CanGaroo product groups, with the growth in R&D expenses in the six months ended June 30, 2020 largely attributable to the work performed on the development of our CanGaroo anti-infective product.

Interest Expense

Interest expense remained generally consistent at $2.8 million in the six months ended June 30, 2020 compared to approximately $2.7 million in the six months ended June 30, 2019.

Seasonality

Historically, we have experienced seasonality in our first and fourth quarters, and we expect this trend to continue. We have experienced and may in the future experience higher sales in the fourth quarter as a result of hospitals in the United States increasing their purchases of our products to coincide with the end of their budget cycles. Satisfaction of patient deductibles throughout the course of the year also results

in increased sales later in the year, once patients have paid their annual insurance deductibles in full, which reduces their out-of-pocket costs. Conversely, our first quarter generally has lower sales than the preceding fourth quarter as patient deductibles are re-established with the new year, which increases their out-of-pocket costs.

Liquidity and Capital Resources

As of December 31, 2019 and June 30, 2020, we had cash of approximately $2.6 million and $1.0 million, respectively, and availability under our Revolving Credit Facility of $3.6 million and $1.0 million, respectively. Since inception, we have financed our operations primarily through private placements of our convertible preferred stock, amounts borrowed under our credit facilities and sales of our products. Our historical cash outflows have primarily been associated with acquisition and integration, manufacturing costs, general and marketing, research and development, clinical activity, investing in our commercial infrastructure through our direct sales force and our commercial partners in order to expand our presence and to promote awareness and adoption of our products. As of June 30, 2020, our accumulated deficit was $66.7 million.

We expect our losses to continue for the foreseeable future and these losses will continue to have an adverse effect on our financial position. Because of the numerous risks and uncertainties associated with our commercialization and development efforts, we are unable to predict when we will become profitable, and we may never become profitable. Our inability to achieve and then maintain profitability would negatively affect our business, financial condition, results of operations and cash flows. As discussed under "— Funding Requirements," we anticipate that we will need substantial additional funding to support our continuing operations and pursue our growth strategy.

Cash Flows for the Years Ended December 31, 2018 and 2019

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$(5,447)	$(7,225)
Investing activities	(190)	(577)
Financing activities	7,311	7,979
Net increase in cash	**$ 1,674**	**$ 177**

Net Cash Used in Operating Activities

Net cash used in operating activities during the year ended December 31, 2019 totaled $7.2 million, primarily driven by a $11.9 million net loss reduced by non-cash related items, including $3.9 million in depreciation on fixed assets and amortization of intangible assets as well as $2.8 million in interest expense recorded as additional revenue interest obligation, offset by a $1.9 million gain on the revenue interest obligation. Working capital increases of $0.4 million also contributed to the net cash used in operations.

Net cash used in operating activities during the year ended December 31, 2018 totaled $5.4 million primarily driven by a $11.6 million net loss reduced by non-cash related items, including $3.8 million in depreciation on fixed assets and amortization of intangible assets as well as $2.7 million in interest expense recorded as additional revenue interest obligation, offset by a $1.5 million gain on early extinguishment of debt and a $0.5 million gain on the revenue interest obligation. Working capital reductions of $1.1 million also contributed to the net cash used for operations.

Net Cash Used in Investing Activities

Net cash used in investing activities during the year ended December 31, 2019 totaled approximately $0.6 million, which relates to the purchase of property and equipment, the majority of which are used in the production activities of our Richmond, California facility.

Net cash used in investing activities during the year ended December 31, 2018 totaled approximately $0.2 million, which relates to the purchase of property and equipment, the majority of which are used in the production activities of our Richmond, California facility.

Net Cash Provided by Financing Activities

Net cash provided by financing activities in the year ended December 31, 2019 totaled $8.0 million, which includes $3.5 million borrowed under the Term Loan Facility, net borrowings from the Revolving Credit Facility of approximately $2.6 million, and approximately $3.0 million in proceeds from the issuance of convertible preferred stock. These increases from financing activities were offset by approximately $1.9 million in payments on the revenue interest obligation.

Net cash provided by financing activities in the year ended December 31, 2018 totaled $7.3 million, which includes $3.0 million borrowed under the Term Loan Facility and approximately $10.0 million in proceeds from the issuance of convertible preferred stock. These increases from financing activities were offset by approximately $1.2 million in payments on the revenue interest obligation, net repayments on the Revolving Credit Facility of approximately $4.1 million and principal payments on our promissory notes to tissue suppliers totaling approximately $1.4 million.

Cash Flows for the Six Months Ended June 30, 2019 and 2020

	Six Months Ended June 30,	
	2019	2020
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$(2,252)	$(7,029)
Investing activities	(259)	(89)
Financing activities	697	5,568
Net decrease in cash	**$(1,814)**	**$(1,550)**

Net Cash Used in Operating Activities

Net cash used in operating activities during the six months ended June 30, 2020 totaled $7.0 million, primarily driven by a $9.7 million net loss reduced by non-cash related items, including $1.9 million in depreciation on fixed assets and amortization of intangible assets as well as $1.3 million in interest expense recorded as additional revenue interest obligation. Working capital increases of $0.8 million also contributed to the net cash used in operations. This increase is primarily comprised of a $2.4 million increase in inventory offset by a $1.4 million decrease in accounts receivable and a $0.3 million increase in accounts payable and accrued expenses. Included in the $2.4 million increase in inventory is a $2.1 million increase of FiberCel and SimpliDerm finished goods inventory in anticipation of expected growth in demand.

Net cash used in operating activities during the six months ended June 30, 2019 totaled $2.3 million primarily driven by a $6.0 million net loss reduced by non-cash related items, including $1.9 million in depreciation on fixed assets and amortization of intangible assets as well as $1.4 million in interest expense recorded as additional revenue interest obligation. Working capital reductions of $0.3 million also contributed to the net cash used for operations.

Net Cash Used in Investing Activities

Net cash used in investing activities during the six months ended June 30, 2020 totaled approximately $0.1 million, which relates to the purchase of property and equipment.

Net cash used in investing activities during the six months ended June 30, 2019 totaled approximately $0.3 million, which relates to the purchase of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities in the six months ended June 30, 2020 totaled $5.6 million, which includes $3.0 million of proceeds from a Paycheck Protection Program loan under the CARES Act, net borrowings from the Revolving Credit Facility of approximately $1.7 million, and approximately $2.0 million in proceeds from the issuance of the 2020 Bridge Notes. These increases from financing activities were offset by approximately $1.2 million in payments on the revenue interest obligation.

Net cash provided by financing activities in the six months ended June 30, 2019 totaled $0.7 million, which was generated primarily from the $0.9 million of net borrowings from the Revolving Credit Facility.

Description of Certain Indebtedness

Credit Facilities

General

On July 15, 2019, Aziyo and Aziyo Med, LLC, which we refer to collectively as the Borrowers, entered into an amended and restated term loan credit agreement, which we refer to as the Term Loan Credit Agreement, with Midcap Financial Trust, as agent and lender, and the other lenders party thereto, which provided for the conversion of our existing term loans into borrowing under the Term Loan Credit Agreement (consisting of a $8.5 million tranche (Term Loan Tranche 1), a $5.0 million tranche (Term Loan Tranche 2) and a $3.0 million tranche (Term Loan Tranche 3)), and established a new $3.5 million tranche (Term Loan Tranche 4) and a new $5.0 million tranche (Term Loan Tranche 5). Commitments in respect of Term Loan Tranche 5 terminated without being borrowed on June 30, 2020. We refer to Term Loan Tranche 1, Term Loan Tranche 2, Term Loan Tranche 3 and Term Loan Tranche 4 collectively as the Term Loan Facility.

On July 15, 2019, the Borrowers also entered into an amended and restated revolving credit agreement, which we refer to as the Revolving Credit Agreement, with Midcap Funding IV Trust, as agent and lender, and the other lenders party thereto, which provided for a $8.0 million asset-based revolving credit facility, which we refer to as the Revolving Credit Facility.

As of June 30, 2020, we had $19.7 million of indebtedness outstanding under our Term Loan Facility (net of $0.3 million of unamortized discount and deferred financing costs) and $5.9 million outstanding under our Revolving Credit Facility (with $1.0 million of additional borrowings available thereunder).

Interest Rates and Fees

Borrowings under the Term Loan Facility accrue interest at a rate per year equal to the LIBOR Rate (as defined below) plus a margin of 7.25%.

Borrowings under the Revolving Credit Facility bear interest at the per annum rate equal to the LIBOR Rate plus a margin of 4.95%.

The LIBOR Rate is defined as the greater of 2.25% and the applicable London Interbank Offered Rate for U.S. dollar deposits divided by 1.00 minus the maximum effective reserve percentage for Eurocurrency funding.

Under the terms of the Revolving Credit Facility, we can borrow up to an amount, which we refer to as the Borrowing Base, equal to (1) 85.0% of the aggregate net amount at such time of the Eligible Accounts (as defined in the Revolving Credit Agreement), plus (2) 50% of the value of the Eligible Inventory (as defined in the Revolving Credit Agreement), valued at the lower of first-in-first-out cost or market cost, and after factoring in all rebates, discounts and other incentives or rewards associated with the purchase of the applicable Eligible Inventory (provided that the Borrowing Base will be automatically adjusted down, if necessary, such that the aggregate availability from Eligible Inventory shall never exceed the lesser of (x) an amount equal to 40.0% of the Borrowing Base and (y) $2,000,000). The amount available for borrowing under the Revolving Credit Facility may also be reduced by certain reserve amounts that may be established by the administrative agent from time to time.

In addition to paying interest on the principal amounts outstanding under the Revolving Credit Facility, we are required to pay an unused line fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder equal to 0.50% multiplied by the lesser of (1) the unutilized commitments and (2) $8,000,000 minus 40% of the Borrowing Base.

Mandatory Prepayments

The Term Loan Credit Agreement requires the Borrowers to prepay amounts outstanding under the Term Loan Facility, subject to certain exceptions, with: (1) 100% of any net casualty proceeds in excess of $250,000 with respect to assets upon which the agent maintains a lien and (2) 100% of the net cash proceeds of non-ordinary course asset sales or sales pertaining to collateral upon which the Borrowing Base

is calculated. In addition, the Borrowers are required to prepay all outstanding obligations under the Term Loan Facility upon the termination of all commitments under the Revolving Credit Facility and the repayment of the outstanding borrowings thereunder.

The Revolving Credit Agreement requires the Borrowers to prepay amounts outstanding under the Revolving Credit Facility (or provide cash collateral up to the amount of any outstanding letter of credit obligations) to the extent outstanding borrowings under the Revolving Credit Facility exceed the lesser of (1) $8,000,000 and (2) the Borrowing Base.

Optional Prepayment

The Borrowers may prepay the Term Loan Facility in whole but not in part at any time with at least 10 business days' prior written notice, provided, however, that such prepayment shall be accompanied by a portion of the Exit Fee (as defined below) equal to the amount prepaid divided by the then-outstanding principal amount of borrowings outstanding under the Term Loan Facility, and a prepayment fee equal to the amount prepaid multiplied by, in the case of Term Loan Tranche 1, Term Loan Tranche 2 or Term Loan Tranche 3, 3.0% until July 15, 2021 and 2.0% thereafter, and, in the case of Term Loan Tranche 4, 4.0% until November 21, 2020, 3.0% until November 21, 2021 and 2.0% thereafter. The "Exit Fee" is defined as an amount equal to 6.50% multiplied by the aggregate principal amount of all borrowings advanced to the Borrowers under the Term Loan Facility.

The Borrowers may prepay the Revolving Credit Facility in whole or in part at any time, provided, however, that any such partial prepayment shall be in an amount equal to $100,000 or a higher integral multiple of $25,000.

Amortization and Final Maturity

The Borrowers are required to make interest-only payments prior to February 1, 2021, the Initial Amortization Start Date. Commencing on the Initial Amortization Start Date, and continuing on the first day of each calendar month thereafter, in addition to interest payments, the Borrowers must repay an amount equal to the total principal amount of borrowings under the Term Loan Facility divided by 42, for a 42-month straight-line amortization of equal monthly principal payments; provided, however, that if certain conditions are satisfied prior to December 1, 2020 (including our completion of a qualified initial public offering and no continuing default or event of default), the Initial Amortization Start Date may, upon our request, be extended to August 1, 2021, in which case the principal payments to be made in respect of borrowings under the Term Loan Facility shall be in an amount equal to the total principal amount of borrowings under the Term Loan Facility divided by 36, for a 36-month straight-line amortization of equal monthly principal payments. The remaining unpaid balance on the Term Loan Facility, together with all accrued and unpaid interest thereon and any remaining unpaid amount of the Exit Fee, is due and payable on July 15, 2024.

Outstanding borrowings under the Revolving Credit Facility do not amortize and are due and payable on July 15, 2024.

Security

All obligations under the Term Loan Facility and the Revolving Credit Facility are, and any future guarantees of those obligations will be, secured by, among other things, and in each case subject to certain exceptions, a first priority lien on and security interest in, upon, and to all of each Borrower's assets, including all goods, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, securities accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located.

Covenants and Other Matters

The Term Loan Credit Agreement and the Revolving Credit Agreement each contain a number of covenants that, among other things and subject to certain exceptions, restrict the ability of the Borrowers to:

- incur additional indebtedness;
- incur certain liens;
- pay dividends or make other distributions on equity interests;
- enter into agreements restricting their subsidiaries' ability to pay dividends;
- redeem, repurchase or refinance subordinated indebtedness;
- consolidate, merge or sell or otherwise dispose of their assets;
- make investments, loans, advances, guarantees and acquisitions;
- enter into transactions with affiliates;
- amend or modify their governing documents;
- amend or modify certain material agreements;
- alter the business conducted by them and their subsidiaries; and
- enter into sale and leaseback transactions.

In addition, the Term Loan Credit Agreement and the Revolving Credit Agreement contain a financial covenant, which is tested on a monthly basis, and requires us to achieve a specified Minimum Net Product Revenue (as defined in the applicable credit agreement) for the preceding 12-month period.

The Term Loan Credit Agreement and the Revolving Credit Agreement each contains events of default, including, most significantly, a failure to timely pay interest or principal, insolvency, or an action by the FDA or such other material adverse event impacting the operations of Aziyo.

The Term Loan Credit Agreement and the Revolving Credit Agreement also contain certain customary representations and warranties and affirmative covenants, and certain reporting obligations. In addition, the lenders will be permitted to accelerate all outstanding borrowings and other obligations, terminate outstanding commitments and exercise other specified remedies upon the occurrence of certain events of default (subject to certain grace periods and exceptions), which include, among other things, payment defaults, breaches of representations and warranties, covenant defaults, certain cross-defaults and cross-accelerations to other indebtedness, certain events of bankruptcy and insolvency, certain judgments and changes of control.

The foregoing summary describes the material provisions of the Term Loan Facility and the Revolving Credit Facility, but may not contain all information that is important to you. We urge you to read the provisions of the agreements governing the Term Loan Facility and the Revolving Credit Facility, which have been filed as exhibits to the registration statement of which this prospectus forms a part.

PPP Loan

In May 2020, we entered into a promissory note with Silicon Valley Bank, or SVB, under the Paycheck Protection Program of the CARES Act pursuant to which SVB agreed to make a loan to us in the amount of approximately $3.0 million. The PPP Loan matures in May 2022, bears interest at a rate of 1.0% per annum and requires no payments during the first six months from the date of the loan. The PPP Loan is unsecured and guaranteed by the Small Business Administration, or the SBA.

Under the terms of the PPP Loan, the principal amount of the loan may be forgiven to the extent it is used for qualifying expenses as described in the CARES Act and we otherwise request forgiveness in accordance with the terms of the PPP Loan and the requirements of the SBA. The agreement governing the PPP Loan also provides that if we knowingly use the proceeds of such loan for unauthorized purposes, we may be subject to liability, including charges of fraud. We will be required to repay any principal amount of the PPP Loan that is not forgiven, together with accrued and unpaid interest, in equal monthly installments prior to the maturity date of the loan. In addition, we are permitted to prepay the PPP Loan at any time without penalty or premium. SVB will be permitted to accelerate all outstanding borrowings and other obligations and exercise other specified remedies upon the occurrence of certain events of default, which include, among other things, payment defaults, breaches of representations and warranties, covenant defaults, certain cross-defaults and cross-accelerations to other indebtedness, certain events of bankruptcy and insolvency, certain judgments and changes to our ownership or business structure.

2020 Bridge Notes

In April 2020, we entered into a bridge note purchase agreement pursuant to which we issued approximately $2.0 million in aggregate principal amount of convertible promissory notes, which we refer to as the 2020 Bridge Notes, to HighCape Partners QP, HighCape Partners and Deerfield. The 2020 Bridge Notes had a maturity date of April 1, 2025 and accrued interest at a rate of 5.0% per year. The aggregate principal amount of, and accrued interest on, the 2020 Bridge Notes automatically converted into an aggregate of 2,039,427 shares of our Series A convertible preferred stock upon the closing of our Series A convertible preferred stock financing in September 2020. See "Certain Relationships and Related Party Transactions — Convertible Bridge Notes."

Funding Requirements

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we grow our sales organization and expand our product development and clinical and research activities. In addition, upon the closing of this offering, we expect to incur additional costs and expenses associated with operating as a public company.

Without giving effect to the anticipated net proceeds from this offering, based on our current operating plans, there is substantial doubt as to whether our future cash flows together with our existing cash will be sufficient to meet our anticipated operating needs into 2021. If our existing resources are not sufficient and we are unable to increase our product sales, we will need to raise additional capital to finance our operations, which we may not be able to do on acceptable terms or at all. With respect to our audited consolidated financial statements for the year ended December 31, 2019 and our unaudited interim consolidated financial statements for the six months ended June 30, 2020, we concluded that this circumstance raised substantial doubt about our ability to continue as a going concern from the original issuance date of such financial statements and from the date of the registration statement of which this prospectus forms a part. Additional information regarding our assessment is contained in Note 2 to the consolidated financial statements included elsewhere in this prospectus. Similarly, in its report on such financial statements, our independent registered public accounting firm included an explanatory paragraph stating that our recurring losses from operations and accumulated deficit raise substantial doubt about our ability to continue as a going concern.

Based on our current and planned business operations, we believe that the net proceeds from this offering, together with our existing cash, will be sufficient to fund our operating expenses and capital expenditure requirements through at least the next months. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. If our available cash balances, net proceeds from this offering, and cash flow from operations, if any, are insufficient to satisfy our liquidity requirements, we may seek to raise additional capital through equity offerings, debt financings, collaborations or licensing arrangements. We may also consider raising additional capital in the future to expand our business, pursue strategic investments or take advantage of financing opportunities. Our present and future funding requirements will depend on many factors, including, among other things:

- continued patient, physician and market acceptance of our products;
- the scope, rate of progress and cost of our current and future pre-clinical studies and clinical trials;
- the cost of our research and development activities and the cost and timing of commercializing new products or technologies;
- the cost and timing of expanding our sales and marketing capabilities;
- the cost of filing and prosecuting patent applications and maintaining, defending and enforcing our patent or other intellectual property rights;
- the cost of defending, in litigation or otherwise, any claims that we infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights;
- the cost and timing of additional regulatory approvals;
- costs associated with any product recall that may occur;
- the effect of competing technological and market developments;
- the expenses we incur in manufacturing and selling our products;

- the extent to which we acquire or invest in products, technologies and businesses, although we currently have no commitments or agreements relating to any of these types of transactions;
- the costs of operating as a public company;
- unanticipated general, legal and administrative expenses; and
- the effects on any of the above of the current COVID-19 pandemic or any other pandemic, epidemic or outbreak of infectious disease.

In addition, our operating plans may change as a result of any number of factors, including those set forth above and other factors currently unknown to us, and we may need additional funds sooner than anticipated. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures, creating liens, redeeming shares of our common stock and/or declaring dividends. If we raise funds through collaborations, licensing agreements or other strategic alliances, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay the development or commercialization of our products, license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize and reduce marketing, customer support or other resources devoted to our products or cease operations. See "Risk Factors — Risks Related to our Business — Our future capital needs are uncertain and we may need to raise funds in the future, and such funds may not be available on acceptable terms or at all."

Contractual Obligations

As of December 31, 2019, future minimum payments due under our contractual obligations are as follows:

	Payment Due by Period				
(in thousands)	**Total**	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**Thereafter**
Term Loan Facility[1]	$20,000	$ —	$16,667	$ 3,333	$ —
Revenue Interest Obligation[2]	20,396	2,750	8,250	8,250	1,146
Leases[3]	5,580	1,121	3,084	1,375	—
Note to Tissue Supplier[4]	1,692	1,692	—	—	—
HighCape Fee[5]	750	750	—	—	—
Total	$48,418	$6,313	$28,001	$12,958	$ 1,146

(1) Our Term Loan Facility bears interest at One Month LIBOR (subject to a LIBOR floor of 2.25%) plus 7.25% per annum (a reduction from 7.75% per annum prior to the July 2019 amendment) and includes interest only payments through January 2021 and interest and principal (equal monthly installments) payments from February 2021 through maturity in July 2024. See "—Description of Certain Indebtedness — Credit Facilities" for additional information. Interest expense on our Term Loan Facility totaled $1.7 million for the year ended December 31, 2019. The weighted average interest rate on Term Loan Facility borrowings was 9.8% and 9.7%, respectively, for the years ended December 31, 2018 and 2019.

(2) We are party to a royalty agreement with Ligand (as defined below) pursuant to which we are required to pay to Ligand 5.0% of future sales of the products we acquired from CorMatrix (as well as products substantially similar to those products), subject to certain annual minimum payments as included in the table above. Excluded from the table above is a $5.0 million payment that would be due to Ligand if cumulative sales of the acquired products exceed $100.0 million and a second $5.0 million if cumulative sales exceed $300.0 million during the ten-year term of the agreement which expires on May 31, 2027. These contingent payments were excluded due to the uncertainty on when the revenue milestones will be met, or if they will be met at all. See "—Critical Accounting Policies and Significant Judgments and Estimates — Revenue Interest Obligation" below for additional information regarding our obligations under this agreement.

(3) We lease two production facilities and one administrative and research facility under non-cancelable operating lease arrangements that expire between May 2021 and November 2025. The amounts above represent future minimum lease commitments.

(4) We entered into an unsecured promissory note with a tissue supplier in 2017. The note bears interest at a rate of 5.0% per annum and matures in August 2020.

(5) In connection with the CorMatrix Acquisition, we agreed to pay HighCape Partners Management, L.P. a one-time advisory fee of $750,000 upon the first to occur of any sale transaction (as defined in our certificate of incorporation, as currently in effect) and the closing of this offering. In September 2020, our obligation in respect of this fee was extinguished in connection with the issuance of 375,000 shares of Series A convertible preferred stock to HighCape Capital, L.P. See "Certain Relationships and Related Party Transactions — Transactions with HighCape Partners QP and its Affiliates — Advisory Fee."

Subsequent to December 31, 2019, in May 2020, we entered into a promissory note having a principal amount of approximately $3.0 million under the Paycheck Protection Program of the CARES Act. See "— Description of Certain Indebtedness — PPP Loan."

Off-Balance Sheet Financing Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the period. On an ongoing basis, management evaluates these estimates and judgments, including those related to revenue, inventory valuation, valuation of intangibles, revenue interest obligation and stock-based compensation. Actual results may differ from those estimates. We have identified the following critical accounting policies:

Revenue Recognition

We enter into contracts to sell and distribute products to healthcare providers or commercial partners, or are produced and sold under contract manufacturing arrangements with corporate customers which are billed under ship and bill contract terms. Revenue is recognized when we have met our performance obligations pursuant to our contracts with our customers in an amount that we expect to be entitled to in exchange for the transfer of control of the products and services to our customers. For all net sales, we have no further performance obligations and revenue is recognized when control transfers which occurs either when: i) the product is shipped via common carrier; or ii) the product is delivered to the customer or distributor, in accordance with the terms of the agreement.

A portion of our product revenue is generated from consigned inventory maintained at hospitals, and from inventory physically held by our direct sales representatives. For these types of products sales, we retain control until the product has been used or implanted, at which time revenue is recognized.

We have elected to account for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. Amounts billed to customers for shipping and handling are included as part of the transaction price and recognized as revenue when control of the underlying products is transferred to the customer. The related shipping and freight charges incurred by us are included in sales and marketing costs.

Contracts with customers state the final terms of the sale, including the description, quantity, and price of each implant distributed. The payment terms and conditions in our contracts vary; however, as a common business practice, payment terms are typically due in full within 30 to 60 days of delivery. We, at times, extend volume discounts to customers. We permit returns of our products in accordance with the terms of contractual agreements with customers.

Inventory Valuation

Inventories, consisting of purchased materials, direct labor and manufacturing overhead, are stated at the lower of cost or net realizable value, with cost determined using the average cost method. Inventory write-downs for unprocessed and certain processed donor tissue are recorded based on the estimated amount of inventory that will not pass the quality control process based on historical data. At each balance sheet date, we also evaluate inventories for excess quantities, obsolescence or shelf life expiration. This evaluation includes analysis of our current and future strategic plans, historical sales levels by product, projections of future demand, the risk of technological or competitive obsolescence for products, general market conditions and a review of the shelf life expiration dates for products. To the extent that management determines there is excess or obsolete inventory or quantities with a shelf life that is too near its expiration for us to reasonably expect that we can sell those products prior to their expiration, we adjust the carrying value of the inventory to its estimated net realizable value.

Due to the judgmental nature of inventory valuation, we may from time to time be required to adjust our assumptions as processes change and as we gain better information. Although we continue to refine the

assumptions, described above, on which we base our estimates, we cannot be sure that our estimates are accurate indicators of future events. Accordingly, future adjustments may result from refining these estimates. Such adjustments may be significant.

Valuation of Purchased Intangible Assets

Purchased intangible assets with finite lives are carried at acquired fair value, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets. We periodically evaluate the period of amortization for purchased intangible assets to determine whether current circumstances warrant revised estimates of useful lives. We review our purchased intangible assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the net undiscounted cash flows expected to be generated by the asset. Impairment exists when the carrying value of our asset exceeds the related estimated undiscounted future cash flows expected to be derived from the asset. If impairment exists, the carrying value of that asset is adjusted to its fair value. A discounted cash flow analysis is used to estimate an asset's fair value, using assumptions that market participants would apply. An impairment loss would be recorded for the excess of net carrying value over the fair value of the asset impaired. The results of impairment tests are subject to management's estimates and assumptions of projected cash flows and operating results. Changes in assumptions or market conditions could result in a change in estimated future cash flows and could result in a lower fair value and therefore an impairment, which could impact reported results.

Revenue Interest Obligation

In 2017, we completed an asset purchase agreement with CorMatrix and acquired all of the CorMatrix commercial assets and related intellectual property. As part of this acquisition, we entered into a royalty agreement with Ligand Pharmaceuticals Incorporated, or Ligand, pursuant to which we assumed a restructured, long-term obligation, which we refer to as the Revenue Interest Obligation, to Ligand, with an estimated present value on the acquisition date of $27.7 million. The terms of the Revenue Interest Obligation require us to pay Ligand, subject to certain annual minimums, 5% of future sales of the products we acquired from CorMatrix, including CanGaroo, ProxiCor, Tyke and VasCure, as well as products substantially similar to these products, such as the version of CanGaroo we are currently developing that is designed to have anti-infective properties. Furthermore, a $5.0 million payment will be due to Ligand if cumulative sales of these products exceed $100.0 million and a second $5.0 million will be due if cumulative sales exceed $300.0 million during the ten-year term of the agreement which expires on May 31, 2027.

We have estimated the fair value of the Revenue Interest Obligation, including contingent milestone payments and estimated sales-based payments, based on assumptions related to future sales of the acquired products. At each reporting period, the value of the Revenue Interest Obligation is re-measured based on current estimates of the net present value of future payments, with changes to be recorded in the consolidated statements of operations. In connection with our estimations at December 31, 2018 and 2019, it was determined that the estimated future payments, discounted at the original discount rate, have decreased since the prior estimates. In both instances, such decrease was primarily the result of delays in certain regulatory approvals that will impact the timing and extent of future sales and, thereby, will reduce expected future payments to Ligand. The change to estimated future payments yielded a reduction to the total Revenue Interest Obligation of approximately $0.5 million and $1.9 million for the years ended December 31, 2018 and 2019, respectively, with such amounts recognized as gains in Other (income) expense, net in our consolidated statement of operations. There was no change to the value of the Revenue Interest Obligation as of June 30, 2020 based on estimates of future payments at that date. The estimation of future sales and the possible attainment of sales milestones is subject to significant judgment. Different judgments would yield different valuations of the Revenue Interest Obligation and these differences could be significant.

Stock-Based Compensation

Compensation costs associated with stock option awards and other forms of equity compensation are measured at the grant-date fair value of the awards and recognized over the requisite vesting period of the awards on a straight-line basis.

Our policy is to grant stock options at an exercise price equal to 100.0% of the market value of a share of common stock at closing on the date of the grant. Our stock options generally have seven-year contractual terms and vest over a four-year period from the date of grant. We use the Black-Scholes model to value our stock option grants. The fair value of stock options is determined on the grant date using assumptions for the estimated fair value of the underlying common stock, expected term, expected volatility, dividend yield and the risk-free interest rate. Our board of directors determines the fair value of common stock considering the state of the business, input from management, third party valuations and other considerations. We use the simplified method for estimating the expected term used to determine the fair value of options. As there has been no public market for our common stock to date, we lack company-specific historical and implied volatility information. As a result, we estimate the expected volatility primarily based on the historical volatility of comparable companies in the industry whose share prices are publicly available and expect to continue to do so until such time as we have adequate historical data regarding the volatility of our own traded share price. We use a zero-dividend yield assumption as we have not paid dividends since inception nor do we anticipate paying dividends in the future. The risk-free interest rate approximates recent U.S. Treasury note auction results with a similar life to that of the option. The period expense is then recognized on a straight-line basis over the requisite service period for the entire award.

Determination of the Fair Value of our Common Stock

As discussed above, since there has been no public market for our common stock to date, the estimated fair value of our common stock has been determined by our board of directors as of the date of each option grant, with input from management, considering the most recently available third-party valuations of our common stock and our board of directors' assessment of the state of our business and additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent third-party valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. Our common stock valuations were prepared using either an option pricing method, or OPM, or a hybrid method, which used market approaches to estimate our enterprise value. The hybrid method is a probability-weighted expected return method, or PWERM, where the equity value in one or more of the scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of our common shares based upon an analysis of future values for our company, assuming various outcomes. Our common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each share class. The future value of our common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for our common stock. A discount for lack of marketability of our common stock is then applied to arrive at an indication of value for our common stock. The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the shares of common stock have a value only if the funds available for distribution to shareholders exceeded the value of the preferred share liquidation preference at the time of the liquidity event, such as a strategic sale or a merger. These third-party valuations were performed at various dates, which resulted in valuations of our common shares of $0.39 per share as of June 30, 2017, $0.40 per share as of May 31, 2018 and $0.74 per share as of April 30, 2019. In addition to considering the results of these third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the prices at which we sold shares of preferred stock and the preferences of the preferred stock relative to our common stock at the time of each grant;
- the progress of our research and development programs, including the status and results of pre-clinical studies and clinical trials for our product candidates;
- our stage of development and commercialization and our business strategy;
- external market conditions affecting the regenerative medicine and medical device industry and trends within the regenerative medicine and medical device industry;

- our financial position, including cash on hand, and our historical and forecasted performance and results of operations;
- the lack of an active public market for our common stock and our preferred stock;
- the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale of our company in light of prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in the regenerative medicine and medical device industry.

The assumptions underlying these valuations represented management's best estimate, which involved inherent uncertainties and the application of management's judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could have been materially different.

Once a public trading market for our common stock has been established in connection with the closing of this offering, it will no longer be necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock will be determined based on the quoted market price of our common stock.

Options Granted

The following table sets forth by grant date the number of shares subject to options granted from January 1, 2018 through the date of this prospectus, the per share exercise price of the options, the per share fair value of our common stock on each grant date, and the per share estimated fair value of the options:

Grant Date	Number of Shares Subject to Options Granted	Per Share Exercise Price of Options	Per Share Fair Value of Common Stock on Grant Date	Per Share Estimated Fair Value of Options
1/11/2018	542,500	$0.39	$0.39	$0.21
2/22/2018	539,895	$0.39	$0.39	$0.21
2/28/2018	45,000	$0.39	$0.39	$0.21
7/27/2018	2,223,000	$0.40	$0.40	$0.21
2/13/2019	107,500	$0.40	$0.40	$0.21
6/4/2019	118,500	$0.74	$0.74	$0.36
9/4/2019	300,000	$0.74	$0.74	$0.36
1/22/2020	382,500	$0.74	$1.34	$0.86

In June 2020, we performed a retrospective fair value assessment and concluded that the fair value of the common stock underlying stock options that we granted on January 20, 2020 was $1.34 per share for accounting purposes. We applied the fair value of our common stock from our retrospective fair value assessment to determine the fair value of these awards and calculate share-based compensation expense for accounting purposes. This reassessed value was based, in part, upon a third-party valuation of our common shares prepared as of April 30, 2019 with adjustments made by us to reflect expectations of an initial public offering as of January 20, 2020.

Recently Issued Accounting Pronouncements

See Note 3, "Recently Issued Accounting Standards," to our consolidated financial statements included elsewhere in this prospectus for information regarding recently issued accounting pronouncements.

Quantitative and Qualitative Disclosures About Market Risks

We are exposed to market risks in the ordinary course of our business, including risks relating to changes in interest rates, foreign currency and inflation. The following discussion provides additional information regarding these risks.

Interest Rate Risk

Our primary exposure to market risk relates to changes in interest rates. Borrowings under our Term Loan Facility and Revolving Credit Facility bear interest at variable rates, subject to an interest rate floor. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. A hypothetical 10% relative change in interest rates during the years ended December 31, 2018 or 2019 would not have had a material effect on our financial statements. We do not currently engage in hedging transactions to manage our exposure to interest rate risk.

Credit Risk

As of December 31, 2019, our cash and cash equivalents were maintained with one financial institution in the United States. While our deposit accounts are insured up to the legal limit, the balances we maintain may, at times, exceed this insured limit. We believe this financial institution has sufficient assets and liquidity to conduct its operations in the ordinary course of business with little or no credit risk to us.

Our accounts receivable relate to sales to customers. To minimize credit risk, ongoing credit evaluations of all customers' financial condition are performed. Two customers represented 10% or more of our accounts receivable as of December 31, 2019.

Foreign Currency Risk

Our business is primarily conducted in U.S. dollars. Any transactions that may be conducted in foreign currencies are not expected to have a material effect on our financial condition, results of operations or cash flows. As we grow our operations, our exposure to foreign currency risk could become more significant.

Impact of Inflation

Inflationary factors, such as increases in our cost of goods sold or other operating expenses, may adversely affect our operating results. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we do not believe inflation had a material effect on our financial condition or results of operations during the years ended December 31, 2018 and 2019. We cannot assure you, however, that we will be able to increase the selling prices of our products or reduce our operating expenses in an amount sufficient to offset the effects future inflationary pressures may have on our gross margin. Accordingly, we cannot assure you that our financial condition and results of operations will not be materially impacted by inflation in the future.

JOBS Act

Section 107 of the JOBS Act permits us, as an "emerging growth company," to take advantage of an extended transition period for adopting new or revised accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, as a result, for so long as we remain an emerging growth company, unless we subsequently choose to affirmatively and irrevocably opt out of the extended transition period, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. Section 107 of the JOBS Act provides that we can elect to opt out of the extended transition period at any time, which election is irrevocable.

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are $1.07 billion or more; (ii) the last day of 2025; (iii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common equity held by non-affiliates is $700 million or more as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years.

BUSINESS

Overview

We are a commercial-stage regenerative medicine company focused on creating the next generation of differentiated products and improving outcomes in patients undergoing surgery, concentrating on patients receiving implantable medical devices. From our proprietary tissue processing platforms, we have developed a portfolio of advanced regenerative medical products that are designed to be very similar to natural biological material. Our proprietary products, which we refer to as our Core Products, are designed to address the implantable electronic device/cardiovascular, orthopedic/spinal repair and soft tissue reconstruction markets, which represented a combined $3 billion market opportunity in the United States in 2019. To expand our commercial reach, we have commercial relationships with major medical device companies, such as Boston Scientific and Medtronic, to promote and sell some of our Core Products. We believe our focus on our unique regenerative medicine platforms and our Core Products will ultimately maximize our probability of continued clinical and commercial success and will create a long-term competitive advantage for us.

We estimate that more than two million patients were either implanted with medical devices, such as pacemakers, defibrillators, neuro-stimulators, spinal fusion and trauma fracture hardware or tissue expanders for breast reconstruction, in the United States in 2019. This number is driven by advances in medical device technologies and an aging population with a growing incidence of comorbidities, including diabetes, obesity and cardiovascular and peripheral vascular diseases. These comorbidities can exacerbate various immune responses and other complications that can be triggered by a device implant.

Our Core Products are targeted to address unmet clinical needs with the goal of promoting healthy tissue formation and avoiding complications associated with medical device implants, such as scar-tissue formation, capsular contraction, erosion, migration, non-union of implants and implant rejection. We believe that we have developed the only biological envelope, which is covered by a number of patents, that forms a natural, systemically vascularized pocket for holding implanted electronic devices. We have a proprietary processing technology for manufacturing bone regenerative products for use in orthopedic/spinal repair that preserves a cell's ability to regenerate bone and decelerates cell apoptosis, or programmed cell death. We have a patented cell removal technology that produces undamaged extracellular matrices for use in soft tissue reconstruction. In pre-clinical and clinical studies, our products have supported and, in some cases, accelerated tissue healing, and thereby improved patient outcomes. Our Core and Non-Core product portfolio is highlighted in the table below.

Market		Product Brands	Description	Go-To-Market Strategy
CORE PRODUCTS	Implantable Electronic Devices and Cardiovascular	CanGaroo	Biological envelope that remodels into systemically connected, vascularized tissue for the long-term pocket protection of certain cardiac and neurostimulator implantable electronic devices	Direct and supported by commercial partners
		ProxiCor Tyke VasCure	Portfolio of extracellular matrices that retain the natural composition of collagen, growth factors and proteins for use in vascular and cardiac repair and pericardial closure	Direct and independent sales agents
	Orthopedic and Spinal Repair	FiberCel ViBone OsteGro V	Variety of viable matrices, produced with a proprietary process that is designed to protect and preserve native bone cells and reduce programmable cell death, for use in bone repair and fusion procedures	Commercial partners
	Soft Tissue Reconstruction	SimpliDerm	Pre-hydrated, human acellular dermal matrix, or HADM, that is designed to enable rapid integration, cellular repopulation and rapid revascularization at the surgical site	Direct and independent sales agents
NON-CORE PRODUCTS	Contract Manufacturing	Various Products	Contract manufacturing of particulate bone, precision milled bone, cellular bone matrix, acellular dermis, amnion and other soft tissue products to utilize fully our starting human biological materials, leverage our existing overhead and improve our cash flow	Corporate customers

Our growth strategy is focused on increasing penetration in our target markets. We believe we can expand our commercial penetration in these markets and thereby grow our business by increasing our direct sales force and developing and launching more clinically relevant products from our pipeline and, when possible and appropriate, from acquisitions.

Our go-to-market strategy includes a hybrid of a direct sales force, commercial partners and independent sales agents. As of June 30, 2020, we had 27 direct sales representatives who focus on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. By growing our direct sales force and leveraging our existing commercial partners, we believe we can expand our customer base and further strengthen our existing customer relationships and increase penetration in our target markets.

We have a well-established and scalable manufacturing platform, consisting of two facilities that are supported by our corporate headquarters. Our Silver Spring, Maryland location is our headquarters and functions as a research and development and corporate support center. Our Roswell, Georgia location is our processing, production and distribution facility for all our implantable electronic device/cardiovascular products. Our Richmond, California location is our human tissue products facility. We believe we have sufficient operating capacity at both our Roswell and Richmond facilities to support future growth.

We have a proven track record of growing our business. Net sales from our Core Products grew from $22.7 million for the year ended December 31, 2018 to $30.9 million for the year ended December 31,

2019, representing an annual growth rate of 36%. Our total net sales increased from $39.0 million for the year ended December 31, 2018 to $42.9 million for the year ended December 31, 2019, representing an annual growth rate of 10%. Our gross margins improved from 41% in the year ended December 31, 2018 to 46% in the year ended December 31, 2019. Our gross margins, excluding intangible asset amortization, improved from 50% in the year ended December 31, 2018 to 54% in the year ended December 31, 2019. We incurred a net loss of $11.6 million for the year ended December 31, 2018, and a net loss of $11.9 million for the year ended December 31, 2019.

Net sales from our Core Products grew from $13.7 million for the six months ended June 30, 2019 to $15.6 million for the six months ended June 30, 2020. Our total net sales decreased from $19.7 million for the six months ended June 30, 2019 to $18.4 million for the six months ended June 30, 2020. Our gross margins improved from 47% in the six months ended June 30, 2019 to 49% in the six months ended June 30, 2020. Our gross margins, excluding intangible asset amortization, improved from 56% in the six months ended June 30, 2019 to 58% in the six months ended June 30, 2020. We incurred a net loss of $6.1 million for the six months ended June 30, 2019, and a net loss of $9.7 million for the six months ended June 30, 2020.

Gross margin, excluding intangible asset amortization, is a non-GAAP financial measure. See "Prospectus Summary — Summary Consolidated Financial Data — Non-GAAP Financial Measures" for a discussion regarding our use of gross margin, excluding intangible asset amortization, including its limitations and a reconciliation to the most directly comparable GAAP financial measure.

Our Competitive Strengths

Our mission is to provide advanced regenerative care products that improve the outcomes in patients primarily undergoing implantable device-related surgery. To accomplish this mission, we intend to establish our Core Products as the standard of care for treating patients undergoing such procedures. We believe our key competitive strengths position us well to execute on our growth strategy. Our key competitive strengths are:

- **Well-positioned in Large, Attractive and Growing Markets**. We believe that the implantable electronic devices/cardiovascular, the orthopedic/spinal repair and the soft tissue reconstruction markets, which represented a combined $3 billion market opportunity in the United States in 2019, will continue to experience accelerated growth, given advancements in implantable medical device technologies to treat more medical conditions and shifting global demographics that include an aging population; a greater incidence of comorbidities, such as diabetes, obesity and cardiovascular and peripheral vascular diseases; and increasing numbers of mastectomies and lumpectomies. We believe there is growing adoption of regenerative medicine products by the medical community as physicians become aware of the benefits of natural products, including reduced inflammation, scar-tissue formation and foreign body response, as compared to using traditional products made from synthetic materials.
- **Regenerative Medicine Technology Focus**. Our scientific expertise and know-how in regenerative medicine technology has allowed us to develop our proprietary platforms to create differentiated biomaterials, including our Core Products: CanGaroo, ProxiCor, Tyke, VasCure, FiberCel, ViBone, OsteGro V and SimpliDerm. These types of products, which are designed to more closely resemble natural products than similar traditionally processed products, have enabled us to advance the science of regenerative medicine as well as to process tissue and produce products at commercial scale.
- **Broad Portfolio of Core Products to Address the Needs of Physicians, Patients and Providers.** Physicians use our broad portfolio of regenerative medicine products to meet the needs of individual patients. The breadth of our current portfolio, which includes products used in implantable electronic devices/cardiovascular, orthopedic/spinal repair and soft tissue reconstructive procedures, gives us the flexibility to target a broad set of procedures, each with a full suite of products to accommodate both the clinical and economic factors that may affect purchasing decisions. Our experienced contracting and direct sales force teams are highly trained to assist clinicians in effectively using the full complement of our products.

- **Large and Growing Body of Clinical Data and FDA Cleared Products.** We have significant regulatory experience in obtaining FDA clearance for regenerative medicine products requiring 510(k) clearance and in navigating the comprehensive regulatory framework that applies to human cells, tissues and cellular and tissue-based products, or HCT/Ps. We have and continue to develop a body of pre-clinical, clinical and patient outcomes data, including third-party publications that reviewed the technical and clinical attributes of our products. We believe that our extensive in vivo and clinical data give us a competitive advantage.
- **Relationships with Care Providers.** Our medical and commercial teams have established extensive customer relationships in the healthcare industry. We have developed excellent relationships with physicians, nurses and hospital administrators. We believe we are well-positioned to leverage these relationships to increase our penetration in our target markets.
- **Commercial Relationships with Major Medical Device Companies.** We have commercial agreements with major medical device companies, including Boston Scientific, Biotronik, Medtronic, Surgalign Holdings and others, which we collectively refer to as our commercial partners, to promote or commercialize some of our products. Our commercial partners use their own network of more than 2,000 sales representatives, clinical specialists and independent sales agents, including approximately 1,400 of which are focused on our CanGaroo product and more than 800 of which are focused on our FiberCel, ViBone and OsteGro V products. We leverage this additional presence in targeted markets to significantly increase our opportunity to cost-effectively penetrate these large markets.
- **Established and Scalable Manufacturing and Commercial Infrastructure.** We have well-established relationships to obtain the human and animal tissues, which we need to manufacture our products, in the quantity needed and in a manner that preserves their integrity. We have sufficient capacity to increase the scale of our manufacturing, and the required quality control and regulatory capabilities to ensure that our products meet established specifications. We have developed rigorous medical, clinical, manufacturing, distribution and logistics capabilities designed to comply with FDA requirements. We pair our operational capabilities with a strong commercial team of sales, marketing and contracting professionals. Our established regulatory, operational and commercial infrastructure provides a firm foundation for growth as we continue to scale our business.
- **Executive Management Team with Extensive Experience in Regenerative Medicine.** Our executive management team has extensive experience in the regenerative medicine and medical device industries. This experience allows us to operate with a deep understanding of the underlying trends in regenerative medicine and the intertwined scientific, clinical, regulatory, commercial and manufacturing functions that drive success in this industry. We believe our team has the necessary experience to lead us through our continued commercial expansion and the development and launch of our pipeline products.

Our Growth Strategy

The key elements of our growth strategy are:

- **Increase Penetration in Our Target Markets.** We believe that the potential for growth in regenerative medicine in our target market segments presents a long-term opportunity to increase the use of our products. We plan to continue our growth and accelerate our penetration into our target markets by increasing the size of our direct sales force and by leveraging our relationships with our commercial partners that have well-established and significant cardiac rhythm and orthopedic/spinal sales infrastructure and experience in our target markets. We believe the breadth and flexibility of our current portfolio of products provides us with the capability to address a wider variety of implantable device procedures and soft tissue reconstructions, all of which should offer significant new growth opportunities.
- **Additional Growth through Selective Acquisitions.** We have demonstrated our ability to identify acquisition opportunities and integrate assets that complement our strategy and generate revenue and incremental gross profits. We were created in 2015 through the spin-out of the musculoskeletal

division of Tissue Banks International, or TBI now KeraLink International, or KeraLink, which provided us with tissue processing capabilities. We created additional value from this transaction by hiring scientific expertise to enhance these assets and develop a next generation of products. We then formed strategic partnerships to sell these products and improve our financial performance. Similarly, in 2017, we acquired biomaterial medical device assets, centered around the product we now sell as CanGaroo, from CorMatrix Cardiovascular. We followed the model that we had developed with the TBI asset acquisition. We brought in experienced leadership and expanded our clinical and commercial teams, which provided us with the opportunity to form new partnerships and commercialize CanGaroo. As a result, we again accelerated the growth of our revenue stream. We will continue to evaluate possible acquisitions that complement our existing portfolio and leverage our established commercial and manufacturing infrastructure.

- **Robust Pipeline of Innovative Core Products from Our Proven Research and Development Capabilities.** We have brought to market four commercial Core Products in the past three years. In addition to our current core commercial products, we have a pipeline of products being developed for the implantable electronic devices/cardiovascular market, the orthopedic/spinal repair market and the soft tissue reconstruction market that we expect to launch in the future. We will continue to conduct pre-clinical studies and clinical trials, gather patient data and perform other research to support the further adoption of our products in the marketplace.
- **Continuing to Expand the Reach of Our Direct Sales Force**. As of June 30, 2020, we had 27 direct sales representatives who focus on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. Our sales team provides the critical knowledge of the advantages that our biological products provide for patients over those of our competitors. We plan to grow our sales organization in order to expand our network of hospital and physician customers, drive deeper penetration in current accounts and provide additional technical assistance to our commercial partners. We believe there is a significant opportunity to grow our business through this continued expansion of our commercial footprint.

Our Core Products/Solutions

Our portfolio of regenerative medicine Core Products has been developed to address the following specific markets:

Implantable Electronic Devices/Cardiovascular Market

Market Opportunity

In 2019, we estimate, based on industry sources and other third-party estimates, that there were more than 600,000 procedures in the United States to install or replace implantable electronic devices, such as pacemakers, pulse generators and defibrillators, as well as spinal cord neuromodulators and vagus nerve, deep brain and sacral nerve stimulators, which represents an estimated $600 million opportunity.

Limitations of Existing Solutions

Implantable electronic devices are now the standard of care for patients suffering from cardiac arrhythmias and heart failure. Such devices are implanted in soft tissue, which is not heavily vascularized, and its

implantation may trigger a biologic response that results in inflammation and fibrosis, leading to the device and its wire leads being encased in dense or calcified fibrous material.

In 2015, a group of third-party researchers published a systematic review and meta-analysis of 60 published reports, consisting of 21 prospective, nine case-control and 30 retrospective cohort studies published between 1981 and 2013, each of which examined the rate of infection associated with the implantation of electronic devices. The average rate of infection was between 1.0 and 1.3% and the reported rates of infection ranged from 0.3 to 16.4%. In 2019, a different group of third-party researchers published the results of a global, prospective randomized clinical trial focused on infection complications of implantable electronic cardiovascular devices which identified a 1.2% mean infection rate during 12-month follow-up in the control arm (3,488 patients), and this was later reported by other third-party researchers in 2020 to rise to 1.9% at the 36 months follow-up. However, infection is not the only significant complication associated with implantation. Data from third-party studies published in 2011 and 2016 indicated that migration occurred in 0.5 to 10.9% of such procedures, and data from third-party studies published in 2001 and 2007 indicated that erosion of the device through the skin occurred in 0.2 to 5.0% of such procedures. Thus, migration and erosion have been shown to be similarly frequent and can both result in infection or require replacement of the device. Other complications include those associated with Twiddler's syndrome, which is a malfunction of a pacemaker due to manipulation of the device by the patient, and discomfort at the implant site. In addition, capsular contracture can occur when scar tissue, or a capsule, around the device tightens and squeezes the implant. Capsular contraction may be more common following infection, collection of blood, or hematoma, and collection of the watery portion of blood, or seroma.

As patients with implants live longer, device reoperations are ever more common, including those to replace or upgrade the device, or to replace or revise the wire leads. The dense, under-vascularized capsule surrounding a device and its wire leads makes replacement or revision more difficult, increases the time needed for the extraction and replacement procedure and progressively increases the risk of infection. An increasing proportion of these cardiovascular electronic devices, that is, cardioverter/defibrillators, are now larger, heavier and more complex and have a greater frequency of complications associated with them than the smaller, less heavy and less complex devices. For neurostimulator devices, the common location of these devices, which is in the soft tissue of the abdomen or back, increases the risk of migration and erosion and that of patient discomfort when sleeping or sitting.

In 1972, Dr. Victor Parsonnet reported that enclosing pulse generators in a polyester pouch prevented migration and extrusion of the implanted device through the skin. BARD Vascular Systems manufactured the Parsonnet pouch, which was used in patients with little subcutaneous tissue. In 2008, TyRx Pharma introduced AIGS$_{RX}$, a synthetic, permanent mesh envelope, which was intended to securely hold either a pacemaker pulse generator or defibrillator and provide a safe space for these implants to be acclimated by the body. To prevent infections associated with the implantation procedure, the non-resorbable mesh was coated with a bioabsorbable material, which dissolved over a period of seven to ten days, during which time the antibiotics rifampicin and minocycline were released. In 2013, TyRx replaced the original product with AIGIS$_{RX}$R, a comparable product with the same two intended uses, but totally bioresorbable. In 2014, Medtronic acquired TyRx and now sells this totally bioresorbable synthetic product under the name TYRX.

TYRX is a relatively stiff synthetic mesh with rough edges, which may require the surgeon to make a larger incision than is needed only to implant the electronic device. The larger incision can lead to longer surgery times and complications at the time of replacement or upgrade of the implantable device. Third-party studies have shown that the synthetic TYRX mesh is broken down and reabsorbed within approximately nine weeks. According to published literature, synthetic mesh, unlike biological mesh, is not associated with the biological signaling needed to mitigate the anticipated and well-documented foreign body response that results in the production of scar tissue to form a capsule surrounding an implantable device. TYRX's primary benefit is to dispense antibiotics to reduce the rate of infection associated with device implantation.

Our Solution

CanGaroo was designed to mitigate complications deriving from implantable electronic devices and the shortcomings of synthetic envelopes. We believe that CanGaroo is the only biological product that forms

a natural, systemically vascularized pocket that conforms to and securely holds implantable electronic devices. CanGaroo is cleared for use with pacemaker pulse generators, defibrillators and other cardiac implantable electronic devices as well as vagus nerve stimulators, spinal cord neuromodulators, deep brain stimulators and sacral nerve stimulators.

The CanGaroo envelope is constructed from perforated, multi-laminate sheets of decellularized, non-crosslinked, lyophilized SIS ECM, derived from porcine small intestinal submucosa, a natural biomaterial, which is rich in natural growth factors, structural proteins and collagens. The ECM is sewn into the shape of a pouch, into which the device is placed. We sell the biological envelope in a variety of sizes, which allows it to accommodate various sized electronic devices, and it has a shelf life of 30 months.

CanGaroo is soft and pliable and is designed to conform to the implantable device for easy handling and implantation. The SIS ECM is designed to mitigate the biologic foreign body response that normally occurs around the electronic device. CanGaroo is remodeled into a surrounding layer of vital, vascularized tissue, potentially reducing the risk of capsular formation, migration and erosion of the implantable device through the skin, and complications associated with Twiddler's syndrome. CanGaroo may also facilitate the process of implantation and of device removal during its replacement, as well as enhance patient comfort.

Product	Description	Regulatory Pathway
CanGaroo Envelope 	Naturally occurring ECM scaffold intended to hold securely implantable electronic devices, creating an environment designed to enhance patient comfort and reduce device migration	Medical Device 510(k)-Cleared

Development Pipeline

We are currently developing a version of CanGaroo that combines the envelope with antibiotics and is designed to reduce the risk of infection following surgical implantation of an electronic device. As a first step, we recently completed a feasibility study that demonstrated the targeted release of antibiotics for CanGaroo. Based on feedback from the FDA, we believe that this product candidate will require 510(k) clearance of a 510(k) submission to be marketed in the United States.

Commercial Approach

We sell CanGaroo in the United States using our direct sales force and our commercial partners, Boston Scientific and Biotronik, which act as sales agents and give us access to approximately 1,400 sales representatives and clinical specialists to further expand our footprint and accelerate our sales. Our primary customers are electrophysiologists, cardiac surgeons and neurosurgeons. Our direct sales force is focused on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. Our sales team provides the critical knowledge of the advantages that CanGaroo provides for patients over those of our competitors. We ship the product directly to hospitals.

Additional Cardiovascular Products

Through our direct sales force and independent sales agents, we also sell additional cardiovascular products derived from our specialized SIS ECM, all of which received 510(k) regulatory clearance as medical devices:

- ProxiCor is cleared for use as an intracardiac patch or pledget for tissue repair, i.e., atrial septal defect, ventricular septal defect and suture-line buttressing, as well as for the repair and reconstruction of the pericardium. ProxiCor enables cardiac and congenital heart surgeons to reestablish the essential native anatomical structures of the heart and pericardium by providing a natural bio-scaffold that allows the patient's own cells to form a new pericardial layer. Typically, the absence of a pericardial barrier often leads to scarring and the formation of adhesions between the heart and sternum, impairing normal heart function. We believe that the use of ProxiCor for pericardial repair potentially avoids adverse events associated with the use of synthetic materials or

highly processed biological materials, which can trigger an immune response, resulting in fibrotic or calcified scarring at the implant site.

- Tyke was developed based on a request by pediatric cardiovascular surgeons to deliver an ECM material that maintained the biomechanical properties found in our existing products, but was thinner, more pliable and better suited for intracardiac and branch pulmonary artery use in neonates and infants. Tyke is cleared for use in neonates and infants for the repair of pericardial structures; as an epicardial covering for damaged or repaired cardiac structures; and as a patch material for intracardiac defects, septal defect and annulus repair, suture-line buttressing and cardiac repair. We believe that Tyke is the only extra cellular material that has been specifically cleared for use in neonates and infants to repair pericardial structures.
- VasCure is cleared for use, and is used by, cardiovascular, vascular and general surgeons as, a patch material to repair or reconstruct the peripheral vasculature, including the carotid, renal, iliac, femoral and tibial blood vessels, by modeling into site-specific tissue and conforming to repair defects easily. VasCure is also cleared and is used for the closure of vessels, as a pledget, or for suture line buttressing when repairing vessels. It is designed to prevent and stop bleeding, resulting in minimal bleeding at suture lines. Unlike synthetic or cross-linked materials, VasCure approximates normal tissue and, we believe, is, therefore, less likely to provoke an immune response.

Orthopedic/Spinal Repair Market

Market Opportunity

According to industry sources, in the United States in 2019, there were an estimated 1.5 million surgical procedures for orthopedic and spinal repair, which, excluding the cost for spinal and orthopedic hardware, used bone repair products valued at more than $2 billion. The number of such surgeries has increased over the last several years, driven, in part, by a higher incidence of comorbidities and chronic inflammatory and degenerative conditions, including osteoarthritis.

Spinal fusion, the leading application for bone fusion surgeries in the United States, involves the use of grafting material to cause two vertebrae to grow together into one. In the United States in 2019, medical facilities performed 695,000 spinal fusion surgeries, of which approximately 400,000 were lumbar operations. Lower extremity applications, including ankle arthrodesis, or surgical immobilization of a joint by fusion of the adjacent bones, now represent a bone fusion market of approximately 165,000 fusions. With improving fixation methods, success rates have improved across these applications.

Limitations of Existing Solutions

Although success rates for orthopedic and spinal fusion have improved, inadequate bone healing remains one of the leading causes of failure for any fusion procedure. Fusion is especially challenging in patients who have underlying healing deficiencies because of such comorbidities as diabetes and obesity.

The addition of a bone material to sites of fixation for repair of defects or for creating fusion acts synergistically with hardware devices to enhance and accelerate the achievement of boney union. Autologous bone, which is harvested from the patient, is considered the gold standard for bone fusions. However, obtaining sufficient autologous material may not always be possible, may not yield good quality material, may cause donor site morbidity and pain and has an additional cost associated with its harvest.

Bone morphogenetic protein-2, or BMP-2, is currently the only FDA-approved osteoinductive growth factor for use as a bone graft substitute. However, with increasing clinical use of BMP-2, a growing and well-documented side effect profile has emerged. This profile includes postoperative inflammation and associated adverse effects, bone formation in unusual locations, bone resorption and inappropriate formation of fat cells.

Human graft products, sourced from a different individual than the patient receiving the tissue, are called allografts. These allograft products are typically processed using techniques that damage the extracellular matrix and induce cellular apoptosis, which results in premature cellular death. This cellular death results in less cells, prevents osteogenic differentiation and impedes the activity of osteoblasts, cells which form new bone. Synthetic materials and damaged allogenic bone lack or have diminished osteogenic properties.

Our Solution

Our bone regenerative products are processed by a proprietary method designed to protect and preserve the native bone cells (osteogenic) needed for bone formation and to decelerate cell apoptosis. Our products, besides being osteogenic, are also osteoinductive (ability to recruit cells and to signal the need for bone formation) and osteoconductive (three-dimensional scaffold appropriate for bone formation). These products, which have handling properties that support their placement by the surgeon and their integration with the patient's bone, are intended for use in patients mainly receiving orthopedic and spinal implants to enhance the bone repair process and include FiberCel, ViBone and OsteGro V, all of which are viable, cellular bone matrices.

FiberCel is a fiber-based bone repair product made from human tissue and engineered to be like natural tissue. It is marketed for use in orthopedic or reconstructive bone grafting procedures in combination with autologous bone or other forms of allograft bone or alone as a bone graft. FiberCel provides handling properties that are critical for use as a bone void filler in various orthopedic and spinal procedures. FiberCel contains cancellous bone particles with preserved living cells and demineralized cortical bone fibers to facilitate bone repair and healing.

ViBone is a particle-based bone repair product designed to perform and handle in a manner similar to an autograft and is marketed for use as allograft bone. ViBone contains cancellous and demineralized cortical bone particles.

OsteGro V, our newest product, leverages our proprietary process designed to protect and preserve native bone cells. OsteGro V is marketed for use for the repair, replacement or reconstruction of bone defects and contains cancellous bone particles as well as demineralized cortical bone particles and fibers designed to enhance product handling.

Products	Description	Regulatory Pathway
FiberCel, ViBone, and OsteGro V 	Allografts that perform and handle similarly to an autograft as a result of proprietary processing designed to protect the tissue environment and the cells	HCT/Ps

Development Pipeline

We are currently developing new bone fusion and repair products that offer features that we believe are either an improvement to currently available technologies or offer new features or enhancements, such as improved delivery or handling properties. These products are currently in development, and we expect these products to be regulated by the FDA as HCT/Ps.

Commercial Approach

Our commercial approach to the orthopedic/spinal repair market has been to leverage commercial partners with existing sales and marketing infrastructure in these areas, while we focus on research and development and the manufacturing of products. We currently have agreements in place with Medtronic, which acts as our commercial partner for FiberCel, and Surgalign Holdings, which acts as our commercial partner for ViBone. Under the terms of those agreements, Medtronic and Surgalign Holdings purchase products from us at specified prices and resell such products in the United States to the primary customers, which are hospitals and other healthcare facilities. We fulfill all orders from Medtronic and Surgalign Holdings by shipping these products directly to these hospitals and other healthcare facilities. We have several sales agreements with other commercial partners for OsteGro V, serving the orthopedic, spinal and dental markets.

Soft Tissue Reconstruction Market

Market Opportunity

According to certain third-party estimates, there were more than 100,000 procedures in the United States in 2019 using biologic matrices for plastic and reconstructive surgery, which constituted an approximately

$500 million market. Such surgery is performed to treat structures of the human body that are affected aesthetically or functionally due to defects, abnormalities, trauma, infection, burns, tumors or disease. Plastic and reconstructive surgery is generally performed to improve function and ability, but it may also be performed to achieve a more natural appearance of the affected anatomical structure. Clinical practice of plastic and reconstructive surgery includes excision of tumors of the skin, vasculature, chest, oral and oropharyngeal cavities and extremities and reconstructions of the same; debridement, skin grafting and skin flaps for burn reconstructions; trauma surgery for the hands, upper and lower limbs and facial region; congenital or acquired malformations related to the hands, face, skull and jaw; surgical removal of vascular abnormalities; a range of aesthetic surgeries; and reconstructions of the breast, which is one of the most common applications of biologic matrices.

Limitations of Existing Solutions

Autologous tissue repair procedures are options for stabilizing soft tissue defects in various applications. However, these methods have limitations. The procedure may not be surgically feasible or the patient may decline its use. In addition, autologous tissue reconstruction may cause complications, such as infection, extended recovery and healing time, loss of sensation or weakness at the donor site and prolonged time under anesthesia during surgery.

Synthetic products provide a substitute when autologous reconstruction is not feasible or desired. Yet, they too have their limitations. Implantation of products not recognized by the body as “self” may trigger a foreign body reaction. The result of this signaling cascade is encapsulation of the foreign body in fibrotic tissue, which may impede tissue healing and cause pain or other complications. Other major issues are damage to the surrounding soft tissue, altering of the mechanical properties or appearance of the original tissue and increased risk of infection. Active infections are also typically a contraindication to using a synthetic graft.

HADM products offer an “off the shelf” biologic choice for reconstructive procedures, but they have their own limitations. The use of harsh chemicals to remove the cells can damage the extracellular matrix. The products can lack uniformity as determined by pliability in each direction, elasticity and non-uniform thickness. Such issues can affect how rapidly and the extent to which the implant is integrated, as well as the resulting tissue strength. In addition, there is a limited availability in larger sizes for some of these products.

Our Solution

SimpliDerm was designed to offer improved biocompatibility and better functioning in the patient. It is marketed for use for the repair or replacement of damaged or insufficient integumental tissue or for the repair, reinforcement or supplemental support of soft tissue defects or any other homologous use of human integument. SimpliDerm a pre-hydrated, HADM manufactured with our patented cell removal technology, a process that maintains the biological and structural integrity of the tissue’s extracellular matrix components and is designed to allow for rapid integration, cellular repopulation and revascularization at the surgical site. Its structurally intact extracellular matrix is designed to closely resemble that which occurs naturally.

Product	Description	Regulatory Pathway
SimpliDerm 	Hydrated human acellular dermis designed to be used for repair or replacement of damaged or inadequate integumental tissue	HCT/P

Development Pipeline

One of the most common applications of biologic matrices in plastic and reconstructive surgery is breast reconstruction surgery during or after mastectomy. Mastectomy is a method of tumor removal for breast cancer in which all breast tissue, including the cancerous cells, is surgically removed. In the United States in 2019, there were more than 100,000 post-mastectomy breast reconstructions, of which

approximately 68% were bilateral operations, that is, both breasts were reconstructed. Breast reconstruction surgery is a surgical procedure generally used to restore a breast to near normal shape and appearance, following a mastectomy, and can be performed using either a prosthetic breast implant, referred to as implant-based reconstruction, or the patient's own tissue, referred to as autologous reconstruction. Additional reconstructive surgeries may be required following the initial breast reconstruction, including breast lift, also known as mastopexy, or breast revision surgery, in which the surgeon adjusts the position and shape of the breast.

In 2019, plastic surgeons used HADMs in approximately 66,000 women (approximately 109,000 breasts). The use of these materials is well-characterized in the clinical literature and recommended by recent U.S. and European consensus guidelines for certain surgical techniques. However, as of June 2020, no biologic matrix or any other soft tissue reinforcement material, including our product, has been approved or cleared by the FDA specifically for use in breast reconstruction surgery.

Breast implants are generally placed below the pectoral muscle, known as subpectoral positioning. This approach has limitations, such as decreased arm strength, muscle spasms, animation deformities, implant movement and pain. Changes in mastectomy techniques, including the preservation of more sub-dermal tissue on skin flaps, as well as advances in fat grafting and the availability of acellular dermal matrix, or ADM, for augmenting the tissue pocket have all created the opportunity to place the implant above the pectoral muscle, known as prepectoral positioning, and, in doing so, address complications arising from subpectoral placement. While the use of ADM is a key enabler for these prepectoral procedures, the sizes of ADMs required for these procedures may be three to four times the magnitude used for subpectoral reconstructions, exposing the patient to greater quantities of ADM and adding proportional additional expense to the procedure. Our goal is to develop SimpliDerm for these prepectoral procedures in larger size pieces with possibly reduced production costs. In addition, we plan to engage in discussions with the FDA regarding an Investigational Device Exemption, or IDE, clinical study protocol to study the safety and effectiveness of our SimpliDerm product, with the goal of obtaining FDA approval for use in prepectoral procedures.

Commercial Approach

SimpliDerm is sold through our direct sales force and independent sales agents to plastic and reconstructive surgeons. We ship the product directly to hospitals.

Our Non-Core Products: Contract Manufacturing

We fulfill tissue processing contracts through our contract manufacturing services at our Richmond, California facility in order to utilize as much as possible of the starting human biological material from which we produce our core orthopedic/spinal repair and soft tissue reconstruction products, leverage our existing overhead and improve our cash flow. The resulting processed materials, including particulate bone, precision milled bone, cellular bone matrix, acellular dermis and other soft tissue products, are sold to medical/surgical companies as finished products and as a subcomponent of their products. Additionally, we process amniotic membrane as finished product for select customers. We have multiple customers for most of our products and, as of June 30, 2020, more than 80% of our contracts were for a period of time of two years or more. We are seeking to increase our contract manufacturing sales with the goal that no one customer constitutes a predominate portion of our sales, that the average customer purchases numerous products and that the contracts are for multi-years. For the year ended December 31, 2019, our net sales from contract manufacturing was approximately $12.0 million, representing approximately 27.9% of our total net sales.

Clinical Data

We have accumulated a substantial body of clinical and pre-clinical data for our Core Products. We believe that the reported outcomes from our studies help to differentiate our Core Products in the marketplace.

Implantable Electronic Device

Pre-clinical Studies

In a pre-clinical rabbit model, the CanGaroo envelope was more successful in providing a barrier surrounding a cardiovascular implantable electronic device, or CIED, compared to a pacemaker canister

alone. Substantial tissue ingrowth was observed in the CanGaroo envelopes, which were observed to promote stabilization of the device when compared to implantation with only standard fixation methods, such as sutures through the CIED header or no fixation at all.

Clinical Studies

To evaluate our CanGaroo envelope, we have conducted two post-market studies involving 1,122 patients. We are also conducting a retrospective study of approximately 600 patients, and are planning to initiate an additional 30-patient retrospective study in the near term.

SECURE Study

The SECURE Study was a prospective, single arm, observational, post-market study assessing patients who underwent the implantation of a CIED in a CanGaroo envelope. The endpoints of the study were to determine: (a) the proportion of patients with CanGaroo-related adverse events and (b) the incidence of major infections observed in the pocket. A total of 1,026 patients were enrolled at 39 centers. The mean number of risk factors for CIED complications was 2.2 and the most common risk factors included congestive heart failure, obesity, device replacement/revision, diabetes and use of an oral systemic anticoagulant. There were 16 patients categorized as having had possible (n=14, 1.4%) and probable (n=2, 0.2%) CanGaroo-related events. Fourteen (1.4%) were in the former and two (0.2%) were in the latter category. The specific treatment-related adverse events included the following: one fever (0.1%); five hematomas (0.5%); one implantable cardiac device pocket erosion (0.1%); one pain (0.1%); four major pocket infections (0.4%); one superficial cellulitis (0.1%); and three superficial CIED infections (0.3%). In the total study population, twelve (1.2%) patients developed a major pocket infection. Even though migration was not an endpoint in the study, no such events were reported.

A total of 231 patients received CanGaroo envelopes hydrated in an antibiotic solution containing gentamicin. The hydration solution was not recorded for nine patients enrolled in the study. The remaining 786 patients received a CanGaroo envelope hydrated in saline alone or with another antibiotic. A post-hoc, subgroup analysis of the SECURE Study data prepared for the 2020 Heart Rhythm Society scientific sessions showed that after a mean follow-up time of 267 ± 180 days, the pocket infection rate was 0% in subjects with envelopes hydrated in a solution containing gentamicin (n = 73) and 0.6% in the subset of patients who received envelopes hydrated only with saline (n = 160).

We believe these results provide evidence supporting the safety of the CanGaroo envelope when used for the implantation of CIEDs in humans.

CARE Study

The CARE Study was a retrospective, consecutive case series, post market study. Data from 96 consecutive patients, who underwent simultaneous CIED and CanGaroo envelope implantation at a single institution, were retrospectively reviewed for the occurrence of CIED-related complications and infection over a three-month follow-up period of time. All envelopes were hydrated using sterile saline prior to implantation. The most common risk factors among enrolled patients included systemic anticoagulants, obesity, diabetes, congestive heart failure and renal insufficiency.

After a mean follow-up time of 98 ± 64 days, five patients (5.2%) developed a hematoma requiring intervention, and one patient (1.1%) developed a pocket infection. None of these events were deemed to be related to the CanGaroo envelope.

The low rates of CanGaroo envelope complications observed in the CARE Study support the safety of the product when used in a human CIED implantation.

CARE Plus Study

The recently initiated CARE Plus Study is an ongoing retrospective cohort study of the outcomes in patients who received a CanGaroo envelope, Medtronic's synthetic TYRX envelope or no envelope during their CIED implantation. Planned assessments will evaluate adverse patient outcomes and any adverse events that occurred following implantation. The study is being conducted at a single site with an estimated 600 patients to be evaluated.

HEAL Study

The HEAL Study is a planned, retrospective cohort study of 30 CIED patients who are presenting for their latest reoperation after a previous implantation. Patients evaluated in the study will be from one of three cohorts based on whether a CanGaroo envelope, Medtronic's synthetic TYRX envelope or no envelope was used during the prior implantation. At reoperation, the current implant pockets of the patients will be examined and compared by a blinded histological biopsy and visually by using photographs.

Orthopedic/Spinal Repair

Pre-clinical Studies

In vitro and in vivo characterization studies were conducted to compare whether the manufacturing processes for our viable bone matrices improve certain product characteristics versus traditional viable bone matrix manufacturing processes. The characteristics evaluated addressed the three key elements for bone formation: osteogenesis, osteoconduction and osteoinduction. The assays included those for apoptosis, cell proliferation, osteogenic potential and osteoinduction, as well as for specific bone morphogenic proteins, bone formation factors, alkaline phosphatase and chemotaxis. Compared to viable bone matrices prepared with traditional processing methods, our viable bone matrices were superior in all of the characteristics examined, including less cell death. For example, ViBone exhibited 58% less apoptosis and had a 2.1-fold greater cell proliferation capability as compared to allografts processed by traditional methods. The cells from ViBone produced increased levels of the bone forming protein markers osteocalcin (20%), osteopontin (50%) and collagen type 1 (40%), when incubated in osteogenic cell culture media, compared to traditionally processed allografts, suggesting greater osteogenic potential. ViBone was tested for osteoinductive properties and was observed to have 9.1-fold higher levels of bone morphogenic protein 2 and 3.8-fold higher levels of bone morphogenic protein 7 than traditionally processed allografts. Additional growth factor testing for ViBone demonstrated higher amounts of transforming growth factor beta 1 (10.8-fold); insulin-like growth factor 1 (9.5-fold); and basic fibroblast growth factor (4.1-fold). An alkaline phosphatase, or ALP, assay was used as an indicator to determine cellular activity after exposure to C2C12 cells, which are model cells used for evaluating differentiation to bone forming cells. The ALP activity of cells exposed to ViBone was 6.1-fold greater than traditionally processed allografts. Also, there was a 1.9-fold increase in chemotaxis, or stem cell migration, toward ViBone as compared to traditionally processed allografts, supporting ViBone's enhanced osteoinductive properties. In order to evaluate the osteoinductivity in vivo, ViBone was implanted in athymic rats. At 28 days, new bone formation was observed.

Clinical Studies

A prospective, post-market clinical study was conducted to evaluate outcomes in patients undergoing cervical or lumbar interbody fusion surgery using ViBone. Fifty patients were enrolled in the cervical and lumbar groups and followed for 12 months post-procedure. An interim analysis was conducted on the first eight subjects who underwent cervical fusion and completed their 12-month visit. This study is ongoing and interim results showed a decrease in neck pain compared to the baseline. For the patients reviewed as of September 30, 2019, all patients displayed either fusion or probable fusion at the surgery site.

As of September 30, 2019, investigators had published the interim analysis for eight patients. Two subjects underwent a single-level procedure, and six subjects underwent multiple-level procedures, totaling 14 levels of treatment. The average reduction in neck pain at 12 months versus baseline was 46.1% for subjects who underwent a single-level procedure and 36.1% for subjects who underwent multiple-level procedures, each as measured by the Neck Disability Index and the Visual Analog Scale. The X-rays showed that 10 out of 14 levels displayed solid fusion. The other four levels showed probable fusion. There were no reports of serious device- or procedure-related adverse events.

Soft Tissue Reconstruction

Pre-clinical Studies

In vitro studies were conducted to evaluate and compare SimpliDerm to native human dermis and two other commercially available HADMs, in terms of morphological structure, composition, physical characteristics and chemical and thermal stability. Histological slides of SimpliDerm and native dermal matrix were prepared for microscopic examination, using hematoxylin and eosin, or H&E, Verhoff-Van

Gieson, or VVG, and collagen type IV stains. Stained samples of SimpliDerm retained the collagen structure (density and orientation), elastin, blood vessels and basement membrane complex that was observed in the native dermal matrix. Transmission electron microscopy demonstrated intact collagen fibril structures in native dermis and SimpliDerm, supporting the conclusion that the decellularization process used to produce SimpliDerm did not damage the ultrastructural architecture of the collagen matrix.

Additional testing was performed that compared the properties of SimpliDerm, AlloDerm RTU and DermACELL to native Dermis. These tests included Glycosaminoglycan content, matrix protein stability and differential scanning calorimetry. The glycosaminoglycan content of SimpliDerm and Alloderm RTU was similar, with a substantial reduction in the amount of glycosaminoglycans observed in DermACELL. Matrix protein stability was evaluated by determining acid-soluble collagen content and by performing collagenase degradation on the product samples. SimpliDerm was closest to native dermal matrix in both acid-soluble collagen content and collagenase degradation. Differential scanning calorimetry was performed on the samples, and SimpliDerm and AlloDerm RTU were equivalently close to native dermis, while DermACELL showed the largest difference. The combined testing indicates that SimpliDerm had a structurally intact matrix that was closest overall to native human dermis among the HADMs evaluated.

In addition, a non-human primate study was conducted evaluating the ability of SimpliDerm and AlloDerm RTU to regenerate host tissue two weeks, four weeks and three months after implantation. Explanted samples were subjected to analysis that included histology, growth factor analysis and gene expression characterization. H&E and VVG stains and staining for macrosialin, or CD68, were used to prepare tissue samples for microscopic observation. AlloDerm RTU samples demonstrated faster implant degradation and cell infiltration, and more inflammatory cells than SimpliDerm. Growth factor analysis of samples for tumor necrosis factor, an indicator for an inflammatory environment, was higher for AlloDerm RTU than SimpliDerm at three months. Gene expression analysis was performed for samples at all time points. Markers for evidence of an inflammatory response to the implants, including collagen synthesis, vascularization, fibrosis, myofibroblast presence and collagen crosslinking, were analyzed and compared. AlloDerm RTU was found to exhibit higher amounts of these inflammatory response markers. The histology, growth factor testing and gene expression data support the conclusion that compared to AlloDerm RTU, SimpliDerm showed less acute and chronic inflammation and less fibrosis, leading to a pro-remodeling microenvironment that promoted tissue repair and regeneration by three months post-implantation.

Clinical Studies

Currently, we are collecting clinical data in an Investigational Review Board, or IRB, approved, retrospective, multi-center study evaluating patients who have undergone breast reconstruction post-mastectomy with SimpliDerm and patients receiving other HADMs. These data will inform us as to the design of future clinical feasibility and pivotal studies to support potential regulatory applications for a breast reconstruction indication for SimpliDerm.

Competition

We operate in highly competitive markets that are subject to rapid technological change. Success in these markets depends primarily on product efficacy, ease of product use, product price, availability of payor coverage and adequate third-party reimbursement, customer support services for technical, clinical and reimbursement support and customer preference for, and loyalty to, the products.

We believe that the demonstrated clinical efficacy of our products, the breadth of our product portfolio, our in-house customer support services, our customer relationships and our reputation offer us advantages over our competitors.

Our Core Products compete primarily with implantable electronic device envelopes and other cardiovascular repair products, other orthobiologics and human-derived acellular dermis products. The CanGaroo envelope competes with the synthetic envelope TYRX from Medtronic. ProxiCor, Tyke and VasCure compete with bovine pericardium produced by numerous companies, including Gore's Goretex and Terumo's Vascutek. FiberCel, ViBone and OsteGro V compete with other viable bone matrices, such as Smith & Nephew's Bio4, MTF's Trinity ELITE, NuVasive's OsteoCel, Vivex Biologics' VIA Graft and LifeNet Health's ViviGen. SimpliDerm competes primarily against human-derived acellular dermis matrix meshes, including AbbVie's AlloDerm, Surgalign Holdings' Cortiva, Stryker's DermACELL and

Ethicon's FlexHD. SimpliDerm also competes against animal-derived biological mesh products, such as AbbVie's Strattice and Integra's SurgiMend, as well as various synthetic mesh products.

We also compete in the marketplace to recruit and retain qualified scientific, management and sales personnel, as well as to acquire technologies and technology licenses complementary to our products or advantageous to our business.

Our competitors' products in the soft tissue repair market have been approved and available for use for multiple years. During this time, private payors have developed policies for coverage based on available data and literature. Third-party payors generally do not currently cover SimpliDerm or procedures using SimpliDerm.

We are aware of several companies that compete, or are developing technologies, in our current and future product areas. As a result, we expect competition to remain intense. Our ability to compete successfully will depend primarily on our ability to develop proprietary products that reach the market in a timely manner, are used in procedures that receive adequate payor coverage and reimbursement, are cost-effective, and are safe and effective, as well as our reputation in the market and success of our sales strategy. See "Risk Factors — Risks Related to Our Business — We face significant and continuing competition from other companies, some of which have longer operating histories, more established products and/or greater resources than we do, which could adversely affect our business, financial condition and results of operations."

Sales and Marketing

We have dedicated substantial resources to establishing a multi-faceted sales and marketing organization in the United States. We sell CanGaroo in the United States using our direct sales force and our commercial partners, Boston Scientific and Biotronik, which act as sales agents, marketing CanGaroo and obtaining orders, and give us access to approximately 1,400 sales representatives and clinical specialists to further expand our footprint and accelerate our sales. Under the terms of these agreements, Boston Scientific and Biotronik receive a commission equal to a specified dollar amount per unit sold. Our additional cardiovascular products, ProxiCor, Tyke and VasCure, are sold using our direct sales force and other independent sales agents. Our commercial approach to the orthopedic/spinal repair market has been to leverage commercial partners with existing sales and marketing infrastructure in these areas, while we focus on research and development and the manufacturing of products. We currently have agreements in place with Medtronic, which acts as our commercial partner for FiberCel, and Surgalign Holdings, which acts as our commercial partner for ViBone. Under the terms of these agreements, Medtronic and Surgalign Holdings purchase products from us at a specified price and resell such products in the United States to the primary customers, which are hospitals and other healthcare facilities. We fulfill all orders from Medtronic and Surgalign Holdings by shipping these products directly to these hospitals and healthcare facilities. We have several sales agreements with other commercial partners for OsteGro V. SimpliDerm, our soft tissue reconstruction product, is sold using our direct sales force and independent sales agents. As of June 30, 2020, we had 27 direct sales representatives who focus on gaining additional market access and driving market penetration, not only by selling our products, but also, where appropriate, by managing our commercial partners and providing technical assistance for selling our products. These sales representatives are supported by teams of professionals focused on sales management, sales operations, ongoing training, analytics and marketing.

We have historically focused our market development and commercial activities primarily in the United States. However, we have obtained marketing registrations, developed commercial and distribution capabilities and are currently selling CanGaroo and cardiovascular products in several countries outside of the United States. Independent sales agents in Argentina, Australia, the European Economic Area, the European Union, Latin America, Kuwait, Mexico and Saudi Arabia sell our products. Sales generated in the United States represented greater than 95% of our net sales in 2019.

Research and Development

Our research and development team has extensive experience in developing regenerative medicine products and works to design products that are intended to improve patient outcomes, simplify techniques, shorten procedures, reduce hospitalization and rehabilitation times, and, as a result, reduce costs. We have recruited and retained staff with significant experience and skills, gained through both industry

experience and training at leading colleges and universities with regenerative medicine graduate programs. In addition to our internal staff, our external network of development laboratories, testing laboratories and physicians aids us in our research and development process.

Manufacturing and Suppliers

We manufacture our orthopedic/spinal repair and soft tissue reconstruction products in our Richmond, California facility. We manufacture CanGaroo and our cardiovascular products in our Roswell, Georgia facility and use Cook Biotech as our sole porcine tissue supplier for these products. We have significant expansion capabilities in our in-house manufacturing facilities. Cook Biotech has previously successfully expanded and, we believe, is well-positioned to support future expansion. However, they are our sole source, and we cannot guarantee that an interruption in supply will not occur. If necessary, we could engage an alternate supplier or set-up, validate and gain regulatory authorization to manufacture these products in our own facilities, although it would require significant time, expense and regulatory clearance.

We have robust internal compliance processes to maintain the high quality and reliability of our products. We use annual internal audits, combined with external audits by regulatory agencies and commercial partners to monitor our quality control practices. Our Roswell, Georgia and Richmond, California facilities are registered with the FDA as medical device and human cell and tissue manufacturing establishments, respectively. We are also accredited by the American Association of Tissue Banks, or AATB, and are licensed with several states per their tissue bank regulations.

We use third-party suppliers to support our internal manufacturing processes. We select our suppliers through a rigorous process to ensure high quality and reliability with the capacity to support our expanding production levels. Only raw material from approved suppliers is used in the manufacture of our products. To confirm quality and identify any risks, our approved suppliers are audited annually. To date, we have not experienced any significant difficulty locating and obtaining the suppliers or materials necessary to fulfill our production requirements.

Manufacture of all of our products is dependent on the availability of sufficient quantities of source tissue, which is the primary component of our products. Source tissue includes donated human tissue and porcine tissue. We acquire donated human tissue directly through tissue procurement firms engaged by us. Cook Biotech, our sole porcine tissue supplier, is registered with the FDA and ISO 13485 certified. Our processing of these tissues is, and our supplier sources are required to be, compliant with applicable FDA current Good Tissue Practice, or cGTP, regulations, AATB standards, international standards and U.S. Department of Agriculture, or USDA, requirements.

Intellectual Property

We rely on a combination of patents, trademarks, confidentiality agreements and security procedures to protect our proprietary products, preservation technology, trade secrets and know-how. We believe that our patents, trade secrets, trademarks and technology licensing rights provide us with important competitive advantages. We have also obtained additional rights through license agreements for additional products and technologies. As of June 30, 2020, we owned approximately 22 U.S. patents and seven U.S. patent applications and one foreign patent (in Australia) and five foreign patent applications (in Thailand, Hong Kong and India, as well as applications with the European Patent Office and the World Intellectual Property Organization), and we in-licensed three U.S. and four foreign patents (in Australia, Canada, Japan and Europe) and two U.S. and two foreign patent applications (in China, as well as an application with the European Patent Office). Our owned patent portfolio includes 11 U.S. patents and two U.S. patent applications that relate to our technology for CanGaroo, including issued claims covering biological envelopes and pending claims covering their use. In addition, we own one patent that relates to our technology for SimpliDerm that claims a method of preparing an acellular dermal matrix. Excluding any patent term adjustment or patent term extension, our issued patents relating to our technology for CanGaroo are anticipated to expire in 2027 and our issued patent that relates to our technology for SimpliDerm is anticipated to expire in 2033. There can be no assurance that any patent applications pending will ultimately be issued as patents. We do not own or in-license any patents or patent applications covering our other products.

As with other medical device and regenerative medicine companies, our ability to maintain and solidify our proprietary and intellectual property position for our product candidates will depend on our success

in obtaining effective patent claims and maintaining and enforcing claims that are granted. However, our owned and licensed patents could be invalidated or narrowed or otherwise fail to adequately protect our proprietary and intellectual property position and our pending owned and licensed patent applications, and any patent applications that we may in the future file or license from third parties may not result in the issuance of patents.

In addition, the term of individual issued patents depends upon the legal term for patents in the countries in which they are obtained. In most countries in which we have filed, including the United States, the patent term is 20 years from the earliest filing date of a non-provisional patent application. The life of a patent, and the protection it affords, is therefore limited and once the patent life of our issued patents have expired, we may face competition, including from other competing technologies. The term of a patent that covers a drug or biological product may also be eligible for patent term extension when FDA approval is granted for a portion of the term effectively lost as a result of the FDA regulatory review period, subject to certain limitations and provided statutory and regulatory requirements are met. Any such patent term extension can be for no more than five years, only one patent per approved product can be extended, the extension cannot extend the total patent term beyond 14 years from approval, and only those claims covering the approved drug or biological product, a method for using it or a method for manufacturing it may be extended. We may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process, fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. In the future, we expect to apply for patent term extensions on certain issued patents covering our products, depending upon the length of the clinical trials for each product and other factors. There can be no assurance that we will benefit from any patent term extension or favorable adjustment to the term of any of our patents. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. For more information, see “Risk Factors — Risks Related to Intellectual Property”.

As of June 30, 2020, we had 19 registered trademarks and one pending trademark application worldwide, including trademark registrations for “Aziyo,” “CanGaroo,” “ProxiCor,” “Tyke,” “VasCure,” “FiberCel,” “ViBone,” “OsteGro” and “SimpliDerm” in the United States, and trademark registrations for CanGaroo in the European Union and Japan. Our agreement with Medtronic grants them an exclusive license to use the “FiberCel” name and associated trademarks in the United States during the term of the agreement. The agreement also grants to Medtronic the exclusive right to purchase all worldwide rights (including registrations) to the “FiberCel” name and associated trademarks upon the expiration or termination of the agreement on the terms and subject to certain conditions set forth therein.

We have confidentiality agreements with our employees, consultants, independent sales agents and third-party vendors to maintain the confidentiality of our trade secrets and proprietary information. There can be no assurance that the obligations of our employees, consultants, independent sales agents and third-parties, with whom we have entered into confidentiality agreements, will effectively prevent disclosure of our confidential information or provide meaningful protection for our confidential information if there is unauthorized use or disclosure, or that our trade secrets or proprietary information will not be independently developed by our competitors. See “Risk Factors — Risks Related to Intellectual Property” for additional information regarding these and other risks related to our intellectual property portfolio and their potential effect on us.

License Agreement with Cook Biotech

On May 31, 2017, we entered into a license agreement, which we refer to as the Cook License Agreement, with Cook Biotech Incorporated, or Cook Biotech, under which Cook Biotech granted to us an exclusive worldwide sublicensable license under certain licensed patents to make, have made, use, offer for sale, sell and import CorMatrix ECM for Pericardial Closure, CorMatrix ECM for Cardiac Tissue Repair, CorMatrix ECM for Carotid Repair, CorMatrix ECM for Vascular Repair, TYKE Patch, Pledget and Intracardiac, and CanGaroo ECM Envelope (into which implantable cardiac pacemaker or defibrillator devices are to be inserted) in certain fields of use related to our business. Cook Biotech retained certain co-exclusive rights to the CorMatrix ECM for Vascular Repair. The Cook License Agreement was amended on December 21, 2017 to expand our field of use for SIS pouch devices to include other implantable

electronic cardiac stimulation devices, electronic neurostimulation devices for deep brain stimulation, spinal nerve and sacral nerve stimulation to relieve chronic pain and nerve stimulation to control bladder, digestive, abdomen and bowel movements, and also add additional payment requirements.

Under the Cook License Agreement, we agree to use commercially reasonable efforts to promote, solicit and expand the licensed products in our fields of use. We are subject to a minimum purchase requirement for the SIS ECM for the fields of use added in connection with the December 21, 2017 amendment, or the Subfields, and certain diligence obligations for commercial sales in the Subfields. The license requires that we order and pay for a minimum of at least $500,000 of SIS ECM per calendar year for use in the Subfields. Cook Biotech has the right to terminate the license granted to us in the Subfields or convert such license to a non-exclusive license, if we fail to comply with such minimum purchase requirement or diligence obligations. We have the first right, but not the obligation to initiate legal proceedings against any patent infringement in our fields of use by a third-party product that is the same as one of the licensed products.

Under the Cook License Agreement and SIS Material Supply Agreement, Cook Biotech is the exclusive supplier of the SIS ECM used in the licensed products. Under certain circumstances we will have the right to manufacture the SIS ECM used in the licensed products, provided that in such cases we are required to pay Cook Biotech a low single digit royalty on net sales of the licensed products that include the SIS ECM material manufactured by us and that are covered by a valid enforceable claim of a licensed patent.

As consideration for the license, we paid Cook Biotech a $200,000 license fee in 2018 and a $100,000 license fee in 2019, and are responsible for a yearly license fee of $100,000 until 2026. Upon a change in control transaction, which includes an acquisition of 50% or more of our then outstanding capital stock, we will be responsible to pay Cook Biotech the total amount of all license fees that have not yet been paid within a specified period after the consummation of such change in control transaction.

The Cook License Agreement continues in effect until the date of expiration of the last to expire of the licensed patents, including any renewals or extensions. The expiration date for the last to expire of the licensed patents is currently expected to be 2031 (excluding any patent term adjustments or extensions). Either party may terminate the Cook License Agreement for any material breach by the other party uncured within a specified period. In addition, the Cook License Agreement terminates automatically if we no longer possess the rights to the licensed products sold by CorMatrix related to the CorMatrix Acquisition. Cook Biotech has the right to terminate the Cook License Agreement in its entirety, or convert the exclusive license of any field of use to a non-exclusive license if we fail to make any license fee when due.

Regulatory Matters

Government Regulation

Our products and our operations are subject to extensive regulation by the FDA and other federal and state authorities in the United States, as well as comparable authorities in any foreign jurisdictions in which we market our products. In the United States, our products are subject to regulation as medical devices under the Federal Food, Drug, and Cosmetic Act, or FDCA, or as biological products or HCT/Ps under the Public Health Service Act, or PHSA, each as implemented and enforced by the FDA. The FDA and other United States and foreign governmental agencies regulate, among other things, the development, design, nonclinical and clinical research, manufacturing, safety, efficacy, labeling, packaging, storage, installation, servicing, recordkeeping, premarket clearance or approval, import, export, adverse event reporting, advertising, promotion, marketing and distribution, and import and export of medical devices and biological products to ensure that such products distributed domestically are safe and effective for their intended uses and otherwise meet the requirements of the FDCA or PHSA.

FDA Premarket Clearance and Approval Requirements

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) premarket notification, or approval of a premarket approval, or PMA, application. Under the FDCA, medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices

with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the Quality System Regulation, or QSR, facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents.

While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified, but are subject to FDA's premarket notification and clearance process in order to be commercially distributed.

510(k) Clearance Marketing Pathway

Certain of our ECM products are subject to premarket notification and clearance under section 510(k) of the FDCA. To obtain 510(k) clearance, a product sponsor must submit to the FDA a premarket notification submission demonstrating that the proposed device is "substantially equivalent" to a predicate device already on the market. A predicate device is a legally marketed device that is not subject to premarket approval, i.e., a device that was legally marketed prior to May 28, 1976 and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. The FDA's 510(k) clearance process usually takes from three to twelve months, but often takes longer. The FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence. In addition, FDA collects user fees for certain medical device submissions and annual fees and for medical device establishments. If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the "*de novo*" process, which is a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval or *de novo* reclassification. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k), *de novo* request or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or until PMA approval is obtained or a *de novo* request is granted. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in November 2018, FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals included plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. In May 2019, the FDA solicited public feedback on these

proposals. The FDA requested public feedback on whether it should consider certain actions that might require new authority, such as whether to sunset certain older devices that were used as predicates under the 510(k) clearance pathway. These proposals have not yet been finalized or adopted, and the FDA may work with Congress to implement such proposals through legislation.

More recently, in September 2019, the FDA finalized guidance describing an optional "safety and performance based" premarket review pathway for manufacturers of "certain, well-understood device types" to demonstrate substantial equivalence under the 510(k) clearance pathway by showing that such device meets objective safety and performance criteria established by the FDA, thereby obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA intends to develop and maintain a list of device types appropriate for the "safety and performance based" pathway and will continue to develop product-specific guidance documents that identify the performance criteria for each such device type, as well as the testing methods recommended in the guidance documents, where feasible.

PMA Approval Pathway

Class III devices require PMA approval before they can be marketed, although some pre-amendment Class III devices for which FDA has not yet required a PMA are cleared through the 510(k) process. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective, and the PMA must be supported by extensive data, including data from pre-clinical studies and human clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities, and controls used for manufacturing, and proposed labeling. Following receipt of a PMA, the FDA determines whether the application is sufficiently complete to permit a substantive review. If FDA accepts the application for review, it has 180 days under the FDCA to complete its review of a PMA, although in practice, the FDA's review often takes significantly longer, and can take up to several years. An advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. The FDA may or may not accept the panel's recommendation. In addition, the FDA will generally conduct a pre-approval inspection of the applicant or its third-party manufacturers' or suppliers' manufacturing facility or facilities to ensure compliance with the QSR.

The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s). The FDA may approve a PMA with post-approval conditions intended to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution, and collection of long-term follow-up data from patients in the clinical study that supported PMA approval or requirements to conduct additional clinical studies post-approval. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and efficacy data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval.

Certain changes to an approved device, such as changes in manufacturing facilities, methods, or quality control procedures, or changes in the design performance specifications, which affect the safety or effectiveness of the device, require submission of a PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant that a new generation of the device will be developed, and the data that were submitted with the original PMA are not applicable for the change in demonstrating a reasonable assurance of safety and effectiveness.

None of our products are currently marketed pursuant to a PMA, though we may decide to seek a PMA for our SimpliDerm product for use in breast reconstruction indications.

Clinical Trials

Clinical trials are almost always required to support a PMA and are sometimes required to support a 510(k) submission. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA's IDE regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk," to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. If the device under evaluation does not present a significant risk to human health, then the device sponsor is not required to submit an IDE application to the FDA before initiating human clinical trials, but must still comply with abbreviated IDE requirements when conducting such trials. A significant risk device is one that presents a potential for serious risk to the health, safety or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or otherwise presents a potential for serious risk to a subject. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an IRB for each clinical site. The IRB is responsible for the initial and continuing review of the IDE, and may pose additional requirements for the conduct of the study. If an IDE application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements. Acceptance of an IDE application for review does not guarantee that the FDA will allow the IDE to become effective and, if it does become effective, the FDA may or may not determine that the data derived from the trials support the safety and effectiveness of the device or warrant the continuation of clinical trials. An IDE supplement must be submitted to, and approved by, the FDA before a sponsor or investigator may make a change to the investigational plan that may affect its scientific soundness, study plan or the rights, safety or welfare of human subjects.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA's regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits.

Post-market Regulation

After a device is cleared or approved for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;

- labeling regulations and FDA prohibitions against the promotion of investigational products, or the promotion of "off-label" uses of cleared or approved products;
- requirements related to promotional activities;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices, or approval of certain modifications to PMA-approved devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- recalls, withdrawals, or administrative detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approvals for our products; or
- criminal prosecution.

FDA Regulation of HCT/Ps

Certain of our products, including certain of our spinal and orthopedic products are regulated by the FDA as HCT/Ps, which are regulated under Section 361 of the PHSA, which among other things, 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 Good Tissue Practice 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. Section 361 HCT/Ps do not require 510(k) clearance, PMA approval, Biologics License Application, or BLA, submissions, or other premarket authorization from the FDA to be legally marketed in the United States. However, to be regulated as a Section 361 HCT/P, the product must, among other things, be "minimally manipulated," which for structural tissue products, means that the manufacturing processes do not alter the original relevant characteristics of the tissue relating to the tissue's utility for reconstruction, repair, or replacement. For cells or nonstructural tissue products, "minimal manipulation" means that the manufacturing processes do not alter the relevant biological characteristics of cells or tissues. A Section 361 HCT/P must also be intended for "homologous use," which refers to use in the repair, reconstruction, replacement, or supplementation of a recipient's cells or tissues with an HCT/P that performs the same basic function or functions in the recipient as in the donor. The HCT/P must also either have no systemic effect and not be dependent upon the metabolic activity of living cells for its primary

function or, if it has a systemic effect, be intended for autologous use, for allogeneic use in a first-degree or second-degree blood relative, or for reproductive use. We believe that our products currently marketed as HCT/Ps generally fulfill the relevant criteria for regulation as Section 361 HCT/Ps, and, therefore, have not sought or obtained 510(k) clearance, PMA approval, or BLA licensure for these products. However, if the FDA were to disagree with our determination, the FDA could then require that we obtain 510(k) clearance or other licensures or approvals and require that we cease marketing such products unless and until we receive clearance, licensure, or approval.

International Approval Requirements

Sales of medical devices and shipments of human tissues outside the United States are subject to international regulatory requirements that vary widely from country to country. Approval of a product by comparable regulatory authorities of other countries must be obtained and compliance with applicable regulations for tissues must be met prior to commercial distribution of the products or human tissues in those countries. The time required to obtain these approvals may be longer or shorter than that required for FDA approval. Countries, in which we distribute products and tissue, may perform inspections of our facilities to ensure compliance with local country regulations.

Commercialization of medical devices in the European Economic Area, or EEA (comprised of the 27 E.U. Member States plus Iceland, Liechtenstein and Norway, and the United Kingdom, until the end of the transition period on 31 December provided for in the Withdrawal Agreement between the European Union and the United Kingdom), is regulated by the European Union. The European Union requires that all medical devices placed on the market in the EEA must meet the relevant essential requirements laid down in Annex I of Directive 93/42/EEC, or the Medical Devices Directive, and of Directive 90/385/EEC, or the Active Implantable Medical Devices Directive. The most fundamental essential requirement is that a medical device must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performances intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. To demonstrate compliance with the essential requirements laid down in Annex I to the Medical Devices Directive, medical device manufacturers 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 non-sterile, non-measuring devices), where the manufacturer can self-declare the conformity of its products with the essential requirements, a conformity assessment procedure requires the intervention of a so-called Notified Body. Notified bodies are often separate entities and are authorized or licensed to perform such assessments by government authorities. The Notified Body would typically audit and examine a product's technical dossiers and the manufacturers' quality system. If satisfied that the relevant product conforms to the relevant essential requirements, the Notified Body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE Mark to the device, which allows the device to be placed on the market throughout the EEA. Once the product has been placed on the market in the EEA, the manufacturer must comply with requirements for reporting incidents and field safety corrective actions associated with the medical device.

Lloyd's Register Quality Assurance Inc., The Research Quality Assurance, G-Med and DEKRA (our E.U. Notified Body) perform periodic on-site inspections to review independently our compliance with systems and regulatory requirements.

A number of countries outside of the EEA accept the CE Mark in lieu of marketing submissions, as an addendum to that country's application process. On March 29, 2017, the United Kingdom triggered Article 50 of the Treaty on European Union by notifying the European Council of its intention to withdraw from the European Union and the United Kingdom left the European Union on January 31, 2020. Negotiations have commenced to determine the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to E.U. markets, either during a transitional period or more permanently. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which E.U. laws to replace or replicate. There is uncertainty as to the manner of the withdrawal, timing of regulatory changes and depending on the outcome, they may have a material and adverse impact to our business.

In April 2017, the European Parliament passed the Medical Devices Regulation (Regulation 2017/745), which repeals and replaces the E.U. Medical Devices Directive and the Active Implantable Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member States, the regulations would be directly applicable, i.e., without the need for adoption of EEA member State laws implementing them, in all EEA member States and are intended to eliminate current differences in the regulation of medical devices among EEA member States. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation. The Medical Devices Regulation was meant to become applicable three years after publication (in May 2020). However, on April 23, 2020, to take the pressure off EEA national authorities, notified bodies, manufacturers and other parties so they can focus fully on urgent priorities related to the COVID 19 pandemic, the European Council and Parliament adopted Regulation 2020/561, postponing the date of application of the Medical Devices Regulation by one year (to May 2021). Once applicable, the Medical Devices Regulation will among other things:

- strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- establish explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance and safety of devices placed on the market;
- improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- set up a central database to provide patients, healthcare professionals and the public with comprehensive information on products available in the European Union; and
- strengthen rules for the assessment of certain high-risk devices, such as implants, which may have to undergo an additional check by experts before they are placed on the market.

Government Advocacy

We engage in public policy advocacy with policymakers and continue to work to demonstrate that our therapeutic products provide value to patients and to those who pay for healthcare. We advocate with government policymakers to encourage a long-term approach to sustainable healthcare financing that ensures access to innovative medicines and does not disproportionately target FDA-regulated medical devices and biologics as a source of budget savings. In markets with historically low rates of healthcare spending, we encourage those governments to increase their investments and adopt market reforms in order to improve their citizens' access to appropriate healthcare.

Regulations Governing Fraud and Abuse

Within the United States, our products and our customers are subject to extensive regulation by a wide range of federal and state agencies that govern business practices in the medical device industry. These laws include federal and state anti-kickback, false claims, physician payment transparency, anti-corruption, and other fraud and abuse statutes and regulations. Internationally, other governments also impose regulations in connection with their healthcare reimbursement programs and the delivery of healthcare items and services.

In the United States, federal healthcare fraud and abuse laws generally apply to our activities because procedures using our products are covered under federal healthcare programs including Medicare and Medicaid. The Anti-Kickback Statute is particularly relevant because of its broad applicability. Specifically, the Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving, or providing remuneration, directly or indirectly, in exchange for, or to induce, either the referral of an individual, or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under federal healthcare programs, such as the Medicare and Medicaid programs. Statutory exceptions and regulatory safe harbors protect certain interactions if specific requirements are met. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor, however, does not make the conduct per se illegal under the U.S. federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case by case basis based on a

cumulative review of all its facts and circumstances. Further, a person or entity does not need to have actual knowledge of the Anti-Kickback Statute or specific intent in order to violate it to have committed a violation.

Another development affecting the healthcare industry is the increased use of the federal Civil False Claims Act and, in particular, actions brought pursuant to the False Claims Act's "whistleblower" or "qui tam" provisions. The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal healthcare program. 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 federal False Claims Act or federal civil money penalties statute. The qui tam provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government, alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. In recent years, the number of suits brought against healthcare providers by private individuals has increased dramatically. In addition, insurance companies may also bring a private cause of action for treble damages against a manufacturer for a pattern of causing false claims to be filed under the federal Racketeer Influenced and Corrupt Organizations Act, or RICO.

The federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HIPAA, among other things, created two new federal crimes: healthcare fraud and false statements relating to healthcare matters. The HIPAA healthcare fraud statute prohibits, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment, and/or exclusion from government sponsored programs. The HIPAA false statements statute prohibits, among other things, knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the Anti-Kickback Statute or specific intent in order to violate it to have committed a violation.

The federal Physician Payment Sunshine Act requires, among other things, manufacturers of drugs, devices, biologicals 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 the government information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include payments and transfers of value made to certain nonphysician providers such as physician assistants and nurse practitioners.

Similar state and local laws and regulations may also restrict business practices in the medical device and pharmaceutical industries, such as state anti-kickback and false claims laws, which may apply to business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, or by patients themselves; state laws that require pharmaceutical companies to comply with the industry's voluntary compliance guidelines and the relevant 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 and regulations that require drug manufacturers to file reports relating to pricing and marketing information; and state and local laws which require tracking gifts and other remuneration and transfer of value provided to physicians, other healthcare providers and entities.

Violations of fraud and abuse laws, including federal and state anti-kickback and false claims laws, may be punishable by criminal and civil sanctions, including fines and civil monetary penalties, the possibility of exclusion from federal healthcare programs (including Medicare and Medicaid), disgorgement and corporate integrity agreements, which impose, among other things, rigorous operational and monitoring requirements on companies. Similar sanctions and penalties, as well as imprisonment, also can be imposed upon executive officers and employees of such companies.

Anti-Bribery Laws

Compliance with complex foreign and United States laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions and could expose us or our employees to fines and penalties in the United States and abroad. These numerous and sometimes conflicting laws and regulations include the United States Foreign Corrupt Practices Act of 1977, or FCPA. The FCPA prohibits United States companies, companies whose securities are listed for trading in the United States and other entities, and their officers, directors, employees, shareholders acting on their behalf and agents from offering, promising, authorizing or making payments to foreign officials for the purpose of influencing official decisions or obtaining or retaining business abroad or other benefits or otherwise obtaining favorable treatment. The FCPA also requires companies to maintain records that fairly and accurately reflect transactions and maintain a system of internal accounting controls sufficient to assure management's control, authority and responsibility over our assets. In many countries, hospitals are government-owned and healthcare professionals employed by such hospitals, with whom we regularly interact, may meet the definition of a foreign official for purposes of the FCPA. Additionally, recently enacted U.S. legislation increases the monetary reward available to whistleblowers who report violations of federal securities laws, including the FCPA, which may result in increased scrutiny and allegations of violations of these laws and regulations. We maintain and update our policies and procedures and internal controls designed to provide reasonable assurance that we, our employees, partners and other intermediaries comply with the anti-corruption laws to which we are subject. However, there can be no assurance that such policies or procedures or internal controls will work effectively at all times or protect us against liability under these or other laws for actions taken by our employees, partners or other intermediaries with respect to our business. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business, financial condition, results of operations, cash flows and damage to our reputation. In addition, investigations of any potential, actual or alleged violations of such laws or policies related to us, including any such investigation by U.S. or non-U.S. authorities, could harm our business.

Laws and Regulations Governing Data Privacy and Security

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws and regulations (e.g., Section 5 of the FTC Act), govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our partners. We may also be subject to U.S. federal rules, regulations and guidance concerning data security for medical devices, including guidance from the FDA. State laws may be more stringent, broader in scope or offer greater individual rights with respect to protected health information, or PHI, than HIPAA, and state laws may differ from each other, which may complicate compliance efforts. Entities that are found to be in violation of HIPAA, as the result of a breach of unsecured PHI, a complaint about privacy practices, or an audit by HHS, may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance.

California recently enacted the California Consumer Privacy Act, or the CCPA, which creates new individual privacy rights for California consumers, as defined in the law, and places increased privacy and security obligations on entities handling certain personal information of consumers or households. The CCPA requires covered companies to provide new disclosures to consumers about such companies' data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA went into effect on January 1, 2020, and as of July 1, 2020, the California Attorney General may bring enforcement actions for violations. Although there are limited exemptions for certain health-related information, including certain clinical trial data, as currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to health-related and other personal information. Additionally, a new California ballot initiative, the California Privacy Rights Act, appears to have garnered enough signatures to be included on the

November 2020 ballot in California, and if voted into law by California residents, would impose additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It would also create a new California data protection agency specifically tasked to enforce the law, which would likely result in increased regulatory scrutiny of California businesses in the areas of data protection and security. Similar laws have been proposed in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging.

E.U. member states, Switzerland, and other countries have also adopted data protection laws and regulations, which impose significant compliance obligations. For instance, the collection and use of personal health data in the EEA is governed by the provisions of the General Data Protection Regulation, or GDPR. The GDPR became effective on May 25, 2018, repealing its predecessor directive and increasing responsibility and liability of medical device companies in relation to the processing of personal data of individuals within the EEA. The GDPR imposes strict obligations and restrictions on the ability to collect, analyze, and transfer personal data, including health data from clinical trials and adverse event reporting. In particular, these obligations and restrictions concern the consent of the individuals to whom the personal data relates, the information provided to the individuals, the transfer of personal data out of the EEA, security breach notifications, security and confidentiality of the personal data, and the imposition of substantial potential fines for breaches of the data protection obligations. Data protection authorities from the different E.U. and EEA member states may interpret the GDPR and national laws differently and impose additional requirements, which add to the complexity of processing personal data in the E.U. and the EEA Guidance on implementation and compliance practices are often updated or otherwise. In addition, the United Kingdom leaving the European Union could also lead to further legislative and regulatory changes. It remains unclear how the United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfer to the United Kingdom from the European Union and the EEA will be regulated, especially following the United Kingdom's departure from the European Union on January 31, 2020. However, the United Kingdom has transposed the GDPR into domestic law with the Data Protection Act 2018, which remains in force following the United Kingdom's departure from the European Union. Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations.

Coverage and Reimbursement

Market acceptance and sales of our products to our customers, who primarily consist of hospitals, government facilities, and ambulatory surgery centers, will depend on the availability of payor coverage and the adequacy of reimbursement, for the procedures using our products, by government insurance programs and other third-party payors. Payor coverage and reimbursement for procedures using medical devices in the United States and international markets vary significantly by country.

In the United States, our currently approved products are commonly treated as general supplies utilized in surgical procedures and if covered by third-party payors, are paid for as part of the procedure. Outside of the United States, there are many reimbursement programs through private payors as well as government programs. In some countries, government reimbursement is the predominant program available to patients and hospitals. Our commercial success depends in part on the extent to which governmental authorities, private health insurers and other third-party payors provide coverage for and establish adequate reimbursement levels for the procedures during which our products are used. Failure by physicians, hospitals, ambulatory surgery centers and other users of our products to obtain sufficient coverage and reimbursement from third-party payors for procedures in which our products are used, or adverse changes in government and private third-party payors' coverage and reimbursement policies.

Based on our experience to date, third-party payors generally reimburse for the surgical procedures in which our products are used only if the patient meets the established medical necessity criteria for surgery. Some payors are moving toward a managed care system and control their healthcare costs by limiting authorizations for surgical procedures, including elective procedures using our devices. Although no uniform policy of coverage and reimbursement among payors in the United States exists and coverage and

reimbursement for procedures can differ significantly from payor to payor, reimbursement decisions by particular third-party payors may depend upon a number of factors, including the payor's determination that use of a product is:

- a covered benefit under its health plan;
- appropriate and medically necessary for the specific indication;
- cost effective; and
- neither experimental nor investigational.

Third-party payors are increasingly auditing and challenging the prices charged for medical products and services with concern for upcoding, miscoding, using inappropriate modifiers, or billing for inappropriate care settings. Some third-party payors must approve coverage for new or innovative devices or procedures before they will reimburse healthcare providers who use the products or therapies. Even though a new product may have been cleared for commercial distribution by the FDA, we may find limited demand for the product unless and until reimbursement approval has been obtained from governmental and private third-party payors.

The Centers for Medicare & Medicaid Services, or CMS, is responsible for administering the Medicare program and sets coverage and reimbursement policies for the Medicare program in the United States. CMS, in partnership with state governments, also administers the Medicaid program and Children's Health Insurance Program, or CHIP. CMS policies may alter coverage and payment related to our product portfolio in the future. These changes may occur as the result of national coverage determinations issued by CMS or as the result of local coverage determinations by contractors under contract with CMS to review and make coverage and payment decisions. Medicaid programs are funded by both federal and state governments, and may vary from state to state and from year to year and will likely play an even larger role in healthcare funding pursuant to the Affordable Care Act.

A key component in ensuring whether the appropriate payment amount is received for physician and other services, including those procedures using our products, is the existence of a Current Procedural Terminology, or CPT, code, to describe the procedure in which the product is used. To receive payment, healthcare practitioners must submit claims to insurers using these codes for payment for medical services. CPT codes are assigned, maintained and annually updated by the American Medical Association and its CPT Editorial Board. If the CPT codes that apply to the procedures performed using our products are changed or deleted, reimbursement for performances of these procedures may be adversely affected.

In the United States, some insured individuals enroll in managed care programs, which monitor and often require pre-approval of the services that a member will receive. Some managed care programs pay their providers on a per capita (patient) basis, which puts the providers at financial risk for the services provided to their patients by paying these providers a predetermined payment per member per month and, consequently, may limit the willingness of these providers to use our products.

We believe the overall escalating cost of medical products and services being paid for by the government and private health insurance has led to, and will continue to lead to, increased pressures on the healthcare and medical device industry to reduce the costs of products and services. All third-party reimbursement programs are developing increasingly sophisticated methods of controlling healthcare costs through prospective reimbursement and capitation programs, group purchasing, redesign of benefits, requiring second opinions prior to major surgery, careful review of bills, encouragement of healthier lifestyles and other preventative services and exploration of more cost-effective methods of delivering healthcare.

In addition to uncertainties surrounding coverage policies, there are periodic changes to reimbursement levels. Third-party payors regularly update reimbursement amounts and also from time to time revise the methodologies used to determine reimbursement amounts. This includes routine updates to payments to physicians, hospitals and ambulatory surgery centers for procedures during which our products are used. These updates could directly impact the demand for our products.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific product lines and procedures. There can be no assurance that procedures using our products will be covered for a specific indication, that our products

will be considered cost-effective by third party payors, that an adequate level of reimbursement will be available or that the third-party payors' reimbursement policies will not adversely affect our ability to sell our products profitably. Local, product specific reimbursement law is increasingly being applied as an overlay to medical device regulation, which has provided an additional layer of clearance requirement. Specifically, Australia now requires clinical data for clearance and reimbursement be in the form of prospective, multi-center studies, a high bar not previously applied. In addition, in France, certain innovative devices have been identified as needing to provide clinical evidence to support a "mark-specific" reimbursement. It is our intent to complete the requisite clinical studies and obtain coverage and reimbursement approval in countries where it makes economic sense to do so.

Healthcare Reform

In the United States and certain foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system. In March 2010, the ACA was signed into law and substantially changed the way healthcare is financed by both governmental and private insurers in the United States. The ACA contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments, and fraud and abuse changes. Additionally, the ACA, among other things, included incentives to programs that increase the federal government's comparative effectiveness research, and implemented payment system reforms, including a national pilot program on payment bundling to encourage hospitals, physicians, and other providers, to improve the coordination, quality, and efficiency of certain healthcare services through bundled payment models. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year and reduced payments to several types of Medicare providers. The CARES Act, which was signed into law on March 27, 2020, suspended the reductions from May 1, 2020, through December 31, 2020, and extended the sequester by one additional year, through 2030. Moreover, there has recently been heightened governmental scrutiny, including increasing legislative and enforcement interest, over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted legislation designed, among other things, to bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. Individual states in the United States have also become increasingly active in implementing regulations designed to control product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures and, in some cases, mechanisms to encourage importation from other countries. Furthermore, there has been increased interest by third party payors and governmental authorities in reference pricing systems and publication of discounts and list prices.

Employees

As of June 30, 2020, we had 151 employees, more than 95% of whom were full-time employees. None of our employees are represented by a collective bargaining agreement, and we have never experienced a work stoppage. We believe our employee relations are good.

Properties

Our principal executive office is located in Silver Spring, Maryland, where we lease approximately 5,052 square feet of office and laboratory space under a lease that expires in May 2021. We also occupy approximately 12,888 square feet of manufacturing and office space in Roswell, Georgia under a lease that expires in July 2023, and approximately 36,173 square feet of manufacturing, laboratory and office space in Richmond, California under a lease that expires in November 2025. We believe that our facilities are sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Legal Proceedings

We are not currently a party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus.

Name	Age	Position
Executive Officers		
Ronald Lloyd	59	President, Chief Executive Officer and Director
Thomas Englese	46	Chief Commercial Officer
Jerome Riebman, M.D.	66	Chief Medical Officer
Darryl Roberts, Ph.D.	59	Executive Vice President, Operations and Product Development
Jeffrey Hamet	53	Vice President, Finance, Treasurer, Secretary and Interim Chief Financial Officer
Non-Employee Directors		
Kevin Rakin	60	Chairman
Maybelle Jordan	54	Director
Brigid A. Makes	65	Director
C. Randal Mills, Ph.D	48	Director
W. Matthew Zuga	55	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

Executive Officers

Ronald Lloyd has served as our President and Chief Executive Officer and as a member of our board of directors since June 2018. Prior to joining Aziyo, Mr. Lloyd served as Executive Vice President and President of Hospital Therapies of Mallinckrodt Pharmaceuticals, a publicly traded global pharmaceuticals company, from January 2016 to May 2018, where Mr. Lloyd reorganized the hospital business structure and completed four business development transactions. Mr. Lloyd also served as President of Immunology at Baxter, a publicly traded healthcare company, from April 2003 to December 2015, where Mr. Lloyd developed and implemented strategies to build the plasma business, the U.S. bioscience business and the regenerative medicine business. Mr. Lloyd holds a Master of Science in Industrial Administration from Carnegie Mellon University and a B.A. in Management Science from Westminster College. We believe Mr. Lloyd's extensive management and leadership experience in pharmaceutical and healthcare companies, make him well qualified to serve as a member of our board of directors.

Thomas Englese has served as our Chief Commercial Officer since July 2019. Prior to joining Aziyo, Mr. Englese served as General Manager of North America Hospital Therapies for Mallinckrodt Pharmaceuticals, a publicly traded pharmaceutical company, from April 2015 to July 2019, where Mr. Englese was responsible for the overall profit and loss management. Mr. Englese also served as Vice President Customer Operations from October 2008 to March 2015 for Ikaria, Inc., which was acquired by Mallinckrodt Pharmaceuticals in 2015, and was a member of the Business Development and Transaction team. From 2002 to 2008, Mr. Englese served as Senior Director of Business Operations at Baxter, a publicly traded healthcare company. Mr. Englese holds an M.B.A. from Pennsylvania State University and a B.S. in Marketing from Villanova University.

Jerome Riebman, M.D. has served as our Chief Medical Officer since January 2020. Prior to joining Aziyo, Dr. Riebman served as lead to the U.S. Medical Heart Failure Program and the New Product Development team for Amgen Pharmaceuticals, Inc., a biotechnology company, from 2018 to 2020 and Director of External Relations and Advocacy for Amgen Pharmaceuticals in 2018. Dr. Riebman also served as Lead Medical Director of Cardiovascular for Novartis Pharmaceuticals Corporation, a pharmaceutical

and healthcare company, from 2014 to 2018, where Dr. Riebman developed and marketed Heart Failure products in the Cardiovascular Therapeutic Area and developed and managed various studies for a heart failure clinical trials program. In 2003, Dr. Riebman co-founded Bay Innovation Group, LLC, an emerging medical device incubator, where he currently serves as Director of Scientific and Medical Affairs. He is also Board certified in Surgery and Thoracic Surgery. Dr. Riebman holds an M.D. from Temple University School of Medicine and a B.A. and an M.A. in Biology from Temple University.

Darryl Roberts, Ph.D. has served as our Executive Vice President and General Manager of the Musculoskeletal Product division from May 2016 to June 2020 and as our Executive Vice President, Operations and Product Development since July 2020. Prior to joining Aziyo, from 2013 to 2015 Dr. Roberts was Senior Vice President of Operations at TELA Bio, Inc., a biotechnology company, when the company gained regulatory clearance for a novel sterilization technique for tissue matrix. From 2007 to 2013, Dr. Roberts was a senior management team member for LifeCell Corp., a publicly traded company that developed and marketed tissue repair products, which was purchased by Kinetic Concepts, Inc. Dr. Roberts' prior experience also includes various roles at Johnson & Johnson, where he was involved in the development and launch of several pharmaceutical and medical device products. Dr. Roberts holds a Ph.D. and a B.S. in Chemistry from the University of Alabama.

Jeffrey Hamet has served as our Vice President of Finance, Treasurer and Secretary since November 2015 and as our Interim Chief Financial Officer since September 2020. Prior to joining Aziyo, in 2015 Mr. Hamet provided services as consultant to HighCape Partners in relation to the spin-off of Aziyo and financial and accounting services to Paragon Bioservices, Inc., which was acquired in 2019 by Catalent, Inc. From 2013 to 2015, Mr. Hamet served as President and Chief Financial Officer of NeurExpand Brain Center LLC. Mr. Hamet also served as Vice President and Corporate Controller of Martek Biosciences Corporation, a publicly traded life sciences company, from 2004 to 2012, where Mr. Hamet led the internal finance team during a period of significant growth, leading to the acquisition of the company by Royal DSM N.V. Mr. Hamet holds a B.S. in Accounting from the University of Maryland.

Non-Employee Directors

Kevin Rakin has served as our chairman and a member of our board of directors since November 2015. Mr. Rakin is Co-founder of HighCape Partners, an investment fund and affiliate of Aziyo, and has been a general partner in HighCape Partners since 2013. Since 2014, Mr. Rakin has also been a member of the board of directors of Oramed Pharmaceuticals Inc., a publicly traded pharmaceutical company, where Mr. Rakin serves on the Audit and Compensation Committee. Mr. Rakin has also served, and continues to serve, on the board of directors of several private companies, including Convexity Scientific Inc. since 2017, Nyxoah S.A. since 2016 and Cybrexa, Inc. since 2016. Prior to and during the last five years, Mr. Rakin has served on the board of directors of various private and publicly traded biomedical and pharmaceutical companies, including Histogenics Corp., where Mr. Rakin served on the Audit and Compensation Committee, TELA Bio, Inc., Cheetah Medical, Inc. and Collagen Matrix, Inc. Mr. Rakin holds an M.B.A. from Columbia University and B.Com and B.Com (Hons) degrees from the University of Cape Town, South Africa. We believe Mr. Rakin's extensive knowledge and experience in finance and leadership in healthcare and life sciences companies, including in the public company context, make him well qualified to serve as a member of our board of directors.

Maybelle Jordan has served as a member of our board of directors since September 2020. Ms. Jordan has served as Vice President of Business Development of Biomerix Corporation, a biomaterials company focused on scaffold technology in the medical technology industry, since 2011, and as Chief Operating Officer for Biomerix from 2003 to 2011. Ms. Jordan also co-founded and served as President and CEO of MTrap Inc., a clinical-stage biomaterials company developing a cancer therapeutic device for treatment of advanced ovarian cancer, from 2015 to 2019. Ms. Jordan holds an M.B.A. from Harvard University and a B.S. in Biology from Yale University. We believe Ms. Jordan's extensive management and leadership experience with companies in the medical technology and life sciences industries make her well qualified to serve as a member of our board of directors.

Brigid A. Makes has served as a member of our board of directors since September 2020. Ms. Makes has served as an independent consultant for medical device and healthcare companies since July 2017, specifically advising on finance, accounting and funding responsibilities. From September 2011 to July 2017, Ms. Makes served as Senior Vice President and Chief Financial Officer of Miramar Labs, Inc., a

biotechnology company focused on aesthetics and dermatology. From 2006 to 2011, Ms. Makes served as Senior Vice President and Chief Financial Officer of AGA Medical Corp, a medical device company developing interventional devices for the minimally invasive treatment of structural heart defects and peripheral vascular disorders. Prior to joining AGA, Ms. Makes held various positions at Nektar Therapeutics Inc. from 1999 to 2006, including serving as Chief Financial Officer. Since December 2019, Ms. Makes has also been a member of the board of directors of Mind Medicine (MindMed) Inc., a publicly traded neuro-pharmaceutical company, where Ms. Makes serves on the Audit Committee, the Compensation Committee and the Nominating/Governance Committee. Ms. Makes holds an M.B.A. from Bentley University and a Bachelor of Commerce degree in Finance & International Business from McGill University. We believe Ms. Makes' extensive management and leadership experience with biotechnology companies and knowledge and experience in finance make her well qualified to serve as a member of our board of directors.

C. Randal Mills, Ph.D. has served as a member of our board of directors since November 2015. Dr. Mills serves as Chief Executive Officer and is a member of the board of directors of Sanford Burnham Prebys Medical Discovery Institute, a non-profit medical research institute company. Dr. Mills served as Chief Executive Officer of the National Marrow Donor Program, a nonprofit international organization that provides bone marrow for transplantation, from July 2017 to February 2020. From May 2014 to July 2017, Dr. Mills served as Chief Executive Officer of the California Institute for Regenerative Medicine, which was created to fund stem cell research in California. Dr. Mills also served as Chief Executive Officer of Osiris Therapeutics, Inc., a publicly traded regenerative medicine company, from June 2004 to December 2013. Prior to and during the last five years, Dr. Mills has served on the board of directors of various non-profit organizations, including Be The Match Foundation from July 2017 to February 2020 and TBI (now KeraLink), from August 2007 to December 2019 and of the Alliance for Regenerative Medicine, an international community of organizations focused on regenerative medicine, from January 2014 to January 2016. Dr. Mills holds a Ph.D. in Pharmaceutical Science and a B.S. in Microbiology from the University of Florida. We believe Dr. Mills's extensive management and leadership experience in medical and healthcare organizations, including in the regenerative medicine context, make him well qualified to serve as a member of our board of directors.

W. Matthew Zuga has served as a member of our board of directors since November 2015. Since October 2013, Mr. Zuga has been a Co-founder and partner of HighCape Partners, an investment fund and affiliate of Aziyo. From August 2012 to September 2013, Mr. Zuga was a managing director of SyngentaVentures Pte Ltd, an investment vehicle of Syngenta Corp. He was also the founder and managing member of Red Abbey, an investment company, from January 2004 to August 2012. Prior to Red Abbey, Mr. Zuga was a managing director and the head of life sciences investment banking at Legg Mason from 1999 to 2003. He is currently on the board of directors of AgriMetis, LLC, Alba Therapeutics Corporation, MF Fire, Inc. and Virtue Labs LLC. Mr. Zuga holds an M.B.A. from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and a B.S. in Business Administration/Finance from Ohio State University. We believe Mr. Zuga's extensive experience in the life sciences industry, his network of contacts in the industry and his background in investing and investment banking make him well qualified to serve as a member of our board of directors.

Board Composition and Election of Directors

Director Independence

In connection with this offering, our board of directors has undertaken a review of the independence of our directors and considered whether any director has a relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that , representing of our six directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of The Nasdaq Stock Market LLC, or Nasdaq. Applicable Nasdaq rules require a majority of a listed company's board of directors to be comprised of independent directors within one year of the date of listing. We intend to rely on a phase-in period under these rules applicable to newly public companies, which will permit fewer than a majority of our board of directors to be independent on the listing date of our Class A common stock, provided we satisfy such requirement

within one year of the date of listing. Accordingly, we intend to have a majority of our board of directors consist of independent directors within one year of the date our Class A common stock is listed on The Nasdaq Global Market. There are no family relationships among any of our directors or executive officers.

Classified Board of Directors

In accordance with our Post-IPO Certificate of Incorporation, our board of directors will be divided into three classes with staggered, three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Effective upon the closing of this offering, our directors will be divided among the three classes as follows:

- the Class I directors will be and , and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be and , and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be and , and their terms will expire at the third annual meeting of stockholders following this offering.

Our Post-IPO Certificate of Incorporation will provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control of our company. Our directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock entitled to vote in the election of directors. See "Description of Capital Stock — Anti-Takeover Effects of Delaware Law and Our Post-IPO Certificate of Incorporation and Post-IPO Bylaws" for a discussion of these and other anti-takeover provisions found in our Post-IPO Certificate of Incorporation and Post-IPO Bylaws, which will be in effect upon the closing of this offering.

Board Leadership Structure

Our board of directors is currently chaired by Mr. Kevin Rakin. Our corporate governance guidelines, which will be in effect upon the effectiveness of the registration statement of which this prospectus forms a part, provide that, if the chairman of the board is a member of management or does not otherwise qualify as independent, the independent directors of the board may elect a lead director. currently serves as our lead director. The lead director's responsibilities include, but are not limited to: presiding over all meetings of the board of directors at which the chairman is not present, including any executive sessions of the independent directors; approving board meeting schedules and agendas; and acting as the liaison between the independent directors and the chief executive officer and chairman of the board. Our corporate governance guidelines further provide the flexibility for our board of directors to modify our leadership structure in the future as it deems appropriate.

Role of the Board in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our audit committee also monitors compliance with legal and regulatory requirements. Our nominating and corporate governance committee monitors the effectiveness of our corporate governance practices, including whether they are successful in preventing illegal or improper liability-creating conduct. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. While each committee is responsible for evaluating certain

risks and overseeing the management of such risks, our entire board of directors is regularly informed through committee reports about such risks.

Board Committees

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and its standing committees. Our board of directors has established three standing committees — audit, compensation and nominating and corporate governance — each of which operates under a charter that has been approved by our board of directors. Upon the listing of our Class A common stock on The Nasdaq Global Market, each committee's charter will be available under the Corporate Governance section of our website at *www.aziyo.com*. The reference to our website address does not constitute incorporation by reference of the information contained on or available through our website, and you should not consider such information to be a part of this prospectus.

Audit Committee

The audit committee's responsibilities will include, among other things:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- coordinating our board of directors' oversight of our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- discussing our risk management policies;
- meeting independently with our internal auditing staff, if any, registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules.

Effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, the members of our audit committee will be , and . will serve as the chairperson of the committee. Our board of directors has determined that all members of our audit committee meet the requirements for financial literacy under the applicable listing rules of Nasdaq, or the Nasdaq rules. Our board of directors has determined that , and meet the independence requirements of Rule 10A-3 under the Exchange Act and the applicable Nasdaq rules. Our board of directors has determined that is an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq rules.

We believe that the composition and functioning of our audit committee complies with all applicable requirements of the Sarbanes-Oxley Act, and all applicable SEC and Nasdaq rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Compensation Committee

The compensation committee's responsibilities will include, among other things:

- reviewing and approving, or recommending for approval by the board of directors, the compensation of our Chief Executive Officer and our other executive officers;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board of directors with respect to director compensation;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis," to the extent required; and

- preparing the annual compensation committee report required by SEC rules, to the extent required.

Effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, the members of our compensation committee will be , and . will serve as the chairperson of the committee. Our board of directors has determined that each of , and is independent under the applicable Nasdaq rules, including the Nasdaq rules specific to membership on the compensation committee, and is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

We believe that the composition and functioning of our compensation committee complies with all applicable requirements of the Sarbanes-Oxley Act, and all applicable SEC and Nasdaq rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee's responsibilities will include, among other things:

- identifying individuals qualified to become board members;
- recommending to our board of directors the persons to be nominated for election as directors and to each board committee;
- developing and recommending to our board of directors corporate governance guidelines, and reviewing and recommending to our board of directors proposed changes to our corporate governance guidelines from time to time; and
- overseeing a periodic evaluation of our board of directors.

Effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, the members of our nominating and corporate governance committee will be , and . will serve as the chairperson of the committee. Our board of directors has determined that , and are independent under the applicable Nasdaq rules.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee is or has been our current or former officer or employee. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of our compensation committee during the fiscal year ended December 31, 2019.

Code of Ethics and Code of Conduct

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the listing of our Class A common stock on The Nasdaq Global Market, our code of business conduct and ethics will be available under the Corporate Governance section of our website at *www.aziyo.com*. In addition, we intend to post on our website all disclosures that are required by law or the Nasdaq rules concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained on or available through our website, and you should not consider it to be a part of this prospectus.

EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "Summary Compensation Table" below. In 2019, our "named executive officers" and their positions were as follows:

- Ronald Lloyd, President & Chief Executive Officer;
- Thomas Englese, Chief Commercial Officer; and
- Darryl Roberts Ph.D., Executive Vice President, Operations and Product Development.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

Mr. Englese commenced his employment with the Company on July 15, 2019.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total
Ronald Lloyd President and Chief Executive Officer	2019	465,283	12,960	203,940	7,032	689,215
Thomas Englese Chief Commercial Officer	2019	175,962[(1)]	108,000	70,500	—	354,462
Darryl Roberts, Ph.D. Executive Vice President, Operations and Product Development	2019	301,154	8,400	77,400	4,200	391,154

(1) Mr. Englese commenced his employment with the Company on July 15, 2019.

Elements of the Company's Executive Compensation Program

For the year ended December 31, 2019, the compensation for each named executive officer generally consisted of a base salary, annual bonus, stock option awards, standard employee benefits and a retirement plan. These elements (and the amounts of compensation and benefits under each element) were selected because we believe they are necessary to help us attract and retain executive talent which is fundamental to our success. Below is a more detailed summary of the current executive compensation program as it relates to our named executive officers.

2019 Salaries

The named executive officers receive a base salary to compensate them for services rendered to the Company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Each named executive officer's initial base salary was provided in his employment agreement (Mr. Lloyd) or offer letter (Mr. Englese and Dr. Roberts) as applicable. On January 1, 2019, Mr. Lloyd received a merit increase in annual base salary to $463,500 from $450,000.

2019 Bonuses

Mr. Lloyd is eligible to receive an annual bonus with a target amount of fifty percent (50%) of his annual base salary pursuant to the terms of his employment agreement with the Company, and Mr. Englese is eligible to receive an annual bonus with a target amount of forty percent (40%) of his annual base salary pursuant to the terms of his employment offer letter with the Company. At a February 13, 2019 meeting, our board of directors formalized the 2019 bonus program for employees at the director level and above

and established a bonus target for Dr. Roberts of thirty percent (30%) of his annual base salary. The annual cash bonuses are determined by our board of directors on a discretionary basis based on the Company's overall performance for the year as well as individual performance milestones achieved. The actual annual cash bonuses awarded to each named executive officer for 2019 performance are set forth above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

Equity Compensation

We maintain an equity incentive plan, the Aziyo Biologics, Inc. 2015 Stock Option/Stock Issuance Plan, or the 2015 Plan. The 2015 Plan provides our employees (including the named executive officers), consultants, non-employee directors and other service providers and those of our subsidiaries the opportunity to participate in the equity appreciation of our business through the receipt of stock options to purchase shares of our Class A common stock. We believe that such stock options encourage a sense of proprietorship and stimulate interest in our development and financial success. The maximum number of shares of Class A common stock under the 2015 Plan is 5,892,544.

Pursuant to the 2015 Plan, we granted stock options to Mr. Lloyd on June 4, 2019, covering 36,000 shares of our Class A common stock, in connection with an award in with respect to Mr. Lloyd's annual cash bonus for fiscal year 2018, pursuant to which Mr. Lloyd elected to receive a portion of his annual cash bonus in shares of our Class A common stock, rather than cash. On September 5, 2019, we granted stock options to Mr. Englese on September 5, 2019, covering 300,000 shares of our Class A common stock, in connection with Mr. Englese's employment as Chief Commercial Officer. We also granted stock options to Dr. Roberts on February 13, 2019, covering 40,000 shares of our Class A common stock, in connection with an annual award in the ordinary course.

As of July 6, 2020, stock options covering an aggregate of 4,278,583 shares of our Class A common stock were outstanding under the 2015 Plan. It is anticipated that any unvested stock options granted pursuant to the 2015 Plan will remain outstanding and continue to vest in accordance with their terms upon and following the effectiveness of their offering. Following the effectiveness of this offering, we do not intend to make any new grants of awards under the 2015 Plan.

In connecting with this offering, we intend to adopt a 2020 Incentive Award Plan, referred to below as the 2020 Plan, in order to facilitate the grant of cash and equity incentives to our directors, employees (including our named executive officers), and consultants of our company and certain of its affiliates and to enable our company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the 2020 Plan will be effective on the date prior to the effective date of the registration statement of which this prospectus is a part, subject to approval of such plan by our board of directors and our current stockholders. For additional information about the 2020 Plan, see "2020 Incentive Award Plan") below.

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage of the employee contributions, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Employee Benefits and Perquisites

Health/Welfare Plans. All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;

- medical and dependent care flexible spending accounts;
- short-term and long-term disability insurance;
- commuter flexible spending account and
- life insurance.

We believe the perquisites described above are necessary and appropriate to provide a competitive compensation package to our named executive officers.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our company.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of Class A common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2019.

		Option Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Ronald Lloyd	6/1/2018(1)	799,875	1,333,125	0.40	5/31/2025
	6/4/2019(2)	36,000	—	0.74	6/3/2026
Thomas Englese	9/5/2019(3)	—	300,000	0.74	9/4/2026
Darryl Roberts, Ph.D.	5/19/2016(4)	134,375	15,625	0.39	5/18/2022
	1/11/2018(5)	32,500	17,500	0.39	1/10/2025
	2/13/2019(6)	—	40,000	0.40	2/12/2026

(1) 25% of the stock options vested upon the first anniversary of the grant date, and the remaining 75% vest in 12 equal quarterly installments thereafter, subject to continued service through each vesting date, provided that the vesting will accelerate upon the occurrence of a Corporate Transaction (as defined in the applicable stock option agreement) if Mr. Lloyd is terminated by the Company without Cause (as defined below in "Employment Agreements — Ronald Lloyd") or Mr. Lloyd resigns with Good Reason (as defined below in "Employment Agreements — Ronald Lloyd") within six months after such Corporate Transaction is consummated.

(2) 100% of the stock options were fully vested upon the grant date.

(3) 25% of the stock options vested upon the first anniversary of the grant date, and the remaining 75% vest in 12 equal quarterly installments thereafter, subject to continued service through each vesting date.

(4) 25% of the stock options vested upon the first anniversary of the grant date, and the remaining 75% vest in 36 equal monthly installments thereafter, subject to continued service through each vesting date.

(5) 20% of the stock options were vested as of the grant date, and the remaining 80% vest in 16 equal quarterly installments based on a vesting commencement date of September 30, 2017, subject to continued service through each vesting date.

(6) 25% of the stock options vested upon the first anniversary of the grant date, and the remaining 75% vest in 12 equal quarterly installments thereafter, subject to continued service through each vesting date.

Executive Compensation Arrangements

Employment Agreements

Ronald Lloyd

The Company entered into an employment agreement with Mr. Lloyd dated June 1, 2018 for his position as President and Chief Executive Officer with an initial base salary of $450,000, which we refer to as the Lloyd Employment Agreement. The Lloyd Employment Agreement provides that Mr. Lloyd's employment with the Company is at-will and may be terminated by the Company at any time and for any reason.

The Lloyd Employment Agreement provides that Mr. Lloyd shall be eligible to receive an annual target bonus of fifty percent (50%) of his base salary currently in effect, which shall be conditioned upon, among other things, Mr. Lloyd's performance and the performance of the Company. The actual bonus award payable to Mr. Lloyd shall be determined by our board of directors in its sole discretion and may be more

or less than the target amount. Upon Mr. Lloyd's commencement of employment as President and Chief Executive Officer, he was entitled to a $50,000 signing bonus, payable in July 2018, subject to his continued employment with the Company through such payment date, as well as relocation expenses in the amount of $15,000 and any associated taxes on such payments. Mr. Lloyd is also entitled to participate in the Company's health and welfare plans.

The Lloyd Employment Agreement also provided for Mr. Lloyd's initial stock option grant of 1,920,500 stock options. Our board of directors determined, in its sole discretion, to increase this stock option grant to 2,133,000. The Option shall vest according to the following schedule: 25% of the shares issuable upon exercise of the Option shall vest on the twelve (12) month anniversary of such grant date provided that Mr. Lloyd continues to be employed by the Company on such date and the remaining 75% of the shares issuable upon exercise of the Option shall vest in twelve (12) equal quarterly installments commencing at the end of the quarter following such twelve (12) month anniversary date provided that Mr. Lloyd continues to be employed by the Company at the end of each such quarter; provided that all of such shares shall vest if a Sale Transaction is consummated while Mr. Lloyd is employed by the Company and Mr. Lloyd's employment with the Company is terminated without Cause within six (6) months after such Sale Transaction is consummated or Mr. Lloyd resigns with Good Reason within six (6) months after such Sale Transaction is consummated.

If Mr. Lloyd's employment with the Company is terminated by the Company without Cause or Mr. Lloyd resigns from his employment with the Company for Good Reason, Mr. Lloyd shall be entitled to receive his base salary for the period beginning on such termination date and ending on the six (6) month anniversary of the termination date, in regular periodic installments in accordance with the Company's general payroll practices. Mr. Lloyd will be required to execute a release of claims in favor of the Company in order to receive his severance benefits. Pursuant to the Lloyd Employment Agreement, if a Sale Transaction is consummated and within six (6) months thereafter either Mr. Lloyd's employment with the Company is terminated by the Company without Cause or Mr. Lloyd resigns from his employment with the Company for Good Reason, Mr. Lloyd shall be entitled to receive his base salary for the period beginning on such termination date and ending on the twelve (12) month anniversary of the termination date, in regular periodic installments in accordance with the Company's general payroll practices.

"Cause" is defined in the Lloyd Employment Agreement as (A) Mr. Lloyd performing his duties, in the good faith opinion of our board of directors, in a grossly negligent or reckless manner or with willful malfeasance; (B) Mr. Lloyd exhibiting habitual drunkenness or engaging in substance abuse; (C) Mr. Lloyd committing any material violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) or any material violation of any Company policy; (D) Mr. Lloyd willfully failing or refusing to perform in the usual manner at the usual time those duties which he regularly and routinely performs in connection with the business of the Company or such other duties reasonably related to the capacity in which he is employed hereunder which may be assigned to him by our board of directors; (E) Mr. Lloyd performing any material action when specifically and reasonably instructed not to do so by the chairman or our board of directors; (F) Mr. Lloyd breaching the confidentiality, inventions and proprietary rights or restrictive covenant sections of the Lloyd Employment Agreement; (G) Mr. Lloyd committing any fraud or using or appropriating for his personal use or benefit any funds, properties or opportunities of the Company not authorized by our board of directors to be so used or appropriated; or (H) Mr. Lloyd being convicted of any felony or any other crime related to his employment or involving moral turpitude. The Company shall not be entitled to terminate Mr. Lloyd for Cause pursuant to cause (C), (D), (E) or (F) unless the Company provides written notice stating in reasonable detail the basis for termination and a fifteen (15) day opportunity to cure to Mr. Lloyd (unless (1) the Company reasonably determines that providing such opportunity to cure to Mr. Lloyd is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, (2) the facts and circumstances underlying such termination are not able to be cured or (3) the Company has previously provided Mr. Lloyd an opportunity to cure the applicable issue; in the case of (1), (2) or (3), the Company may terminate Mr. Lloyd without providing an opportunity to cure).

"Good Reason" is defined in the Lloyd Employment Agreement as: (A) Mr. Lloyd failing to be the Chief Executive Officer of the surviving company in a Sale Transaction (or, if there is a parent of the surviving company in a Sale Transaction, Mr. Lloyd failing to be the Chief Executive Officer of such parent); (B) a

material reduction in Mr. Lloyd's job responsibilities and duties for the Company that is not cured by the Company within fifteen (15) days after the Company's receipt of written notice from Mr. Lloyd of such event; (C) a material reduction in Mr. Lloyd's Base Salary; or (D) a requirement imposed by the Company on Mr. Lloyd that Mr. Lloyd's principal place of employment be anywhere other than within a 50 mile radius of the Company's current office location in Silver Spring, Maryland, except for required travel on Company business to an extent substantially consistent with Mr. Lloyd 's business travel obligations, that, in any such case, is not cured by the Company within fifteen (15) days after the Company's receipt of written notice from Mr. Lloyd of such event. "Sale Transaction" is defined in the Lloyd Employment Agreement as (A) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Company with or into any other entity but excluding any sale of capital stock by the Company for capital raising purposes) (x) in which the holders of the Company's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least sixty percent (60%) of the voting power of the surviving entity of such transaction or (y) in which at least sixty percent (60%) of the Company's outstanding capital stock is transferred (calculated on an as-converted to common stock basis); or (B) any sale, conveyance, exclusive license or other disposition of all or substantially all of the assets of the Company.

Pursuant to the Lloyd Employment Agreement, Mr. Lloyd is subject to confidentiality and assignment of intellectual property provisions, and certain restrictive covenants, including one-year post-employment non-competition and non-solicitation of employees and customer provisions.

Letter Agreements

Thomas Englese

On June 25, 2019, the Company gave Mr. Englese an offer letter providing for his position as Chief Commercial Officer, which we refer to as the Englese Offer Letter. Mr. Englese's employment with the Company is at-will and either party may terminate Mr. Englese's employment at any time.

The Englese Offer Letter provides that Mr. Englese is entitled to an annual base salary of $375,000 and an annual target bonus of forty percent (40%) of his base salary currently in effect, which shall be conditioned upon, among other things, Mr. Lloyd's performance and the performance of the Company. Mr. Englese's actual 2019 bonus was pro-rated based on Mr. Englese's start date with the Company. The Englese Offer Letter also provided Mr. Englese with an initial grant of 300,000 stock options. Mr. Englese is entitled to participate in the Company's health and welfare plans.

Pursuant to the Englese Offer Letter, upon termination of Mr. Englese's employment by the Company with or without cause or by Mr. Englese for any reason, the Company will have no liability to Mr. Englese except to pay Mr. Englese any unpaid base salary due.

Darryl Roberts, Ph.D.

On April 25, 2016, the Company gave Dr. Roberts an offer letter providing for his position as Senior Vice President, Operations and General Manager, which we refer to as the Roberts Offer Letter. On April 2, 2018, Dr. Roberts was promoted to his current role as Executive Vice President and General Manager, Musculoskeletal Products. The Company has since changed his position title to EVP, Operations and Product Development. Dr. Roberts employment with the Company is at-will and either party may terminate Dr. Roberts' employment at any time.

The Roberts Offer Letter provides that Dr. Roberts is entitled to an annual base salary of $270,000 and he is eligible for an annual performance-based bonus, determined in a manner consistent with the bonus determinations for similarly-situated employees, at the discretion of management and approved by our board of directors. The Roberts Offer Letter also provided for Dr. Roberts' initial stock option grant of 150,000 stock options. Upon Dr. Roberts' commencement of employment as Senior Vice President, Operations and General Manager, he was entitled to relocation expenses in the amount of $100,000. Dr. Roberts is entitled to participate in the Company's health and welfare plans.

Pursuant to the Roberts Offer Letter, upon Dr. Roberts' termination of employment by the Company other than for Cause, Dr. Roberts shall be entitled to severance benefits, in an amount equal to twelve (12)

weeks base pay, at the rate in effect at the time of his separation. Dr. Roberts will be required to execute a release of claims in favor of the Company in order to receive his severance benefits.

"Cause" is defined in the Roberts Offer Letter as: (A) Dr. Roberts performing his duties, in the good faith opinion of the chief executive officer, in a grossly negligent or reckless manner or with willful malfeasance; (B) Dr. Roberts exhibiting habitual drunkenness or engaging in substance abuse; (C) Dr. Roberts committing any material violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) or any material violation of any Company policy; (D) Dr. Roberts willfully failing or refusing to perform in the usual manner at the usual time those duties which he regularly and routinely performs in connection with the business of the Company or such other duties reasonably related to the capacity in which he is employed hereunder which may be assigned to him by the chief executive officer (E) Dr. Roberts performing any material action when specifically and reasonably instructed not to do so by the chief executive officer; (F) Dr. Roberts breaching any restrictive covenant agreement for which Dr. Roberts signed at the start of his employment; (G) Dr. Roberts committing any fraud or using or appropriating for his personal use or benefit any funds, properties or opportunities of the Company not authorized by the chief executive officer to be so used or appropriated; or (H) Dr. Roberts being convicted of any felony or any other crime related to his employment or involving moral turpitude. The Company shall not be entitled to terminate Dr. Roberts for Cause unless the Company provides written notice stating in reasonable detail the basis for termination and a fifteen (15) day opportunity to cure to Dr. Roberts (unless (1) the Company reasonably determines that providing such opportunity to cure to Dr. Roberts is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, (2) the facts and circumstances underlying such termination are not able to be cured or (3) the Company has previously provided Dr. Roberts an opportunity to cure the applicable issue; in the case of (1), (2) or (3), the Company may terminate Dr. Roberts without providing an opportunity to cure).

Equity Incentive Plans

Aziyo Biologics, Inc. 2015 Stock Option/Stock Issuance Plan

We currently maintain the 2015 Plan, as described above. On and after the closing of this offering and following the effectiveness of the 2020 Plan, no further option grants will be made under the 2015 Plan.

2020 Incentive Award Plan

In connection with the offering, we plan to adopt the 2020 Plan under which we may grant cash and equity-based incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2020 Plan will be summarized in a subsequent filing.

Director Compensation

None of our directors for fiscal year 2019 received any compensation for their services.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since January 1, 2017 to which we have been a party in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under "Executive and Director Compensation." We also describe below certain other transactions with our directors, executive officers and stockholders.

Preferred Stock Financings

In May 2017, we issued and sold to investors in a private placement 12 million shares of our Series A convertible preferred stock at a price per share of $1.00, for aggregate consideration of approximately $12.0 million. Between July 2018 and September 2020, we issued and sold to investors in additional private placements an aggregate of 18,539,427 million additional shares of our Series A convertible preferred stock at a price per share of $1.00, for aggregate consideration of approximately $18.5 million.

The following table sets forth the aggregate number of shares of our capital stock acquired by our directors, executive officers and beneficial owners of more than 5% of our capital stock in the financing transactions described above. Each share of our Series A convertible preferred stock will convert into shares of Class A common stock upon the closing of this offering.

Participants	Shares of Series A Preferred Stock	Aggregate Purchase Price (in thousands)
5% or Greater Stockholders[1]		
Deerfield	14,134,536	$ 14,135[2]
HighCape Partners QP and affiliates[3]	15,508,977	$ 15,509[4]
Directors and Executive Officers		
Ronald Lloyd	111,788	$ 112

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption "Principal Stockholders."

(2) A portion of the consideration paid for these shares was funded through the conversion of the aggregate principal amount of and accrued interest on the 2020 Bridge Notes held by Deerfield.

(3) Messrs. Kevin Rakin and W. Matthew Zuga, members of our board of directors, are associated with HighCape Partners QP and affiliated stockholders.

(4) A portion of the consideration paid for these shares was funded through the conversion of the aggregate principal amount of and accrued interest on the 2019 Bridge Notes (as defined below) and the 2020 Bridge Notes held by HighCape Partners QP and HighCape Partners. See "— Convertible Bridge Notes."

Exchange Agreement

In September 2020, we entered into an exchange agreement with Deerfield, pursuant to which we issued to Deerfield 18,384,536 shares of our Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock. Each share of our Series A-1 convertible preferred stock will convert into shares of Class B common stock upon the closing of this offering.

Convertible Bridge Notes

In November 2019, we entered into a bridge note purchase agreement pursuant to which we issued $750,000 in aggregate principal amount of convertible promissory notes, which we refer to as the 2019 Bridge Notes, to HighCape Partners QP and HighCape Partners. The 2019 Bridge Notes had a maturity date of October 16, 2024 and accrued interest at a rate of 5% per year. The aggregate principal amount of, and accrued interest on, the 2019 Bridge Notes automatically converted into shares of our Series A convertible preferred stock at a conversion price of $1.00 per share upon the closing of our Series A convertible preferred stock financing in December 2019, resulting in the issuance of 754,315 shares of Series A convertible preferred stock to HighCape Partners QP and HighCape Partners.

In April 2020, we entered into an additional bridge note purchase agreement pursuant to which we issued approximately $2.0 million in aggregate principal amount of convertible promissory notes, which we refer to as the 2020 Bridge Notes, to HighCape Partners QP (which purchased approximately $1.6 million in aggregate principal amount), HighCape Partners (which purchased $21,555 in aggregate principal amount) and Deerfield (which purchased approximately $0.4 million in aggregate principal amount). The 2020 Bridge Notes had a maturity date of on April 1, 2025 and accrued interest at a rate of 5% per year. The aggregate principal amount of, and accrued interest on, the 2020 Bridge Notes automatically converted into shares of our Series A convertible preferred stock at a conversion price of $1.00 per share upon the closing of our Series A convertible preferred stock financing in September 2020, resulting in the issuance of 1,632,393 shares of Series A convertible preferred stock to HighCape Partners QP, 21,981 shares of Series A convertible preferred stock to HighCape Partners and 385,053 shares of Series A convertible preferred stock to Deerfield.

Transactions with HighCape Partners QP and its Affiliates

Management Services Agreement

In January 2016, we entered into a management services agreement with HighCape Partners Management, L.P., or HighCape Management, an affiliate of HighCape Partners QP, pursuant to which HighCape Management agreed to provide certain strategic, operational and management consulting services to us in exchange for a one-time fee of $125,000 and an annual fee of $250,000. In addition, we agreed to reimburse HighCape Management for all reasonable out-of-pocket costs and expenses incurred in connection with its services under the management services agreement, and also agreed to indemnify HighCape Management and its affiliates from and against any and all actions, causes of action, claims, suits, losses, liabilities and damages, and costs and expenses, including without limitation reasonable attorneys' fees and disbursements, in each case, relating to or arising out of the services contemplated in the management services agreement or arising from or in connection with the performance of any such services under the management services agreement. The management services agreement has an indefinite term and will terminate automatically immediately prior to the consummation of any sale transaction, including our initial public offering.

Pursuant to the management services agreement, we incurred fees of $250,000 per year for each of the years ended December 31, 2017, 2018 and 2019, respectively, and fees of $125,000 for the six months ended June 30, 2020.

Advisory Fee

In connection with the CorMatrix Acquisition in May 2017, we agreed to pay HighCape Management a one-time advisory fee of $750,000. The advisory fee was payable upon the first to occur of any sale transaction (as defined in our certificate of incorporation, as currently in effect) and the closing of this offering. In September 2020, our obligation in respect of this fee was extinguished in connection with the issuance of 375,000 shares of Series A convertible preferred stock to HighCape Capital, L.P.

Common Stock Warrant

In March 2017, we issued a warrant (which we refer to throughout this prospectus as the Common Stock Warrant) to purchase up to an aggregate of 1,923,077 shares of our Class A common stock at an exercise price of $0.39 per share to HighCape Partners QP as partial consideration for a $5.0 million letter of credit HighCape Partners QP provided as security to the lender under our then-existing revolving credit facility. The Common Stock Warrant provides that it is exercisable for a number of shares of our Class A common stock equal to the product of (x) 1,923,077 and (y) the quotient of (i) the lesser of 36 and the number of calendar months ended between the date it was issued and the date the letter of credit is terminated, and (ii) 36, provided that it will become exercisable for the maximum number of underlying shares in the event the letter of credit is partially or fully drawn upon. The letter of credit was terminated in May 2017 without being drawn upon and, as a result, the Common Stock Warrant became exercisable for 106,837 shares of our Class A common stock. Unless earlier exercised, the Common Stock Warrant will expire upon the closing of this offering.

Transactions with KeraLink and its Affiliates

Settlement Agreement

In August 2015, we entered into a contribution agreement with TBI (now KeraLink), or the Contribution Agreement, pursuant to which all of the assets and substantially all of the liabilities of its musculoskeletal division were subsequently contributed to us in exchange for 19,499,999 shares of our Series A convertible preferred stock (which were sold to HighCape Partners QP and its affiliates and Deerfield) and 6,499,999 shares of our Class A common stock. The Contribution Agreement provided for a guaranteed amount of working capital on our balance sheet following such transactions.

In April 2018, in order to resolve certain disputes we had with KeraLink related to the transactions described above, we entered into a settlement agreement and general release, or the Settlement Agreement, with KeraLink providing for, among other things, the settlement and release of certain potential claims between KeraLink and us in connection with such disputes. The Settlement Agreement provided for an initial cash payment to us of $0.09 million and the forgiveness of a $0.31 million intercompany balance owed by us to KeraLink as of the date of the Settlement Agreement. In addition, KeraLink agreed, upon the occurrence of certain liquidity events, to make certain payments to us in an aggregate amount of up to $0.55 million. Such liquidity events include (1) any sale, transfer or other disposition by KeraLink of shares of our common stock (upon which KeraLink agreed to pay us an amount of cash equal to the difference between the cash received by KeraLink from such sale, transfer or other disposition less its disposition costs); (2) the date that is 180 days after all shares of our common stock held by KeraLink are registered pursuant to a registration statement under the Securities Act, listed on a U.S. national securities exchange and not subject to any contractual transfer restrictions other than customary arrangements for a registered secondary sale of stock, provided that KeraLink has not yet made the Unregistered Maturity Payment (as defined below) (upon which KeraLink agreed to pay us an amount of cash equal to the lesser of (x) the difference between $0.55 million and all applicable payments previously made as of such date and (y) the fair market value of the shares of common stock owned by KeraLink as of such date, which amount is referred to as the Registered Maturity Payment); and (3) the date that is one year after the date on which we first advise KeraLink in writing that it is not an "affiliate" of ours under Rule 144 under the Securities Act, provided our common stock is registered under the Exchange Act and listed on a national securities exchange, and provided further, that KeraLink has not yet made the Registered Maturity Payment (upon which KeraLink agreed to pay us an amount of cash equal to the lesser of (x) the difference between $0.55 million and all applicable payments previously made as of such date and (y) the fair market value of the shares of common stock owned by KeraLink as of such date, which amount is referred to as the Unregistered Maturity Payment).

KeraLink has the right to pay any or all amounts that remain due under the Settlement Agreement by tendering shares of its common stock to us. In addition, as security for KeraLink's payment and performance under the Settlement Agreement, KeraLink granted to us a lien on the 6,499,999 shares of common stock owned by KeraLink on the date of the Settlement Agreement.

Lease Agreement

In November 2015, we entered into a lease agreement with KeraLink with respect to our Richmond, California facility. In July 2017, the facility was sold to an unrelated third party that assumed KeraLink's obligations under the lease agreement. We made aggregate payments of approximately $0.5 million and $0.06 million to KeraLink under the lease agreement during the years ended December 31, 2017 and 2018, respectively.

Investor Rights Agreement

We entered into a second amended and restated investors' rights agreement, or the Investor Rights Agreement, in September 2020, with each holder of our Series A convertible preferred stock and Series A-1 preferred stock and certain other investors, including each holder of more than 5% of our capital stock, which entities are also related to certain of our directors. The agreement provides for certain registration rights relating to the registrable shares held by such holders. See "Description of Capital Stock — Registration Rights" for additional information.

Employment Agreements

We have entered into employment agreements with certain of our named executive officers. For more information regarding the agreements with our named executive officers, see "Executive and Director Compensation — Executive Compensation Arrangements — Employment Agreements."

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us or will require us to indemnify each director (and in certain cases their related venture capital funds) and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. For further information,

Stock Option Grants to Executive Officers and Directors

We have granted stock options to our executive officers and one of our directors as more fully described in the section entitled "Executive and Director Compensation."

Participation in This Offering

Certain of our existing stockholders, including entities affiliated with certain of our directors, have indicated an interest in purchasing an aggregate of approximately $ in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or no shares in this offering to any or all of these stockholders, or any or all of these stockholders may determine to purchase more, fewer or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering. To the extent shares of common stock offered hereby are purchased by entities affiliated with Deerfield, such shares will be issued in the form of Class B common stock that will be convertible into an equivalent number of shares of our Class A common stock. The public offering price of and underwriting discount on such shares of Class B common stock will be identical to the shares of Class A common stock otherwise offered hereby.

Policies and Procedures for Related Person Transactions

Our board of directors has adopted a written related person transaction policy, to be effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds $120,000 in any fiscal year and a related person had, has or will have a direct or indirect material interest, including without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock, as of , 2020 by:

- each person or group of affiliated persons known by us to beneficially own more than 5% of our Class A common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the Securities and Exchange Commission. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the individuals and entities named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, subject to any applicable community property laws.

Percentage ownership of our common stock before this offering is based on shares of common stock outstanding as of , 2020, after giving effect to (i) the automatic conversion of all outstanding shares of our Series A convertible preferred stock into shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering, (ii) the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering, (iii) the assumed net exercise of the Common Stock Warrant prior to the closing of this offering, which will result in the issuance of shares of our Class A common stock, (iv) the assumed net exercise of the Preferred Stock Warrants prior to the closing of this offering, which, assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock, will result in the issuance of an aggregate of shares of our Class A common stock, (v) the issuance and sale of an aggregate of (x) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (y) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020, and (vi) the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020, in the case of each of clauses (i) through (vi) above, as described elsewhere in this prospectus. Percentage ownership of our common stock after this offering is based on shares of Class A common stock and shares of Class B common stock outstanding as of , 2020, after giving effect to further effect to our issuance of shares of our Class A common stock in this offering. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, warrants or other rights held by such person that are currently exercisable or will become exercisable within 60 days of , 2020 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Unless noted otherwise, the address of all listed stockholders is 12510 Prosperity Drive, Suite 370, Silver Spring, MD 20904.

Certain of our existing stockholders, including entities affiliated with certain of our directors, have indicated an interest in purchasing an aggregate of approximately $ in shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or

no shares in this offering to any or all of these stockholders, or any or all of these stockholders may determine to purchase more, fewer or no shares in this offering. The underwriters will receive the same underwriting discount on any shares purchased by these stockholders as they will on any other shares sold to the public in this offering. The following table does not reflect any such potential purchases by these existing stockholders or their affiliated entities. If any shares are purchased by these stockholders, the number of shares of common stock beneficially owned after this offering and the percentage of common stock beneficially owned after this offering would increase from that set forth in the table below. To the extent shares of common stock offered hereby are purchased by entities affiliated with Deerfield, such shares will be issued in the form of Class B common stock that will be convertible into an equivalent number of shares of our Class A common stock. The public offering price of and underwriting discount on such shares of Class B common stock will be identical to the shares of Class A common stock otherwise offered hereby.

	Number of Shares Beneficially Owned		Percentage of Shares Beneficially Owned Before the Offering			Percentage of Shares Beneficially Owned After the Offering		
Name of Beneficial Owner	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Total Common Stock	Class A Common Stock	Class B Common Stock	Total Common Stock
***5% or Greater Stockholders*[(1)]**								
HighCape Partners QP and affiliates[(2)]			%	%	%	%	%	%
KeraLink International, Inc.[(3)]								
Named Executive Officers and Directors								
Ronald Lloyd[(4)]								
Thomas Englese[(5)]								
Darryl Roberts, Ph.D.[(6)]								
Kevin Rakin[(7)]								
Maybelle Jordan[(8)]								
Brigid A. Makes[(9)]								
C. Randal Mills, Ph.D.[(10)]								
W. Matthew Zuga[(11)]								
All executive officers and directors as a group (10 individuals)[(12)]								

* Less than 1%.

(1) Deerfield is not included in this table as a 5% or greater stockholder because all of Deerfield's beneficial ownership interest is held in the form of our Class B common stock. As a holder of our Class B common stock, Deerfield will only have the right to convert each share of our Class B common stock into one share of Class A common stock at its election to the extent that as a result of such conversion, it would not beneficially own in excess of 4.9% of any class of our securities registered under the Exchange Act. Following the closing of this offering, after giving effect to the pro forma adjustments described above, Deerfield will beneficially own shares of our Class B common stock, representing % of our total outstanding common stock, without giving effect to any additional shares of our Class B common stock that Deerfield may purchase in this offering.

(2) Consists of (i) shares of common stock held by HighCape Partners, (ii) shares of common stock held by HighCape Partners QP, (iii) shares of common stock held by HighCape Co-Investment Vehicle I, LLC, and (iv) shares of common stock held by HighCape Co-Investment Vehicle II, LLC. Kevin Rakin and W. Matthew Zuga, members of our board of directors, are the managing members of HighCape Partners GP, LLC, which in turn is the general partner of HighCape Partners GP, L.P., which in turn is the general partner of each of HighCape Partners and HighCape Partners QP. Each of Mr. Rakin, Mr. Zuga, HighCape Partners GP, LLC and HighCape Partners GP, L.P. may be deemed to beneficially own the securities held by HighCape Partners and HighCape Partners QP. In addition, Mr. Zuga is the managing member of each of HighCape Co-Investment Vehicle I, LLC and HighCape Co-Investment Vehicle II, LLC and may be deemed to beneficially own the securities held by such entities. The address of HighCape Partners, HighCape Partners QP, HighCape Co-Investment Vehicle I, LLC and HighCape Co-Investment Vehicle II, LLC is 452 5th Avenue, 21st Floor, New York, NY 10018.

(3) Investment decisions with respect to the shares of common stock held of record by KeraLink are made by a nine-person board of directors consisting of Douglas J. Furlong, Ellen Koo, Mark Jensen, C. Thomas Vangsness, Jr., Roberto Pineda II, Sonya Hadrigan, Bryan M. Vossekuil, Christopher Helmrath and Pamela Hall. Decisions of KeraLink's board of directors are made by majority vote and, as a result, no director acting alone has the ability to exercise voting or investment power with regard to these shares. Such shares of common stock are pledged as security for KeraLink's payment and performance obligations under the

Settlement Agreement. See "Certain Relationships and Related Party Transactions — Transactions with KeraLink and its Affiliates — Settlement Agreement." The address of KeraLink is 300 East Lombard Street, Suite 1510, Baltimore, MD 21202.

(4) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(5) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(6) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(7) Consists of (i) shares of common stock held by HighCape Partners, and (ii) shares of common stock held by HighCape Partners QP, which Mr. Rakin may be deemed to beneficially own. See footnote (1) above.

(8) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(9) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(10) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

(11) Consists of (i) shares of common stock held by HighCape Partners, (ii) shares of common stock held by HighCape Partners QP, (iii) shares of common stock held by HighCape Co-Investment Vehicle I, LLC, and (iv) shares of common stock held by HighCape Co-Investment Vehicle II, LLC, which Mr. Zuga may be deemed to beneficially own. See footnote (1) above.

(12) Consists of shares of common stock and options to purchase shares of common stock that are or will be immediately exercisable within 60 days of , 2020.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes some of the terms of our Post-IPO Certificate of Incorporation and Post-IPO Bylaws that will become effective upon the closing of this offering, the Investor Rights Agreement and the DGCL. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our Post-IPO Certificate of Incorporation, Post-IPO Bylaws and the Investor Rights Agreement, copies of which have been or will be filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of the DGCL. The description of our common stock and preferred stock reflects changes to our capital structure that will occur upon the closing of this offering.

Following the closing of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.001 per share, shares of Class B common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share.

As of June 30, 2020, there were 9,046,663 shares of our common stock outstanding and shares of our common stock issuable upon the automatic conversion of all outstanding shares of our Series A convertible preferred stock in connection with this offering (or 9,046,663 shares of our Class A common stock outstanding, no shares of our Class B common stock outstanding, shares of our Class A common stock issuable upon the automatic conversion of all outstanding shares of our Series A convertible preferred stock, and shares of our Class B common stock issuable upon the automatic conversion of all outstanding shares of our Series A-1 convertible preferred stock, after giving effect to the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020), held of record by 12 stockholders.

Class A Common Stock and Class B Common Stock

Holders of our Class A common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. An election of directors by our stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Subject to the supermajority votes for some matters, other matters shall be decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter. Our Post-IPO Certificate of Incorporation and Post-IPO Bylaws also provide that our directors may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon. In addition, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon is required to amend or repeal, or to adopt any provision inconsistent with, several of the provisions of our Post-IPO Certificate of Incorporation. See below under "— Anti-Takeover Effects of Delaware Law and Our Post-IPO Certificate of Incorporation and Post-IPO Bylaws — Amendment of Charter Provisions."

Holders of our Class B common stock have identical rights to holders of our Class A common stock as set forth in the preceding paragraph, other than as follows: (i) except as otherwise expressly provided in our Post-IPO Certificate of Incorporation or as required by applicable law, on any matter that is submitted to a vote by our stockholders, while holders of our Class A common stock are entitled to one vote per share of Class A common stock, holders of our Class B common stock are not entitled to any votes per share of Class B common stock, including for the election of directors, and (ii) while holders of our Class A common stock have no conversion rights, holders of our Class B common stock shall have the right to convert each share of our Class B common stock into one share of Class A common stock at such holder's election, provided that as a result of such conversion, such holder would not beneficially own in excess of 4.9% of any class of our securities registered under the Exchange Act. Accordingly, the holders of a majority of the outstanding shares of Class A common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose, other than any directors that holders of any preferred stock we may issue may be entitled to elect.

Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of any series of preferred stock that we may designate and issue in the future.

In the event of our liquidation or dissolution, the holders of common stock are entitled to receive proportionately our net assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. Our outstanding shares of common stock are, and the shares offered by us in this offering will be, when issued and paid for, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our Post-IPO Certificate of Incorporation, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Warrants

As of June 30, 2020, we had a warrant to purchase up to 106,837 shares of our common stock outstanding (or 106,837 shares of our Class A common stock, after giving effect to the filing and effectiveness of our current certificate of incorporation which, among other things, effected a reclassification of our then outstanding common stock to Class A common stock) with an exercise price of $0.39 per share, which we refer to as the Common Stock Warrant, and warrants to purchase an aggregate of up to 405,000 shares of our Series A convertible preferred stock outstanding, each having an exercise price of $1.00 per share, which we refer to collectively as the Preferred Stock Warrants. These warrants may be exercised at any time and from time to time, in whole or in part. Unless earlier exercised, the Common Stock Warrant and the Preferred Stock Warrants will terminate upon the closing of this offering.

Options

As of June 30, 2020, options to purchase 4,278,583 shares of our common stock (or shares of our Class A common stock, after giving effect to the filing and effectiveness of our current certificate of incorporation which, among other things, effected a reclassification of our then outstanding common stock to Class A common stock) were outstanding under our 2015 Plan, of which 2,203,896 were vested and exercisable as of that date.

Registration Rights

Holders of shares of our common stock (including shares of our Class A common stock issuable upon the conversion of our Series A convertible preferred stock and Class B Common Stock and shares of our Class B Common Stock issuable upon conversion of our Series A-1 convertible preferred stock) are entitled to certain rights with respect to the registration of their "registrable shares" for public resale under the Securities Act, pursuant to the Investor Rights Agreement, until such rights otherwise terminate pursuant to the terms of the Investor Rights Agreement. The registration of shares of common stock as a result of the following rights being exercised would enable holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective.

Form S-1 Registration Rights

If at any time beginning six months after the effective date of this offering the holders of at least 75% of the registrable shares then outstanding (other than certain holders specifically excluded for purposes of this calculation), or the Required Holders, request in writing that we effect a registration of registrable shares, we will be required to give prompt written notice of such request to all other holders of registrable shares and to effect a registration on Form S-1 with respect to all registrable shares we are requested by such holders to register, subject to certain exceptions and limitations. We are obligated to effect at most two registrations in response to these demand registration rights. If the holders requesting registration intend to distribute their shares by means of an underwritten offering, we will be permitted to exclude certain registrable shares from registration on the good faith advice of the managing underwriter that marketing factors so require.

Piggyback Registration Rights

If at any time we propose to register any shares of our common stock under the Securities Act, subject to certain exceptions, the holders of registrable shares will be entitled to notice of the registration and to request that we include their registrable shares in such registration. If our proposed registration involves an underwritten offering, we will be permitted to exclude certain registrable shares from registration on the good faith advice of the managing underwriter that market factors so require.

Form S-3 Registration Rights

If, at any time after we become eligible under the Securities Act to register our shares on a registration statement on Form S-3, the Required Holders request that we effect a registration with respect to registrable shares having an aggregate price to the public in the offering of at least $2.5 million, we will be required to give prompt written notice of such request to all other holders of registrable shares and to use commercially reasonable efforts to effect, as expeditiously as possible, the registration on Form S-3 of all registrable shares we are requested by such holders to register.

Expenses and Indemnification

Ordinarily, other than underwriting discounts and commissions and any stock transfer taxes, we will be required to pay all registration expenses related to any registration effected pursuant to the exercise of these registration rights. Registration expenses are defined to include, among other things, all registration and filing fees, exchange listing fees, printing expenses, fees and disbursements of our counsel, reasonable fees and disbursements of one counsel for the selling security holders and blue sky fees and expenses. The Investor Rights Agreement also includes customary indemnification and procedural terms.

Termination of Registration Rights

The registration rights terminate upon the earlier of (i) three years after the effective date of the registration statement of which this prospectus is a part, (ii) the closing of a sale transaction, as defined in the Investor Rights Agreement or (iii) with respect to any holder of registrable shares, at such time after the date that is six months following the consummation of this offering as SEC Rule 144 or another similar exemption under the Securities Act is available for the public sale of all of such holder's shares without limitation during a three-month period without registration, provided that we have taken all necessary action to enable such holder to have any legend restricting the transfer of such shares removed from the stock certificates representing all such shares.

Anti-Takeover Effects of Delaware Law and Our Post-IPO Certificate of Incorporation and Post-IPO Bylaws

Some provisions of Delaware law, our Post-IPO Certificate of Incorporation and our Post-IPO Bylaws could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us

to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability of our board of directors, without action by the stockholders, to issue up to shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Stockholder Meetings

Our Post-IPO Bylaws provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president (in the absence of a chief executive officer), or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our Post-IPO Bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our Post-IPO Certificate of Incorporation eliminates the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see "Management — Board Composition and Election of Directors." This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our Post-IPO Certificate of Incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of the holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our Post-IPO Certificate of Incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our Class A common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the DGCL, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting

in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our Post-IPO Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative form, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders; (3) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws; (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine. Under our Post-IPO Certificate of Incorporation, this exclusive forum provision will not apply to claims which are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, the provision would not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, Exchange Act, or the rules and regulations thereunder. Our Post-IPO Certificate of Incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our Post-IPO Certificate of Incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our Post-IPO Certificate of Incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock and the provision prohibiting cumulative voting, would require approval by holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote thereon.

The provisions of Delaware law, our Post-IPO Certificate of Incorporation and our Post-IPO Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be .

Stock Exchange Listing

We have applied to have our Class A common stock listed on The Nasdaq Global Market under the symbol "AZYO."

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock.

Upon the closing of this offering, based on the number of shares of our common stock outstanding as of June 30, 2020, we will have outstanding an aggregate of shares of common stock, assuming (i) the issuance of shares of Class A common stock offered by us in this offering, (ii) the automatic conversion of all outstanding shares of our Series A convertible preferred stock into shares of our Class A common stock and of all outstanding shares of our Series A-1 convertible preferred stock into an aggregate of shares of our Class B common stock, in each case, upon the closing of this offering, (iii) the issuance of an aggregate of shares of our Class A common stock and shares of our Class B common stock to the holders of our Series A convertible preferred stock and our Series A-1 convertible preferred stock, respectively, in respect of a liquidation preference payable to such holders in kind immediately prior to the closing of this offering, (iv) the assumed net exercise of the Common Stock Warrant prior to the closing of this offering, which will result in the issuance of shares of our Class A common stock, (v) the assumed net exercise of the Preferred Stock Warrants prior to the closing of this offering, which, assuming the automatic conversion of the shares of Series A convertible preferred stock issued pursuant to such net exercise into shares of Class A common stock, will result in the issuance of an aggregate of shares of our Class A common stock, (vi) the issuance and sale of an aggregate of (x) 5,039,427 shares of our Series A convertible preferred stock, including 2,039,427 shares of our Series A convertible preferred stock issued upon the conversion of approximately $2.0 million in aggregate principal amount of the 2020 Bridge Notes, together with accrued and unpaid interest thereon, and (y) 375,000 shares of our Series A convertible preferred stock to an affiliate of HighCape Partners in exchange for the extinguishment of our obligation to pay an advisory fee, in each case, in September 2020, (vii) the filing and effectiveness of our current certificate of incorporation effecting a reclassification of our then outstanding common stock to Class A common stock and authorizing our Series A-1 convertible preferred stock and our Class B common stock and the issuance to Deerfield of 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock pursuant to an exchange agreement, in each case, in September 2020, and (viii) no exercise of options after June 30, 2020. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement. As a holder of our Class B common stock, Deerfield will only have the right to convert each share of our Class B common stock into one share of Class A common stock at its election to the extent that as a result of such conversion, it would not beneficially own in excess of 4.9% of any class of our securities registered under the Exchange Act. As a result, Deerfield may not be deemed an "affiliate" for purposes of Rule 144 and, as a result, any securities it purchases in this offering may be freely tradable.

The remaining shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. We expect that substantially all of these shares will be subject to the 180-day lock-up period under the lock-up agreements described below. Upon expiration of the lock-up period, we estimate that approximately shares will be available for sale in the public market, subject in some cases to applicable volume limitations under Rule 144. Because Deerfield may not be deemed an "affiliate" for purposes of Rule 144, up to shares of Class B common stock that Deerfield will own upon conversion of its Series A-1 convertible preferred stock in connection with this offering may become freely tradable and not subject to volume limitations following the 180-day lock-up period.

In addition, of the shares of our common stock that were subject to stock options outstanding as of June 30, 2020, options to purchase shares of common stock were vested as of June 30, 2020. Upon the exercise of such options and warrants, these shares will be eligible for sale subject to the lock-up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements

We and each of our directors and executive officers and holders of substantially all of our outstanding capital stock have agreed that, without the prior written consent of Piper Sandler & Co. and Cowen and Company, LLC, we and they will not, subject to certain exceptions, during the period ending 180 days after the date of this prospectus, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock, whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above. These lock-up restrictions may be waived at any time by Piper Sandler & Co. and Cowen and Company, LLC. For a further description of these lock-up agreements, please see "Underwriting."

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least six months would be entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume in our Class A common stock on The Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the Securities and Exchange Commission and Nasdaq concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock plans. We expect to file the registration statement covering shares offered pursuant to our stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market, subject to compliance with the resale provisions of Rule 144.

Registration Rights

Upon the closing of this offering, the holders of shares of common stock, which includes all of the shares of Class A common stock issuable upon the conversion of our Series A convertible preferred stock and Class B common stock and shares of Class B common stock issuable upon conversion of our Series A-1 convertible preferred stock, or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See "Description of Capital Stock — Registration Rights" for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated under the Code, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date of this prospectus. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes and other pass-through entities (and investors in such entities);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the common stock being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL

AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section in this prospectus titled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "— Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussion below on information reporting, backup withholding and foreign accounts, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any applicable time within the shorter of the five year period preceding the Non-U.S. Holder's disposition of, or the Non-U.S. Holder's holding period for, our common stock.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable documentation, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any distributions on our common stock paid to the Non-U.S. Holder, regardless of whether such distributions constitute dividends or whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019, although under proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed regulations pending finalization), no withholding would apply with respect to payments of gross proceeds.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement among us and Piper Sandler & Co. and Cowen and Company, LLC, as the representatives of the underwriters named below and the joint book-running managers of this offering, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, at the initial public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock listed opposite its name below.

Underwriter	Number of Shares
Piper Sandler & Co.	
Cowen and Company, LLC	
Cantor Fitzgerald & Co.	
Truist Securities, Inc.	
Total	

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of Class A common stock if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters have advised us that, following the completion of this offering, they currently intend to make a market in the Class A common stock as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market-making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the Class A common stock, that you will be able to sell any of the Class A common stock held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares of Class A common stock from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

Option to Purchase Additional Shares

We have granted the underwriters an option to buy up to additional shares of Class A common stock from us to cover over-allotments, if any. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

Discounts, Commissions and Expenses

The underwriters have advised us that they propose to offer the shares of Class A common stock to the public at the initial public offering price set forth on the cover of this prospectus and to certain dealers, which may include the underwriters, at that price less a concession not in excess of $ per share of Class A common stock. After the offering, the initial public offering price and concession may be reduced by the representatives. No such reduction will change the amount of proceeds to be received by us as set forth on the cover of this prospectus.

The underwriting fee is equal to the public offering price per share less the amount paid by the underwriters to us per share. The following table shows the per share and total underwriting discount to be paid by

the underwriters in connection with this offering, assuming either no exercise or full exercise of the option to purchase additional shares:

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discounts and commissions	$	$	$
Proceeds, before expenses, to us	$	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for expenses of up to $ relating to the clearance of this offering with the Financial Industry Regulatory Authority.

Indemnification of Underwriters

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Determination of Offering Price

Prior to this offering, there has not been a public market for our Class A common stock. Consequently, the initial public offering price for our Class A common stock will be determined by negotiations between us and the representatives. Among the factors to be considered in these negotiations will be prevailing market conditions, our financial information, market valuations of other companies that we and the underwriters believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

We offer no assurances that the initial public offering price will correspond to the price at which the Class A common stock will trade in the public market subsequent to the offering or that an active trading market for the Class A common stock will develop and continue after the offering.

Listing

We have applied to have our Class A common stock listed on The Nasdaq Global Market under the symbol "AZYO."

No Sales of Similar Securities

We, our directors and executive officers and substantially all of the other holders of all our outstanding capital stock and other securities have agreed, subject to certain exceptions, that, without the prior written consent of Piper Sandler & Co. and Cowen and Company, LLC on behalf of the underwriters, we and they will not, or publicly disclose an intention to, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into, exercisable or exchangeable for or that represent the right to receive common stock whether now owned or hereafter acquired;
- enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or any such other securities;
- make any demand for or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for shares of common stock; or
- publicly disclose the intention to do any of the foregoing.

The restrictions described in the immediately preceding paragraph and contained in the lock-up agreements between the Underwriters and the lock-up parties, subject to various conditions, to certain transactions, including:

- subject to certain limitations, transfers as a bona fide gift or gifts;
- subject to certain limitations, transfers to an immediate family member or to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the lock-up party or the immediate family;
- subject to certain limitations, if the lock-up party is a corporation, partnership, limited liability company, trust or other business entity, transfers (A) to a corporation, partnership, limited liability company, trust or other business entity that is a direct or indirect affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the lock-up party or (B) in distributions of the lock-up party's Securities to current or former limited or general partners, limited liability company members, stockholders or other equity holders of the lock-up party, or to the estate of any such partner, member, stockholder or other equity holder;
- subject to certain limitations, if the lock-up party is a trust, transfers to the beneficiary of such trust or the estate of any such beneficiary;
- subject to certain limitations, transfers by testate succession or intestate succession;
- subject to certain limitations, transfers by operation of law, including pursuant to a qualified domestic relations order, or in connection with a divorce settlement or other order of a court or administrative or regulatory agency;
- subject to certain limitations, transfers to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under any of the foregoing clauses above;
- subject to certain limitations, transfers pursuant to the Underwriting Agreement;
- subject to certain limitations, the exercise or settlement of stock options, restricted stock units or other equity awards granted pursuant to the equity incentive plans, or the exercise of any warrant to purchase shares of common stock or any security convertible into or exercisable or exchangeable for common stock;
- subject to certain limitations, transfers to us in connection with the vesting, settlement or exercise of restricted stock units, options, warrants or other rights to purchase shares of our common stock, including "net" or "cashless" exercise, including for the payment of exercise price and tax and remittance payments;
- subject to certain limitations, transfers to us from an employee or other service provider upon death, disability or termination of employment or service, in each case, of such employee or service provider;
- subject to certain limitations, transfers pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of our common stock involving a change of control that has been approved by our board of directors;
- subject to certain limitations, sales or transfers of shares acquired in this offering, or on the open market after this offering;
- subject to certain limitations, the conversion of shares of convertible preferred stock or other securities convertible into or exercisable or exchangeable for shares of common stock into shares of common stock prior to or in connection with the consummation of this offering; or
- subject to certain limitations, the establishment of a trading plan pursuant to Rule 10b5-1 of the Exchange Act.

Piper Sandler & Co. and Cowen and Company, LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

Price Stabilization, Short Positions and Penalty Bids

The underwriters have advised us that, pursuant to Regulation M under the Exchange Act, certain persons participating in the offering may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These

activities may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales.

"Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of our common stock in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of our common stock or purchasing shares of our common stock in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.

"Naked" short sales are sales in excess of the option to purchase additional shares of our common stock. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A syndicate covering transaction is the bid for or the purchase of shares of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the shares of common stock originally sold by such syndicate member are purchased in a syndicate covering transaction and, therefore, have not been effectively placed by such syndicate member.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or on the web sites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares of common stock for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' web sites and any information contained in any other web site maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Other Activities and Relationships

The underwriters and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose

is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

European Economic Area and United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each, a "Relevant State"), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1)

of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Germany

Each person who is in possession of this prospectus is aware of the fact that no German securities prospectus (wertpapierprospekt) within the meaning of the German Securities Prospectus Act (Wertpapier-prospektgesetz, or the Act) of the Federal Republic of Germany has been or will be published with respect to the shares of our common stock. In particular, each underwriter has represented that it has not engaged and has agreed that it will not engage in a public offering in the Federal Republic of Germany within the meaning of the Act with respect to any of the shares of our common stock otherwise than in accordance with the Act and all other applicable legal and regulatory requirements

Hong Kong

The shares of common stock may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Israel

In the State of Israel this prospectus shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728 — 1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728-1968, including, inter alia, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "Addressed Investors"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728 — 1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. The company has not and will not take any action that would require it to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728 — 1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our common stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728 — 1968. In particular, we may request, as a condition to be offered common stock, that Qualified Investors will each represent, warrant and certify to us

and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728 — 1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728 — 1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728 — 1968 and the regulations promulgated thereunder in connection with the offer to be issued common stock; (iv) that the shares of common stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728 — 1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728 — 1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, inter alia, the Addressed Investor's name, address and passport number or Israeli identification number.

Singapore

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of shares, we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). Each underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each underwriter has represented and agreed that it has not offered or sold any shares or caused the shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any shares or cause the shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The shares of common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the "SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares of common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the shares of common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the shares of common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of the shares of common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of the shares of common stock.

United Arab Emirates

This offering has not been approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), Securities and Commodities Authority of the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority ("DFSA"), a regulatory authority of the Dubai International Financial Centre ("DIFC"). The offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No 8 of 1984 (as amended), DFSA Offered Securities Rules and Nasdaq Dubai Listing Rules, accordingly, or otherwise. The shares of common stock may not be offered to the public in the UAE and/or any of the free zones.

The shares of common stock may be offered and issued only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned.

France

This prospectus (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier).

This prospectus has not been and will not be submitted to the French Autorité des marchés financiers (the "AMF") for approval in France and accordingly may not and will not be distributed to the public in France.

Pursuant to Article 211-3 of the AMF General Regulation, French residents are hereby informed that:

1. the transaction does not require a prospectus to be submitted for approval to the AMF;
2. persons or entities referred to in Point 2°, Section II of Article L.411-2 of the Monetary and Financial Code may take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code; and
3. the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

This prospectus is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this prospectus. This prospectus has been distributed on the understanding that such recipients will only participate in the issue or sale of our common stock for their own account and undertake not to transfer, directly or indirectly, our common stock to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

LEGAL MATTERS

The validity of the shares of Class A common stock and Class B common stock offered hereby will be passed upon for us by Latham & Watkins LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The financial statements as of December 31, 2019 and 2018 and for the years then ended included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 2 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the Securities and Exchange Commission. The address of that site is *www.sec.gov*.

Upon the effectiveness of the registration statement, we will become subject to the reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will be required to file periodic reports, proxy statements, and other information with the SEC. Such periodic reports, proxy statements and other information can be accessed by visiting the SEC's Internet website at the address set forth above. We also intend to make this information available on the investor relations section of our website, which is located at *www.aziyo.com*. Information on, or accessible through, our website is not a part of this prospectus.

AZIYO BIOLOGICS, INC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Aziyo Biologics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aziyo Biologics, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred losses from operations since its inception and has an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
April 17, 2020

We have served as the Company's auditor since 2015.

AZIYO BIOLOGICS, INC.

CONSOLIDATED BALANCE SHEETS
(In Thousands, Except for Share and Per Share Data)

	As of December 31,		As of	Pro Forma
	2018	2019	June 30, 2020	June 30, 2020
			(Unaudited)	(Unaudited)
Assets				
Current assets:				
Cash	$ 2,367	$ 2,482	$ 990	
Restricted cash	46	108	50	
Accounts receivable, net	7,200	7,229	5,869	
Inventory	7,459	7,190	9,619	
Prepaid expenses and other current assets	1,063	1,437	1,202	
Total current assets	18,135	18,446	17,730	
Property and equipment, net	870	988	826	
Intangible assets, net	28,660	25,262	23,563	
Other assets	76	76	76	
Total assets	**$ 47,741**	**$ 44,772**	**$ 42,195**	
Liabilities, Convertible Preferred Stock and Stockholders' Deficit				
Current liabilities:				
Accounts payable	$ 1,589	$ 2,492	$ 1,995	
Accrued expenses	4,643	3,978	4,786	
Payables to tissue suppliers	1,264	2,485	2,424	
Current portion of long-term debt	1,363	1,692	2,626	
Current portion of revenue interest obligation	2,200	2,750	2,750	
Revolving line of credit	1,638	4,227	5,897	
Deferred revenue and other current liabilities	648	650	562	
Total current liabilities	13,345	18,274	21,040	
Long-term debt	16,456	19,612	23,435	
Long-term revenue interest obligation	18,053	16,596	16,683	
Deferred revenue and other long-term liabilities	1,633	705	614	
Preferred stock warrant liability	249	247	247	
Total liabilities	49,736	55,434	62,019	
Commitments and contingencies (Note 17)				
Convertible preferred stock				
Series A Preferred stock, $0.001 par value, 42,000,000 and 45,500,000 shares authorized, as of December 31 2018 and 2019, respectively, 41,500,000 and 44,550,230 shares issued and outstanding, in 2018 and 2019, respectively, liquidation value of $41,500,000 and 44,550,230 in 2018 and 2019, respectively; 45,500,000 shares authorized, 45,000,000 shares issued and outstanding, and a liquidation value of $45,000,000 as of June 30, 2020 (unaudited); no shares issued and outstanding pro forma as of June 30, 2020 (unaudited)	41,411	44,449	44,899	
Stockholders' deficit:				
Common stock, $0.001 par value, 60,000,000 and 63,000,000 shares authorized, as of December 31 2018 and 2019 respectively, and 9,002,913 and 9,046,663 issued and outstanding in 2018 and 2019, respectively; 63,000,000 shares authorized and 9,046,663 issued and outstanding as of June 30, 2020 (unaudited); shares issued and outstanding pro forma as of June 30, 2020 (unaudited)	9	9	9	
Additional paid-in capital	1,584	1,818	1,944	
Accumulated deficit	(44,999)	(56,938)	(66,676)	
Total stockholders' deficit	(43,406)	(55,111)	(64,723)	
Total liabilities, convertible preferred stock and stockholders' deficit	**$ 47,741**	**$ 44,772**	**$ 42,195**	

The accompanying notes are an integral part of these financial statements.

AZIYO BIOLOGICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Share and Per Share Data)

	Year End December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
			(Unaudited)	
Net sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442
Cost of goods sold	23,093	23,133	10,376	9,443
Gross Profit	15,945	19,768	9,333	8,999
Sales and marketing	13,165	16,161	7,157	8,297
General and administrative	8,520	9,616	4,293	5,699
Research and development	2,481	2,400	1,235	1,948
Loss from operations	(8,221)	(8,409)	(3,352)	(6,945)
Interest expense	5,519	5,381	2,686	2,783
Other (income) expense, net	(2,200)	(1,881)	—	—
Loss before provision for income taxes	(11,540)	(11,909)	(6,038)	(9,728)
Income tax expense	26	30	14	10
Net loss	**$ (11,566)**	**$ (11,939)**	**$ (6,052)**	**$ (9,738)**
Net loss per share attributable to common stockholders – basic and diluted	**$ (1.32)**	**$ (1.32)**	**$ (0.67)**	**$ (1.08)**
Weighted average common shares outstanding – basic and diluted	8,785,082	9,014,779	9,002,913	9,046,663
Pro forma net loss per share attributable to common stockholders – basic and diluted (unaudited)				
Pro forma weighted average common shares outstanding – basic and diluted (unaudited)				

The accompanying notes are an integral part of these financial statements.

AZIYO BIOLOGICS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(In Thousands, Except Share Amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Number of Shares	Amount	Number of Shares	Amount			
Balance, December 31, 2017	**31,500,000**	**$ 31,418**	**7,868,421**	**$ 8**	**$ 885**	**$ (33,433)**	**$ (32,540)**
Issuance of Convertible Preferred Stock, net of issuance costs of $8	10,000,000	9,993	—	—	—	—	—
Proceeds from stock option exercises			1,134,492	1	441		442
Stock-based compensation	—	—	—	—	258	—	258
Net loss	—	—	—	—	—	(11,566)	(11,566)
Balance, December 31, 2018	**41,500,000**	**$ 41,411**	**9,002,913**	**$ 9**	**$ 1,584**	**$ (44,999)**	**$ (43,406)**
Issuance of Convertible Preferred Stock, net of issuance costs of $12	3,050,230	3,038	—	—	—	—	—
Proceeds from stock option exercises			43,750	—	17		17
Stock-based compensation	—	—	—	—	217	—	217
Net loss	—	—	—	—	—	(11,939)	(11,939)
Balance, December 31, 2019	**44,550,230**	**$ 44,449**	**9,046,663**	**$ 9**	**$ 1,818**	**$ (56,938)**	**$ (55,111)**

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Number of Shares	Amount	Number of Shares	Amount			
Balance, December 31, 2018	**41,500,000**	**$ 41,411**	**9,002,913**	**$ 9**	**$ 1,584**	**$ (44,999)**	**$ (43,406)**
Stock-based compensation	—	—	—	—	115	—	115
Net loss	—	—	—	—	—	(6,052)	(6,052)
Balance, June 30, 2019 (Unaudited)	**41,500,000**	**$ 41,411**	**9,002,913**	**$ 9**	**$ 1,699**	**$ (51,051)**	**$ (49,343)**

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Number of Shares	Amount	Number of Shares	Amount			
Balance, December 31, 2019	**44,550,230**	**$ 44,449**	**9,046,663**	**$ 9**	**$ 1,818**	**$ (56,938)**	**$ (55,111)**
Issuance of Convertible Preferred Stock	449,770	450	—	—	—	—	—
Stock-based compensation	—	—	—	—	126	—	126
Net loss	—	—	—	—	—	(9,738)	(9,738)
Balance, June 30, 2020 (Unaudited)	**45,000,000**	**$ 44,899**	**9,046,663**	**$ 9**	**$ 1,944**	**$ (66,676)**	**$ (64,723)**

The accompanying notes are an integral part of these financial statements.

AZIYO BIOLOGICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
			(Unaudited)	
OPERATING ACTIVITIES:				
Net loss	$ (11,566)	$ (11,939)	$(6,052)	$ (9,738)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	3,819	3,856	1,919	1,949
Gain on early extinguishment of debt	(1,470)	—	—	—
Gain on revaluation of revenue interest obligation and other	(459)	(1,885)	—	—
Amortization of deferred financing costs	161	142	81	62
Interest expense recorded as additional revenue interest obligation	2,746	2,856	1,415	1,334
Interest expense recorded as Convertible Preferred Stock	—	4	—	—
Stock-based compensation	266	208	107	126
Changes in operating assets and liabilities:				
Accounts receivable	(1,611)	(30)	1,683	1,360
Inventory	1,099	269	116	(2,429)
Prepaid expenses and other	(247)	(373)	195	235
Accounts payable and accrued expenses	352	(627)	(1,270)	311
Obligations to tissue suppliers	(322)	1,221	(218)	(61)
Deferred revenue and other liabilities	1,785	(927)	(228)	(178)
Net cash used in operating activities	**(5,447)**	**(7,225)**	**(2,252)**	**(7,029)**
INVESTING ACTIVITIES:				
Expenditures for property, plant and equipment	(190)	(577)	(259)	(89)
Net cash used in investing activities	**(190)**	**(577)**	**(259)**	**(89)**
FINANCING ACTIVITIES:				
Net borrowings under revolving line of credit	(4,078)	2,588	856	1,670
Proceeds from issuance of Convertible Promissory Notes	—	750	—	2,000
Proceeds from Convertible Preferred Stock issuance, net	9,992	2,284	—	450
Proceeds from stock option exercises	442	17	—	—
Proceeds from long-term debt	3,000	3,500	—	2,995
Repayments of long-term debt	(1,379)	(112)	(112)	(300)
Payments on revenue interest obligation	(1,179)	(1,879)	(838)	(1,247)
Deferred financing costs	(52)	(43)	—	—
Proceeds from Surgalign Holdings transition services agreement, net	565	874	791	—
Net cash provided by financing activities	**7,311**	**7,979**	**697**	**5,568**
Net increase in cash and restricted cash	**1,674**	**177**	**(1,814)**	**(1,550)**
Cash and restricted cash, beginning of year	**739**	**2,413**	**2,413**	**2,590**
Cash and restricted cash, end of year	**$ 2,413**	**$ 2,590**	**$ 599**	**$ 1,040**
Supplemental Cash Flow and Non-Cash Financing Activities Disclosures:				
Cash paid for interest	$ 3,473	$ 4,399	$ 1,860	$ 2,457
Cash paid for taxes	$ 16	$ 25	$ 37	$ —
Conversion of Convertible Promissory Note to Convertible Preferred Stock	$ —	$ 750	$ —	$ —

The accompanying notes are an integral part of these financial statements.

AZIYO BIOLOGICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Aziyo Biologics, Inc. ("Aziyo" or the "Company") is a regenerative medicine company, with a focus on patients receiving implantable medical devices. The Company has developed a portfolio of regenerative products using both human and porcine tissue that are designed to be as close to natural biological material as possible. Aziyo's portfolio of core products span the implantable electronic devices/cardiovascular-related market, the orthopedic/spinal repair market and the soft tissue reconstruction market ("Core Products"). These products are primarily sold to healthcare providers or commercial partners. The Company also sells human tissue products under contract manufacturing arrangements ("Non-Core Products") with corporate customers.

2. Summary of Significant Accounting Policies

Basis of Presentation and Going Concern

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in prior periods have been reclassified to conform with current presentation.

In accordance with Accounting Standards Update ("ASU") 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40)*, the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. From its inception through December 31, 2019, the Company has funded its operations primarily with proceeds from the sale of convertible preferred stock and borrowings under long-term debt arrangements. The Company has incurred recurring losses since its inception, including net losses of $11.6 and $11.9 million for the years ended December 31, 2018 and 2019, respectively. As of December 31, 2019 the Company had an accumulated deficit of $56.9 million. The Company incurred net losses of $6.1 million and $9.7 million for the six months ended June 30, 2019 and 2020 (unaudited), respectively. As of June 30, 2020 the Company had an accumulated deficit of $66.7 million (unaudited). The Company expects to continue to generate operating losses for the foreseeable future.

The Company is seeking to complete an initial public offering ("IPO") of its common stock. Upon the closing of a qualified public offering, on specified terms, the Company's outstanding convertible preferred stock will automatically convert into shares of common stock (see Note 12). In the event the Company does not complete an IPO, the Company expects to seek additional funding through other capital sources.

The Company has reviewed all of the relevant conditions and events surrounding its ability to continue as a going concern including: historical losses, projected future results, including the effects of the global outbreak of the novel coronavirus (COVID-19), cash requirements for the upcoming year, availability under the current debt arrangements, net working capital position, total shareholders' deficit and future access to capital committed. The Company's ability to achieve profitability largely depends on its ability to increase sales of existing or new products.

Based on its current operating plans, the Company believes there is uncertainty as to whether its future cash flows along with its existing cash and cash equivalents will be sufficient to meet the Company's anticipated operating needs into 2021. Due to these factors, as of April 17, 2020, the issuance date of the consolidated financial statements for the year ended December 31, 2019, and as of August 14, 2020, the issuance date of the interim consolidated financial statements for the six months ended June 30, 2020 (unaudited), the Company has concluded that there is substantial doubt about Aziyo's ability to continue as going concern within one year after the issuance of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

If sales growth is not achieved and other means of cash generation are unsuccessful, the Company would plan to continue financing its operations with external debt or equity capital. However, the Company may not be able to raise additional funds on acceptable terms, or at all. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities in the ordinary course of business.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions relating to inventories, receivables, long-lived assets, the valuation of stock-based awards, the valuation of the preferred stock warrant liability and deferred income taxes are made at the end of each financial reporting period by management. Actual results could differ from those estimates.

Unaudited Interim Financial Informaiton

The accompanying consolidated balance sheet as of June 30, 2020, and the consolidated statements of operations, of convertible preferred stock and stockholders' deficit and of cash flows for the six months ended June 30, 2019 and 2020 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2020 and the results of its operations and its cash flows for the six months ended June 30, 2019 and 2020. The financial data and other information disclosed in these notes related to the six months ended June 30, 2019 and 2020 are also unaudited. The results for the six months ended June 30, 2020 are not necessarily indicative of results to be expected for the year ending December 31, 2020, any other interim periods, or any future year or period.

Unaudited Pro Forma Information

The accompanying unaudited pro forma consolidated balance sheet as of June 30, 2020 has been prepared to give effect, upon the completion of the proposed offering, to (i) the conversion of all outstanding shares of convertible preferred stock into 45,000,000 shares of common stock, (ii) the issuance of shares of common stock in respect of a liquidation preference payable to the holders of Convertible Preferred Stock in kind immediately prior to the closing of the IPO (as described in Note 12, "Preferred Stock — Conversion"), based on an assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iii) the issuance of shares of common stock upon the assumed net exercise of a warrant to purchase shares of common stock outstanding as of June 30, 2020, which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Company's common stock for purposes of such net exercise is equal to the assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iv) the issuance of shares of Convertible Preferred Stock upon the assumed net exercise of warrants to purchase shares of Convertible Preferred Stock outstanding as of June 30, 2020 (as applicable), which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Convertible Preferred Stock for purposes of such net exercise is $, based on an assumed IPO price for the common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), and the settlement of the preferred stock warrant liabilities, and (v) the issuance of shares of common stock upon the automatic conversion of the outstanding principal amount of, and accrued and unpaid interest on, the 2020 Bridge Notes (as defined under Note 20, "Subsequent Events"), based on an assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and an assumed closing date of , 2020 as if the proposed offering had occurred on June 30, 2020. In the accompanying consolidated statements of operations, the unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2019 and

six months ended June 30, 2020 have been prepared to give effect, upon the completion of the proposed offering, to (i) the conversion of all outstanding shares of convertible preferred stock into 45,000,000 shares of common stock, (ii) the issuance of shares of common stock in respect of a liquidation preference payable to the holders of Convertible Preferred Stock in kind immediately prior to the closing of the IPO (as described in Note 12, "Preferred Stock — Conversion"), based on an assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iii) the issuance of shares of common stock upon the assumed net exercise of a warrant to purchase shares of common stock outstanding as of December 31, 2019 or June 30, 2020 (as applicable), which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Company's common stock for purposes of such net exercise is equal to the assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), (iv) the issuance of shares of Convertible Preferred Stock upon the assumed net exercise of warrants to purchase shares of Convertible Preferred Stock outstanding as of December 31, 2019 or June 30, 2020 (as applicable), which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Convertible Preferred Stock for purposes of such net exercise is $, based on an assumed IPO price for the common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), and the settlement of the preferred stock warrant liabilities, and (v) the automatic conversion, into shares of common stock, of the shares of Convertible Preferred Stock issued upon the automatic conversion of the outstanding principal amount of, and accrued and unpaid interest on, the 2020 Bridge Notes that occurred on September 11, 2020, as described in Note 20, "Subsequent Events," as if the proposed offering had occurred on the later of January 1, 2019 or the issuance date of the convertible preferred stock, the warrants or the Bridge Notes.

Net Loss per Share Attributable to Common Stockholders

The Company calculates basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for participating securities. The Convertible Preferred Stock is considered a participating security. The two-class method requires income (loss) available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to share in the earnings as if all income (loss) for the period had been distributed. Under the two-class method, the net loss attributable to common stockholders is not allocated to the Convertible Preferred Stock as the holders of the preferred stock do not have a contractual obligation to share in losses.

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average shares outstanding during the period. For purposes of the diluted net income (loss) per share attributable to common stockholders' calculation, Convertible Preferred Stock, stock options, and preferred and common stock warrants are considered to be common stock equivalents. All common stock equivalents have been excluded from the calculation of diluted net loss per share attributable to common stockholders, as their effect would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share were the same for both periods presented.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The estimated fair value of financial instruments disclosed in the financial statements has been determined by using available market information and appropriate valuation methodologies. The carrying value of all current assets and current liabilities approximates fair value because of their short-term nature.

Cash and Restricted Cash

The Company maintains its cash balances at banks and financial institutions. The balances are insured up to the legal limit. The Company maintains cash balances that may, at times, exceed this insured limit.

Under the provisions of the Revolving Credit Facility (see Note 8), the Company has a lockbox arrangement with the banking institution whereby daily lockbox receipts are contractually utilized to pay down outstanding balances on the Revolving Credit Facility debt. Lockbox receipts that have not yet been applied to the Revolving Credit Facility are classified as restricted cash in the accompanying consolidated balance sheets. The following table provides a reconciliation of cash and restricted cash included in the consolidated balance sheets to the amounts included in the statements of cash flows (in thousands).

	December 31,		June 30, 2020
	2018	2019	(Unaudited)
Cash	$2,367	$2,482	$ 990
Restricted cash	46	108	50
Total cash and restricted cash shown in statements of cash flows	$2,413	$2,590	$ 1,040

Accounts Receivable and Allowances

Accounts receivable in the accompanying balance sheets are presented net of allowances for doubtful accounts and sales returns and other credits. The Company grants credit to customers in the normal course of business, but generally does not require collateral or any other security to support its receivables.

The Company evaluates the collectability of accounts receivable based on a combination of factors. In circumstances where a specific customer is unable to meet its financial obligations to the Company, a provision to the allowance for doubtful accounts is recorded to reduce the net recognized receivable to the amount that is reasonably expected to be collected. For all other customers, a provision to the allowance for doubtful accounts is recorded based on factors including the length of time the receivables are past due, the current business environment and the Company's historical experience. Provisions to the allowance for doubtful accounts are recorded to general and administrative expenses. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered. The Company's allowance for doubtful accounts was approximately $0.1 million as of December 31, 2018 and 2019 and June 30, 2020 (unaudited).

Inventories

Inventories, consisting of purchased materials, direct labor and manufacturing overhead, are stated at the lower of cost or net realizable value, with cost determined generally using the average cost method. Inventory write-downs for unprocessed and certain processed donor tissue are recorded based on the estimated amount of inventory that will not pass the quality control process based on historical data. At each balance sheet date, the Company also evaluates inventories for excess quantities, obsolescence or shelf life expiration. This evaluation includes analysis of the Company's current and future strategic plans, historical sales levels by product, projections of future demand, the risk of technological or competitive obsolescence for products, general market conditions and a review of the shelf life expiration dates for products. To the extent that management determines there is excess or obsolete inventory or quantities with

a shelf life that is too near its expiration for the Company to reasonably expect that it can sell those products prior to their expiration, the Company adjusts the carrying value to estimated net realizable value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the following estimated useful lives of the assets:

Processing and research equipment	5 years
Office equipment and furniture	3 to 5 years
Computer hardware and software	3 to 4 years

Leasehold improvements are amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Repairs and maintenance costs are expensed as incurred.

Long-Lived Assets

Purchased intangible assets with finite lives are carried at acquired fair value, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets.

The Company periodically evaluates the period of depreciation or amortization for long-lived assets to determine whether current circumstances warrant revised estimates of useful lives. The Company reviews its property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Impairment exists when the carrying value of the company's asset exceeds the related estimated undiscounted future cash flows expected to be derived from the asset. If impairment exists, the carrying value of that asset is adjusted to its fair value. A discounted cash flow analysis is used to estimate an asset's fair value, using assumptions that market participants would apply. The results of impairment tests are subject to management's estimates and assumptions of projected cash flows and operating results. Changes in assumptions or market conditions could result in a change in estimated future cash flows and could result in a lower fair value and therefore an impairment, which could impact reported results. There were no impairment losses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020 (unaudited).

Preferred Stock Warrant Liability

Freestanding warrants related to Convertible Preferred Stock that are contingently redeemable are classified as a liability on the Company's accompanying consolidated balance sheets. The convertible preferred stock warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of Other (income) expense. Preferred stock warrants are convertible into shares of Convertible Preferred Stock upon the closing of the sale of shares of common stock to the public. Each share of Convertible Preferred Stock will automatically be converted into shares of common stock at that time.

Revenue Recognition

On January 1, 2019, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 606, "Revenue from Contracts with Customers", utilizing the modified retrospective method applied to contracts that were not completed. The adoption of the standard did not have a material impact on the timing and amounts of the Company's revenue as the Company did not have any material remaining performance obligations, or material costs to obtain or fulfill contracts with its customers as of January 1, 2019.

The Company's revenue is generated from contracts with customers in accordance with ASC 606. The core principle of ASC 606 is that the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to

be entitled in exchange for those goods or services. The ASC 606 revenue recognition model consists of the following five steps: (1) identify the contracts with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

As noted above, the Company enters into contracts to primarily sell and distribute products to healthcare providers or commercial partners, or are produced and sold under contract manufacturing arrangements with corporate customers which are billed under ship and bill contract terms. Revenue is recognized when the Company has met its performance obligations pursuant to its contracts with its customers in an amount that the Company expects to be entitled to in exchange for the transfer of control of the products to the Company's customers. For all product sales, the Company has no further performance obligations and revenue is recognized at the point control transfers which occurs either when: i) the product is shipped via common carrier; or ii) the product is delivered to the customer or distributor, in accordance with the terms of the agreement.

A portion of the Company's product revenue is generated from consigned inventory maintained at hospitals and from inventory physically held by direct sales representatives. For these types of products sales, the Company retains control until the product has been used or implanted, at which time revenue is recognized.

The Company elected to account for shipping and handling activities as a fulfillment cost rather than a separate performance obligation. Amounts billed to customers for shipping and handling are included as part of the transaction price and recognized as revenue when control of the underlying products is transferred to the customer. The related shipping and freight charges incurred by the Company are included in sales and marketing costs. Shipping and handling costs were approximately $0.4 million for both the years ended December 31, 2018 and 2019. For the six months ended June 30, 2019 and 2020 (unaudited), shipping and handling costs were approximately $0.2 million and $0.1 million, respectively.

Contracts with customers state the final terms of the sale, including the description, quantity, and price of each implant distributed. The payment terms and conditions in the Company's contracts vary; however, as a common business practice, payment terms are typically due in full within 30 to 60 days of delivery. The Company, at times, extends volume discounts to customers.

The Company permits returns of its products in accordance with the terms of contractual agreements with customers. Allowances for returns are provided based upon analysis of the Company's historical patterns of returns matched against the revenues from which they originated. The Company records estimated returns as a reduction of revenue in the same period revenue is recognized.

Deferred Rent

The Company recognizes rent expense by the straight-line method over the lease term. Funds received from the lessor used to reimburse the Company for the cost of leasehold improvements are recorded as a deferred credit resulting from a lease incentive and are amortized over the lease term as a reduction of rent expense.

Stock-Based Compensation Plans

The Company accounts for its stock-based compensation plans in accordance with FASB Accounting Standards Codification ("ASC") 718, *Accounting for Stock Compensation*. FASB ASC 718 requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors, including employee stock options and restricted stock. Stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense on a straight-line basis over the requisite service period of the entire award.

Research and Development Costs

Research and development costs, which include mainly salaries, outside services and supplies, are expensed as incurred.

Concentration of Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. At December 31, 2019 and June 30, 2020 (unaudited), the Company maintains $2.4 million and $1.2 million, respectively, in bank deposit accounts that are in excess of the $0.25 million insurance provided by the Federal Deposit Insurance Corporation in one federally insured financial institution. The Company has not experienced any losses in such accounts.

Comprehensive Loss

Comprehensive income (loss) comprises net income (loss) and other changes in equity that are excluded from net income (loss). For the years ended December 31, 2018 and 2019 as well as the six months ended June 30, 2019 and 2020 (unaudited), the Company's net loss equaled its comprehensive loss and accordingly, no additional disclosure is presented.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred income taxes are recorded to reflect the tax consequences on future years for differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized.

The Company is subject to income taxes in the federal and state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. In accordance with the authoritative guidance on accounting for uncertainty in income taxes, the Company recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is more likely than not (greater than 50%) of being realized upon settlement. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

3. Recently Issued Accounting Standards

In November 2019, the FASB issued ASU 2019-10, "Financial Instruments — Credit Losses (Topic 326), Derivative and Hedging (Topic 815), and Leases (Topic 842), Effective Dates." The FASB deferred the effective dates of the new credit losses standard for all entities except SEC filers that are not smaller reporting companies (SRCs) to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Board also aligned the effective dates of ASU 2017-04 on goodwill impairment with the new effective dates of the credit losses standard. The FASB deferred the effective dates of its new standards on hedging and leases for entities that are not public business entities (PBEs) (and for leases, for entities that are not non-for-profit (NFP) entities that have issues, or are conduit bond obligors for, certain securities; and are not employee benefit plans (EBPs) that file or furnish financial statements with or to the SEC) to fiscal years beginning after December 15, 2020, and interim periods in the following year. The FASB is also reconsidering its philosophy on establishing effective dates for major standards for private companies, NFPs, EBPs and smaller public companies. The board has developed a two-bucket approach that would give these entities more time to implement major new standards. The Company is evaluating this standard to determine if adoption will have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820), Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement." The standard eliminates, adds, and modifies certain disclosure requirements for fair value measurements. Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The standard is

effective for annual reporting periods beginning after December 15, 2019. Adoption of this new standard in the first quarter of 2020 did not have a material impact on the Company's consolidated financial statements (unaudited).

In June 2018, the FASB issued ASU 2018-07, Compensation — Stock Compensation (Topic 718), Improvements to Nonemployee Share-Bared Payment Accounting to expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. Entities will apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost. The standard is effective for annual reporting periods beginning after December 15, 2018. The Company adopted this standard on January 1, 2019 and such adoption did not have a material impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires that lessees recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability subject to certain adjustments. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). In November 2019, the FASB issued 2019-10 which extended the adoption of ASU 2016-02 for the Company to be effective periods ending after December 15, 2021. While early adoption is permitted, the company intends to adopt in accordance with the revised timeline provided by the FASB. The Company is evaluating this standard to determine if adoption will have a material impact on the Company's consolidated financial statements.

4. Stock-Based Compensation

The Board of Directors of the Company has adopted the 2015 Stock Option/Stock Issuance Plan (the "2015 Plan"). The 2015 Plan provides for the grant of incentive and nonqualified stock options and restricted stock to employees and directors of the Company, and consultants and advisors. The 2015 Plan allows for up to 5,892,544 shares of common stock to be issued with respect to awards granted.

The Company's policy is to grant stock options at an exercise price equal to 100% of the market value of a share of common stock at closing on the date of the grant. The Company's stock options generally have seven-year contractual terms and vest over a four-year period from the date of grant.

The Company uses the Black-Scholes model to value its stock option grants and expenses the related compensation cost using the straight-line method over the vesting period. The fair value of stock options is determined on the grant date using assumptions for the estimated fair value of the underlying common stock, expected term, expected volatility, dividend yield, and the risk-free interest rate. The Board of Directors determines the fair value of common stock considering the state of the business, input from management, third party valuations and other considerations. The Company uses the simplified method for estimating the expected term used to determine the fair value of options. The expected volatility is primarily based on the historical volatility of comparable companies in the industry whose share prices are publicly available. The Company uses a zero-dividend yield assumption as the Company has not paid dividends since inception nor does it anticipate paying dividends in the future. The risk-free interest rate approximates recent U.S. Treasury note auction results with a similar life to that of the option. The period expense is then determined based on the valuation of the options and an estimated forfeiture rate is used to reduce the expense recorded.

The following weighted-average assumptions were used to determine the fair value of options during the years ended December 31, 2018 and 2019:

	December 31,	
	2018	2019
Expected term (years)	5	5
Risk-free interest rate	2.7%	2.0%

	December 31, 2018	2019
Volatility factor	60%	56%
Dividend yield	—	—

There were no material changes to the above December 31, 2019 assumptions for purposes of option grants during the six months ended June 30, 2020 (unaudited).

Stock options outstanding, exercisable and vested or expected to vest as of December 31, 2019, are as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2018	4,371,515	$0.39	5.6	$ —
Granted	526,000	$0.67	—	
Exercised	(43,750)	$0.39	—	
Forfeited	(931,432)	$0.39	—	
Outstanding, December 31, 2019	3,922,333	$0.43	5.2	$1,207
Vested or expected to vest, December 31, 2019	3,726,216	$0.39	5.2	$1,147
Exercisable, December 31, 2019	1,803,333	$0.41	4.6	$ 602

The weighted average grant date fair value of options granted during both the years ended December 31, 2018 and 2019 was $0.21 and $0.33, respectively. As of December 31, 2019, there were 791,969 stock options available for grant under the 2015 Plan.

The Company recognized approximately $0.3 million and $0.2 million in expense related to stock options for the years ended December 31, 2018 and 2019 which was primarily recorded as general and administrative expense. As of December 31, 2019, there was approximately $0.5 million of total unrecognized compensation expense related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 1.7 years.

Stock options outstanding, exercisable and vested or expected to vest as of June 30, 2020 (unaudited), are as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2019	3,922,333	$0.43	5.2	$ —
Granted	382,500	$0.74	—	
Exercised	—	$ —	—	
Forfeited	(26,250)	$0.39	—	
Outstanding, June 30, 2020	4,278,583	$0.46	4.9	$1,198
Vested or expected to vest, June 30, 2020	4,064,654	$0.46	4.9	$1,138
Exercisable, June 30, 2020	2,203,896	$0.40	4.3	$ 735

The weighted average grant date fair value of options granted during the six months ended June 30, 2020 (unaudited) was $0.86. The weighted average fair value assumptions did not materially change from December 31, 2019 to the time of the grants in January 2020 (unaudited). As of June 30, 2020 (unaudited), there were 382,500 stock options available for grant under the 2015 Plan.

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The Company recognized approximately $0.1 million in expense related to stock options for the six months ended June 30, 2020 (unaudited), which was primarily recorded as general and administrative expense. As of June 30, 2020 (unaudited), there was approximately $0.5 million of total unrecognized compensation expense related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 2 years.

5. Inventories

Inventories as of December 31, 2018 and 2019 and as of June 30, 2020 were comprised of the following (in thousands):

	December 31,		June 30, 2020
	2018	2019	(unaudited)
Raw materials	$ 651	$ 928	$ 856
Work in process	672	1,164	1,182
Finished goods	6,136	5,098	7,581
Total	$7,459	$7,190	$ 9,619

During the year ended December 31, 2019, the Company recorded an inventory writedown of approximately $1.0 million relating to quantities on-hand deemed to be excessive compared to near-term demand or whose remaining shelf-lives will limit salability. Such writedown largely resulted from the impact on future sales of an existing dermis product after the Company's launch in mid-2019 of a new dermis offering.

6. Property and Equipment

Property and equipment as of December 31, 2018 and 2019 and as of June 30, 2020 are as follows (in thousands):

	December 31,		June 30, 2020
	2018	2019	(unaudited)
Processing and research equipment	$ 2,729	$ 3,062	$ 3,082
Leasehold improvements	433	562	589
Office equipment and furniture	106	148	148
Computer hardware and software	1,037	1,111	1,151
	4,305	4,883	4,970
Less: accumulated depreciation and amortization	(3,435)	(3,895)	(4,144)
Property and equipment, net	$ 870	$ 988	$ 826

Depreciation expense on property and equipment totaled approximately $0.4 million and $0.5 million for the years ended December 31, 2018 and 2019, respectively, of which approximately $0.2 million and $0.3 million, respectively, are included within cost of goods sold in the accompanying Consolidated Statements of Operations. Depreciation expense on property and equipment totaled approximately $0.2 million and $0.3 million for the six months ended June 30, 2019 and 2020 (unaudited), respectively, of which approximately $0.1 million (unaudited) is included in each period within cost of goods sold in the accompanying Consolidated Statements of Operations.

7. Intangible Assets

On May 31, 2017, the Company completed an asset purchase agreement with CorMatrix Cardiovascular, Inc. ("CorMatrix) and acquired all CorMatrix commercial assets and related intellectual property. A substantial portion of the assets acquired consisted of intangible assets related to the acquired products and customer relationships. Management determined that the estimated acquisition-date fair values of the intangible assets related to acquired products and customer relationships were $29.3 million and $4.7 million, respectively.

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The components of identified intangible assets as of December 31, 2018 and 2019 are as follows (in thousands):

	December 31, 2018			December 31, 2019		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Acquired products	$29,317	$(4,632)	$24,685	$29,317	$(7,558)	$21,759
Customer relationships	4,723	(748)	3,975	4,723	(1,220)	3,503
Total	$34,040	$(5,380)	$28,660	$34,040	$(8,778)	$25,262

The components of identified intangible assets as of June 30, 2020 are as follows (in thousands):

	June 30, 2020		
	Cost	(unaudited) Accumulated Amortization	Net
Acquired products	$29,317	$(9,023)	$20,294
Customer relationships	4,723	(1,454)	3,269
Total	$34,040	$(10,477)	$23,563

Acquired products and customer relationships are both amortized over a ten-year period. Amortization expense totaled approximately $3.4 million for both the years ended December 31, 2018 and 2019, which is included in cost of goods sold in the accompanying Consolidated Statements of Operations. Amortization expense totaled approximately $1.7 million for the six months ended June 30, 2019 and June 30, 2020 (unaudited), which is included in cost of goods sold in the accompany Consolidated Statements of Operations. Annual amortization expense is expected to be approximately $3.4 million during the years ended December 31, 2021, 2022, 2023, 2024 and 2025.

8. Long-Term Debt

On May 31, 2017, in connection with the Company's acquisition of CorMatrix described in Note 7, Aziyo entered into a $12 million term loan facility (the "Term Loan Facility") and an $8 million asset-backed revolving line of credit (the "the Revolving Credit Facility"), which the Company's borrowing capacity under the Revolving Credit Facility is limited by certain qualifying assets, with a financial institution (the "May 2017 Financing"). The Term Loan Facility was amended in December 2017, February 2018 and July 2019 (all amendments being considered modifications) such that an additional $1.5 million, $3 million, and $3.5 million, respectively were received by the Company bringing the total aggregate principal amount outstanding under the Term Loan Facility to $20 million. Borrowings under the Term Loan Facility, as amended, bear interest at a rate per annum equal to the sum of (x) the greater of (i) 2.25% and (ii) the applicable London Interbank Offered Rate for U.S. dollar deposits divided by 1.00 minus the maximum effective reserve percentage for Eurocurrency funding ("LIBOR") plus (y) 7.25% (a reduction from 7.75% per annum prior to the July 2019 amendment). The agreement governing the Term Loan Facility provides for interest only payments through January 2021 and interest and equal monthly principal payments from February 2021 through maturity in July 2024 (a deferral from principal repayments from January 2020 through December 2021 prior to July 2019 amendment). Both the Term Loan Facility and the Revolving Credit Facility include mandatory and optional prepayments. The agreement governing the Term Loan Facility also includes an exit fee of 6.5% of the aggregate principal amount and prepayment penalties of 2% to 4% if repaid prior to maturity. The Term Loan Facility also provides for a delay in the payment of principal if certain conditions are met including a qualified initial public offering and no continuing default or event of default. The weighted average interest rate on Term Loan Facility borrowings was 9.8% and 9.7%, respectively, for the years ended December 31, 2018 and 2019. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to the sum of (x) the greater of (i) 2.25% and (ii) LIBOR plus (y) 4.95%. The agreement governing the Revolving Credit Facility includes an unused line fee in an amount equal to 0.5% per annum of the unused borrowing capacity and prepayment penalties of 2% to 4% on the $8 million borrowing capacity

if terminated by the Company prior to its expiration in July 2024. The weighted average interest rate on Revolving Credit Facility borrowings was 6.9% and 7.1%, respectively, for the years ended December 31, 2018 and 2019. Both debt instruments contain events of default, including, most significantly, a failure to timely pay interest or principal, insolvency, or an action by the Food and Drug Administration or such other material adverse event impacting the operations of Aziyo. The debt instruments also include a financial covenant based on cumulative minimum net product revenue, as defined, restrictions as to payment of dividends, and are secured by all assets of the Company. As of December 31, 2019, Aziyo was in compliance with this financial covenant.

In consummating the July 2019 Amendment to the Term Loan Facility, Aziyo paid origination fees of approximately $40,000 and accrued exit fees of $0.4 million.

In conjunction with the May 2017 Financing and the amendment thereto, the Company issued to the financial institution warrants to purchase 405,000 shares of Aziyo's Convertible Preferred Stock at $1.00 per share. The warrants are exercisable through the first to occur of (a) May 31, 2027 (in the case of warrants to purchase 360,000 shares of Convertible Preferred Stock) or December 14, 2027 (in the case of warrants to purchase 45,000 shares of Convertible Preferred Stock), and (b) the earlier of (i) a Sale Transaction (as defined in the Company's Certificate of Incorporation) or (ii) an initial public offering of the Company's common stock. The Company accounts for stock warrants in accordance with ASC Topic 815 Derivatives and Hedging — Contracts in Entity's Own Equity," as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreement. As described in Note 10, all of the Company's issued and outstanding Convertible Preferred Stock warrants are accounted for as a liability and are valued using the Black Scholes model. Upon issuance, the Company valued such warrants at $286,267. The recognition of these warrants served to reduce the recorded value of the associated Term Loan Facility borrowings. This resulting debt discount will be recognized as interest expense through the maturity of the Term Loan Facility.

During 2017, the Company restructured certain of its liabilities with tissue suppliers and entered into unsecured promissory notes with two separate tissue suppliers totaling $2.6 million and $2.1 million, respectively. Both notes bear interest at 5% and include quarterly interest-only payments in 2017 and quarterly interest and principal payments from March 31, 2018 through August 31, 2020. The notes are subordinated in payment to the Term Loan Facility and Revolving Credit Facility and in 2019, the Company's senior lender restricted payment of certain amounts due. In 2018, the Company negotiated a settlement with one of the tissue suppliers to whom a promissory note was held. Such settlement resulted in a payment by the Company of $1.3 million in full satisfaction of the promissory note balance and the related accrued interest, and yielded the recognition of a gain on early extinguishment of debt totaling approximately $1.5 million that is included within Other (income) expense in the accompanying Consolidated Statements of Operations.

On April 2, 2020 (unaudited), the Company issued convertible, subordinated promissory notes (the "Initial 2020 Bridge Notes") with a total principal of approximately $0.6 million. The Initial 2020 Bridge Notes have an interest rate of 5%, are repayable upon demand by the holders any time after April 1, 2025 and shall automatically be converted into the Company's shares of capital stock upon the closing of an issuance of the Company's shares of capital stock to one or more investors that results in gross cash proceeds to the Company of at least Three Million Dollars ($3 million). The number of securities to be issued in connection with the conversion of these notes shall equal (i) the sum of the outstanding principal amount of, and all accrued but unpaid interest on, these notes divided by (ii) the cash purchase price per security paid by the investors in the financing.

On April 21, 2020 (unaudited) and April 29, 2020 (unaudited), the Company issued additional convertible, subordinated promissory notes (the "Additional 2020 Bridge Notes" and, together with the Initial 2020 Bridge Notes, the "2020 Bridge Notes") with a total principal of approximately $1.4 million. The Additional 2020 Bridge Notes have an interest rate of 5%, are repayable upon demand by the holders any time after April 1, 2025 and shall automatically be converted into the Company's shares of capital stock upon the closing of an issuance of the Company's shares of capital stock to one or more investors that results

in gross cash proceeds to the Company of at least Three Million Dollars ($3 million). The number of securities to be issued in connection with the conversion of these notes shall equal (i) the sum of the outstanding principal amount of, and all accrued but unpaid interest on, these notes divided by (ii) the cash purchase price per security paid by the investors in the financing.

On May 7, 2020 (unaudited), Aziyo entered into a promissory note with Silicon Valley Bank that provided for the receipt by the Company of loan proceeds totaling approximately $3.0 million (unaudited) (the "PPP loan") pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The PPP Loan matures on May 7, 2022 and bears interest at a rate of 1.0% per annum (unaudited). Monthly amortized principal and interest payments are deferred for six months after the date of disbursement. The PPP Loan contains events of default and other provisions customary for a loan of this type. If the PPP Loan amount, or any portion thereof, is forgiven pursuant to the Paycheck Protection Program under the CARES Act, the amount so forgiven shall be applied to principal. The Company is not yet able to determine the amount that might be forgiven, and as such, has recorded the PPP loan as a liability until Aziyo is released as the primary obligor for all or a portion of the loan. The PPP loan has been recorded within long-term debt in the accompanying Consolidated Balance Sheets.

As of December 31, 2019, the contractual maturities of the long-term debt are as follows (in thousands):

Years ending December 31,	Term Loan Facility	Note to Tissue Supplier	Total
2020	$ —	$ 1,692	$ 1,692
2021	5,239	—	5,239
2022	5,714	—	5,714
2023	5,714	—	5,714
2024	3,333	—	3,333
Total	20,000	1,692	21,692
Debt Discount	(125)	—	(125)
Deferred Financing Costs	(263)	—	(263)
Total, net	19,612	1,692	21,304
Current Portion	—	(1,692)	(1,692)
Long-term Debt	$ 19,612	$ —	$ 19,612

The fair value of all debt instruments, which is based on inputs considered to be Level 2 under the fair value hierarchy, approximates the respective carrying values as of December 31, 2018 and 2019 and June 30, 2020 (unaudited).

The Company has a warrant outstanding to purchase up to 106,837 shares of common stock, at an exercise price of $0.39 per share, which had been issued in connection with a prior financing arrangement. This warrant is fully vested and is exercisable through the earliest to occur of (i) March 1, 2027, (ii) the consummation of a Sale Transaction (as defined in the Company's Certificate of Incorporation), or (iii) the initial public offering of the Company's common stock.

9. Revenue Interest Obligation

As described in Note 1, on May 31, 2017, the Company completed an asset purchase agreement with CorMatrix and acquired all CorMatrix commercial assets and related intellectual property. As part of this acquisition, the Company assumed a restructured, long-term obligation (the "Revenue Interest Obligation") to Ligand Pharmaceuticals ("Ligand") with an estimated present value on the acquisition date of $27.7 million. The terms of the Revenue Interest Obligation require Aziyo to pay Ligand, subject to certain annual minimums, 5% of future sales of the products Aziyo acquired from CorMatrix, including CanGaroo, ProxiCor, Tyke and Vascure, as well as products substantially similar to those products, such as the version of CanGaroo Aziyo is currently developing that is designed to have anti-infective properties.

Furthermore, a $5.0 million payment will be due to Ligand if cumulative sales of these products exceed $100.0 million and a second $5.0 million will be due if cumulative sales exceed $300.0 million during the ten-year term of the agreement which expires on May 31, 2027.

The future annual minimum payments on the Revenue Interest Obligation are as follows (in thousands):

Years Ending December 31,	Amount
2020	$ 2,750
2021	2,750
2022	2,750
2023	2,750
2024 and thereafter	9,396

The Company recorded the present value of the estimated total future payments under the Revenue Interest Obligation as a long-term obligation on the opening balance sheet, with the annual minimum payments serving to establish the short-term portion. Interest expense related to the Revenue Interest Obligation of approximately $2.7 million and $2.9 million was recorded for the years ended December 31, 2018 and 2019, respectively, and $1.4 million and $1.3 million for the six months ended June 30, 2019 and 2020, respectively (unaudited). See Note 10 for discussion of the value of this debt instrument.

10. Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the liabilities that are measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements at December 31, 2018 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Preferred stock warrant liability	$—	$—	$ 249	$ 249
Revenue Interest Obligation*	—	—	20,253	20,253
Total	$—	$—	$20,502	$ 20,502

	Fair Value Measurements at December 31, 2019 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Preferred stock warrant liability	$—	$—	$ 247	$ 247
Revenue Interest Obligation*	—	—	19,346	19,346
Total	$—	$—	$19,593	$ 19,593

	Fair Value Measurements at June 30, 2020 (unaudited) Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Preferred stock warrant liability	$—	$—	$ 247	$ 247
Revenue Interest Obligation*	—	—	19,433	19,433
Total	$—	$—	$19,680	$ 19,680

* Net Present Value; see discussion of value below

The preferred stock warrant liability in the tables above consisted of the fair value of warrants to purchase Convertible Preferred Stock (see Note 8) and was based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company's valuation of the preferred stock warrants utilized the Black-Scholes option-pricing model, which

incorporates assumptions and estimates to value the preferred stock warrants. The Company assesses these assumptions and estimates at each reporting period as additional information impacting the assumptions becomes available. Changes in the fair value of the preferred stock warrants are recognized as Other (income) expense in the consolidated statements of operations.

The Company has estimated the value of the Revenue Interest Obligation, including contingent milestone payments and estimated sales-based payments, based on assumptions related to future sales of the acquired products. At each reporting period, the value of the Revenue Interest Obligation is re-measured based on current estimates of future payments, with changes to be recorded in the consolidated statements of operations using the catch-up method. In connection with the Company's estimations at December 31, 2018 and 2019, it was determined that the estimated future payments have decreased since the estimates made in the prior year. In both instances, such decrease was primarily the result of delays in certain regulatory approvals that will impact the timing and extent of future sales and thereby, will reduce expected future payments to Ligand. The change to estimated future payments yielded a reduction to the total Revenue Interest Obligation of approximately $0.5 million and $1.9 million at December 31, 2018 and 2019, respectively, with such amounts recognized as gains included in Other (income) expense in the accompanying Consolidated Statements of Operations. There was no change to the value of the Revenue Interest Obligation as of June 30, 2020 (unaudited) based on estimates of future payments at that date.

The following table provides a rollforward of the aggregate fair values of the preferred stock warrant liability and Revenue Interest Obligation categorized with Level 3 inputs for the years ended December 31, 2018 and 2019 is as follows (in thousands):

	Preferred Stock Warrant Liability	Revenue Interest Obligation
Balance as of January 1, 2018	$286	$ 19,161
Fair value adjustment to warrant liability	(37)	—
Payments on Revenue Interest Obligation	—	(1,179)
Interest accrued to Revenue Interest Obligation	—	2,746
Fair value adjustment to Revenue Interest Obligation	—	(475)
Balance as of December 31, 2018	$249	$ 20,253
Fair value adjustment to warrant liability	(2)	—
Payments on Revenue Interest Obligation	—	(1,879)
Interest accrued to Revenue Interest Obligation	—	2,856
Fair value adjustment to Revenue Interest Obligation	—	(1,884)
Balance as of December 31, 2019	$247	$ 19,346
Fair value adjustment to warrant liability	—	—
Payments on Revenue Interest Obligation	—	(1,247)
Interest accrued to Revenue Interest Obligation	—	1,334
Balance as of June 30, 2020 (unaudited)	$247	$ 19,433

There were no transfers among Level 1, Level 2, or Level 3 categories during any of the periods presented.

11. Income Taxes

The Company is subject to income taxes in the United States. Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are calculated based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the enacted income tax rates expected to be in effect during the years in which the temporary differences are expected to reverse.

The reconciliation of the U.S. federal statutory rate to the consolidated effective tax rate is as follows:

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	Years Ended December 31,	
	2018	2019
Tax benefit at U.S. statutory rate	21.00%	21.00%
State income tax benefit, net of federal benefit	2.55%	2.18%
Nondeductible expenses	(0.29)%	(0.64)%
State Law Changes	0.77%	(1.36)%
Other	(0.77)%	(1.33)%
Change in valuation allowance	(23.49)%	(20.08)%
Income tax expense	(0.23)%	(0.23)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes as well as net operating loss carryforwards. As of December 31, 2018 and 2019, significant components of the Company's net deferred income taxes are as follows (in thousands):

	December 31,	
	2018	2019
Deferred tax assets:		
Tax goodwill	$ 4,366	$ 3,950
Net operating loss carryforwards	6,002	7,365
Inventory	740	744
Deferred revenue	—	275
Acquired intangibles	426	686
Revenue interest obligation	33	238
Interest expense	—	581
Other	555	702
Total assets	12,122	14,541
Deferred tax liabilities:		
Prepaid expenses	(114)	(134)
Total liabilities	(114)	(134)
Total net deferred tax asset	12,008	14,407
Valuation allowance	(12,008)	(14,407)
Net deferred tax asset, net of valuation allowance	$ —	$ —

The Company did not recognize any deferred benefit for income taxes for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020 (unaudited), as the increases to the respective deferred tax assets of $2.7 million, $2.4 million, $1.4 million and $1.9 million, respectively, were offset by corresponding increases to the Company's deferred tax asset valuation allowance due to uncertainty of realizing the deferred tax assets.

The Company evaluates the need for deferred tax asset valuation allowances based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Based on the uncertainty of future taxable income generation, as of December 31, 2018 and 2019 and as of June 30, 2020 (unaudited), the Company has provided valuation allowances against all deferred tax assets.

The Company regularly assesses the realizability of its deferred tax assets. Changes in historical earnings performance and future earnings projections, among other factors, may cause the Company to adjust its valuation allowance, which would impact the Company's income tax expense in the period the Company determines that these factors have changed.

The income tax expense for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2019 and 2020 (unaudited) relates to current amounts due on certain state tax obligations.

As of December 31, 2019, the Company had net operating loss carryforwards for federal income tax purposes of approximately $32.0 million, comprised of $17.6 million that will expire beginning in 2036 and $14.4 million that have no expiration date. The Company also had state net operating loss carryforwards of approximately $10.5 million that will expire beginning in 2030. Utilization of the net operating loss carryforwards may be subject to an annual limitation under Section 382 of the Internal Revenue Code of 1986, and corresponding provisions of state law, due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards would be subject to an annual limitation under Section 382. Any limitation may result in expiration of a portion of the net operating loss carryforwards before utilization.

As of December 31, 2019, the Company had no unrecognized tax benefits.

12. Preferred Stock

At inception, Aziyo was capitalized through the sale of 19.5 million shares of Series A Convertible Preferred Stock, par value $0.001 per share (the "Convertible Preferred Stock"). Since inception, the Company has issued an additional 25.1 million shares of Convertible Preferred Stock whose proceeds of $24.9 million were used for general corporate purposes and the purchase of CorMatrix. During the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 (unaudited), Convertible Preferred Stock offerings totaled approximately $10.0 million, $3.0 million and $0.45 million, respectively. The proceeds raised in the 2019 offering included the conversion of a $0.75 million Convertible Promissory Note (issued in November 2019) and the related accrued interest of approximately $4,000 into the Convertible Preferred Stock.

Dividends

The holders of Convertible Preferred Stock are entitled to receive noncumulative dividends as declared by the Board of Directors. The holders of Convertible Preferred Stock shall be entitled to receive dividends prior and in preference to any payment of any dividend on common stock. No dividends have been declared by the Board of Directors from inception through December 31, 2019.

Conversion

The Convertible Preferred Stock is convertible at the election of the holders into shares of the Company's common stock at a conversion price of $1.00 per share that would result in a conversion ratio of one share of common stock for each share of Convertible Preferred Stock held. In addition to this voluntary conversion, each share of Convertible Preferred Stock will automatically be converted into shares of common stock upon (i) the written consent of the required holders (as defined) or (ii) the closing of the sale of shares of common stock to the public at a price of at least $5.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the common stock), in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $30 million of gross proceeds to the Company. In case of an underwritten public offering, immediately prior to closing, the holders of Convertible Preferred Stock are entitled to receive additional shares of Common Stock as determined by

dividing the Convertible Preferred Stock Preference Amount, as defined below, by the price per Common Shares in the underwritten public offering.

Redemption and Balance Sheet Classification

The Convertible Preferred Stock does not have a mandatory redemption date. However, while it is not mandatorily redeemable, the Convertible Preferred Stock was reclassified into mezzanine equity because it will become redeemable at the option of the stockholders upon the occurrence of certain deemed liquidation events that are considered not solely within the Company's control. That is, unless a majority of the holders of the then outstanding preferred stock, on an as-if-converted to common stock basis, elect otherwise, deemed liquidation events include a sale of all or substantially all of Aziyo's assets or a sale of at least fifty percent (50%) of the issued and outstanding voting securities, capital stock, or other comparable equity or ownership interest in Aziyo.

Upon issuance of the Convertible Preferred Stock, the Company assessed the embedded conversion and liquidation features of the securities. The Company determined that the preferred stock did not require the Company to separately account for the liquidation features. The Company also concluded that no beneficial conversion feature existed upon the issuance date the preferred stock as of December 31, 2018 or 2019.

Voting

The holders of each share of Convertible Preferred Stock are entitled to vote, together with the holders of the common stock, on all matters submitted to stockholders for a vote. Each holder of Convertible Preferred Stock is entitled to the right to one vote for each share of common stock into which their shares would convert.

Liquidation

*In th*e event of a liquidation or winding up of the Company, either voluntary or involuntary, the holders of Convertible Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Company to holders of Common Stock, for each share of Convertible Preferred stock, the sum of (i) $1.00 (as adjusted for any dividends, combinations, splits, recapitalizations and similar events with respect to such shares of Convertible Preferred Stock) and (ii) the amount of all declared but unpaid dividends on such share of Convertible Preferred Stock (such sum, the Convertible Preferred Stock Preference Amount). In the event that the assets and funds legally available for distribution to the stockholders of the Company are insufficient to pay such preference amount in respect of each share of Convertible Preferred stock as set forth above, then all funds or assets legally available for distribution to the holders of Convertible Preferred Stock shall be paid to such holders of Convertible Preferred Stock pro rata based on the dollar amount to which they are otherwise entitled.

After payment of the liquidation preference to the holders of the preferred stock, the remaining assets of the Company are available for distribution to the holders of common stock and preferred stock (based on common shares that would be received upon conversion) on a pro rata basis.

13. Retirement Plan

The Company has a defined contribution savings plan under section 401(k) of the Internal Revenue Code. The plan covers substantially all employees. The Company matches employee contributions made to the plan according to a specified formula. The Company's matching contributions totaled approximately $0.2 million for both the years ended December 31, 2018 and 2019 and $0.1 million for the six months ended June 30, 2019 and 2020 (unaudited).

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14. Net Loss Per Share Attributable to Common Stockholders

(in thousands, except share and per share data)	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
			(Unaudited)	
Numerator:				
Net loss	$ (11,566)	$ (11,939)	$ (6,052)	$ (9,738)
Denominator:				
Weighted average number of common shares, basic and diluted	8,785,082	9,014,779	9,002,913	9,046,663
Net loss per common share attributable to common stockholders, basic and diluted	$ (1.32)	$ (1.32)	$ (0.67)	$ (1.08)

The Company's potential dilutive securities have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at period end, from the computation of diluted net loss per share attributable to common stockholders:

	December 31,		June 30,	
	2018	2019	2019	2020
			(Unaudited)	
Convertible Preferred Stock	41,500,000	44,550,230	41,500,000	45,000,000
Options to purchase common stock	4,371,515	3,922,333	3,753,250	4,278,583
Common stock warrant	106,837	106,837	106,837	106,837
Preferred stock warrants	405,000	405,000	405,000	405,000
Convertible Promissory Notes	—	—	—	2,000,000
Total	46,383,352	48,984,400	45,765,087	51,790,420

15. Pro Forma Net Loss Per Share Attributable to Common Stockholders (Unaudited)

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2019 and the six months ended June 30, 2020 has been prepared to give effect to the occurrence of the following events in connection with the initial public offering of the Company's common stock (the "IPO"):

- the automatic conversion of all shares of Convertible Preferred Stock outstanding as of December 31, 2019 or June 30, 2020 (as applicable) (including the shares of Convertible Preferred Stock issuable upon the assumed net exercise of warrants to purchase Convertible Preferred Stock, as described below) into an equivalent number of shares of common stock;
- the issuance of shares of common stock in respect of a liquidation preference payable to the holders of Convertible Preferred Stock in kind immediately prior to the closing of the IPO (as described in Note 12, "Preferred Stock — Conversion"), based on an assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus);
- the issuance of shares of common stock upon the assumed net exercise of a warrant to purchase shares of common stock outstanding as of December 31, 2019 or June 30, 2020 (as applicable), which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Company's common stock for purposes of such net exercise is equal to the assumed IPO price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus); and

- the issuance of shares of Convertible Preferred Stock upon the assumed net exercise of warrants to purchase shares of Convertible Preferred Stock outstanding as of December 31, 2019 or June 30, 2020 (as applicable), which will expire if not exercised prior to the closing of the IPO, assuming the fair market value of the Convertible Preferred Stock for purposes of such net exercise is $, based on an assumed IPO price for the common stock of $ per share (the midpoint of the price range set forth on the cover page of this prospectus).

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the six months ended June 30, 2020 also gives effect to the automatic conversion, into shares of common stock, of the shares of Convertible Preferred Stock issued upon the automatic conversion of the outstanding principal amount of, and accrued and unpaid interest on, the 2020 Bridge Notes that occurred on September 11, 2020, as described in Note 20, “Subsequent Events.”

The Company has calculated unaudited pro forma basic and diluted net loss per share attributable to common stockholders giving effect to the impact of the foregoing events using the if-converted method, as though the conversion of the Convertible Preferred Stock, the assumed net exercise of the warrants to purchase common stock and Convertible Preferred Stock and the conversion of the 2020 Bridge Notes had occurred as of the beginning of the period or the original date of issuance, if later.

This calculation does not give effect to (i) any shares of common stock to be issued in the IPO, or (ii) the shares of Convertible Preferred Stock issued in September 2020, including the shares of Convertible Preferred Stock issued upon the conversion of the outstanding principal amount of and accrued and unpaid interest on the 2020 Bridge Notes. See Note 20, “Subsequent Events.” All share and per share amounts set forth below have been adjusted to give retrospective effect to the -for- reverse stock split of the Company's common stock effected on , 2020.

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Unaudited pro forma net loss per share is computed as follows:

(in thousands, except share and per share amounts)	Year Ended December 31, 2019 (unaudited)	Six Months Ended June 30, 2020 (unaudited)
Numerator:		
Net loss	$ (11,939)	$ (9,738)
Add:		
Change in fair value of preferred stock warrant liability		
Interest expense recorded on 2020 Bridge Notes		
Loss used in computing pro forma net loss per share calculation	$	$
Denominator:		
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	9,014,779	9,046,663
Pro forma adjustment to reflect automatic conversion of Convertible Preferred Stock (including the shares of Convertible Preferred Stock issuable upon the assumed net exercise of Convertible Preferred Stock warrants)		
Pro forma adjustment to reflect issuance of common stock in respect of liquidation preference payable to holders of Convertible Preferred Stock		
Pro forma adjustment to reflect issuance of common stock upon the assumed net exercise of warrant to purchase common stock		
Pro forma adjustment to reflect issuance of common stock upon the conversion of 2020 Bridge Notes		
Weighted-average shares used in computing pro forma net loss per share		
Pro forma net loss per share attributable to common stockholders, basic and diluted	$	$

16. Distribution Agreements

ViBone Exclusivity Agreement

In August 2018, the Company entered into an agreement with Surgalign Holdings, Inc (formerly RTI Surgical, Inc.) ("Surgalign Holdings") for the exclusive distribution in the United States of the Company's ViBone® cellular bone product. Such agreement includes requirements that Surgalign Holdings purchase certain annual minimum quantities for years 2019 through 2021 and also included an upfront payment of $2 million for the exclusivity. Such upfront payment was recorded as deferred revenue and is being amortized into revenue through the 2021 minimum purchase period. During 2018 and 2019, Aziyo recognized approximately $0.2 million and $0.6 million, respectively, of the $2 million as revenue.

For the transition period, beginning with the commencement of the agreement and ending on December 31, 2018, Aziyo performed the billing and collections on behalf of Surgalign Holdings for certain existing ViBone customers. During this period, Aziyo also paid, on behalf of Surgalign Holdings, the related sales commissions to independent sales representatives. When Aziyo bills customers on Surgalign Holdings' behalf, a liability due to Surgalign Holdings is recorded which is offset by the related commissions paid or to be paid on such sales. As of December 31, 2018, the net amount due to Surgalign Holdings was approximately $0.3 million. Amounts collected from customers by Aziyo on the transition period billings less the related commission amounts paid is included as a net cash inflow from financing activities on

the Consolidated Statement of Cash Flows. All revenue on sales under the ViBone exclusivity agreement is recognized at the contractual transfer price from Surgalign Holdings upon shipment of the goods to the customer.

CanGaroo Sales Agent Agreement

In January 2018, Aziyo began selling a private-labeled CanGaroo product to a domestic distribution entity. Due to unforeseen market conflicts, in April 2019, an amended agreement was reached between the parties such that the distributor arrangement would be transitioned to that of a commissioned sales agent. In connection with this sales agent agreement, it was agreed that Aziyo would buy back all private-labeled CanGaroo product that remained in the entity's inventory upon execution of the new agreement. As such, due to the nature of the event, Aziyo reversed all revenue associated with the units to be bought back and recorded a payable to this entity of approximately $1.2 million as of December 31, 2018, which is included in Accrued Expenses. As all sales of the private-labeled CanGaroo product as well as buyback accounting occurred during year ended December 31, 2018, no revenue associated with units bought back was recognized in the Consolidated Statements of Operations.

Significant Customers

The Company sells certain of its products under large contract manufacturing or distribution arrangements. The following table presents percentage of total revenues derived from the Company's largest customers:

	Year Ended December 31,	
	2018	2019
Percent of revenues derived from:		
Osiris Therapeutics, Inc.	21%	12%
Surgalign Holdings	4%	12%

	December 31,	
	2018	2019
Percent of accounts receivable derived from:		
Osiris Therapeutics, Inc.	17%	14%
Surgalign Holdings	22%	23%

	Six Months Ended June 30,	
	2019	2020
	(unaudited)	
Percent of revenues derived from:		
Osiris Therapeutics, Inc.	10%	1%
Surgalign Holdings	15%	11%
Medtronic Sofamor Danek USA, Inc.	—%	15%

	June 30,	
	2019	2020
	(unaudited)	
Percent of accounts receivable derived from:		
Osiris Therapeutics, Inc.	11%	—%
Surgalign Holdings	24%	13%
Medtronic Sofamor Danek USA, Inc	1%	27%

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17. Commitment and Contingencies

Operating Leases

The Company leases two production facilities and one administrative and research facility under non-cancelable operating lease arrangements that expire through July 2023. All leases contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges.

The Company records rent expense on a straight-line basis over the life of the lease and the difference between the average rent expense and cash payments for rent is recorded as deferred rent and is included in accrued liabilities on the balance sheet. Rent expense for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2019 and 2020 (unaudited) was approximately $1.0 million, $1.1 million, $0.5 million and $0.6 million, respectively, and is included as a component of either cost of goods sold or general and administrative expenses.

Future minimum lease commitments under non-cancelable operating leases as of December 31, 2019 are as follows (in thousands):

Years ending December 31,	
2020	$ 1,121
2021	1,080
2022	1,056
2023	948
2024	781
Thereafter	594
Total	$ 5,580

Cook Biotech License and Supply Agreements

Aziyo has entered into a license agreement with Cook Biotech ("Cook") for an exclusive, worldwide license to the porcine tissue for use in the Company's Cardiac Patch and CanGaroo products, subject to certain co-exclusive rights retained by Cook. The term of such license is through the date of the last to expire of the licensed Cook patents, which is anticipated to be July 2031. Along with this license agreement, Aziyo entered into a supply agreement whereby Cook would be the exclusive supplier to Aziyo of the licensed porcine tissue. Under certain limited circumstances, Aziyo has the right to manufacture the licensed product and pay Cook a royalty of 3% of sales of the Aziyo-manufactured tissue. The supply agreement expires on the same date as the related license agreement. No royalties were paid to Cook during the years ended December 31, 2018 and 2019. Aziyo has also entered into an amendment to the Cook license agreement (the "Cook Amendment") in order to add fields of exclusive use. Specifically, the Cook Amendment provides for a worldwide exclusive license to the porcine tissue for use with neuromodulation devices in addition to cardiovascular devices. The Cook Amendment includes license fee payments of $0.1 million per year in each of the years 2020 through 2026. Such license payments would accelerate if a change in control, as defined, occurs within Aziyo. The Company, in its sole discretion, can terminate the license agreement at any time.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of business. As of December 31, 2018 and 2019 and as of June 30, 2020 (unaudited), the Company was not a party to, or aware of, any material legal matters or claims.

18. Related Party Transactions

The Company has a management services agreement with an affiliate of HighCape through which strategic, operational and management consulting services are provided to the Company. Fees for such services are $0.25 million per year. During the years ended December 31, 2018 and 2019, the Company

recorded expenses totaling $0.25 million for these services. For the six months ended June 30, 2019 and 2020 (unaudited), the Company recorded expenses totaling $0.13 million for these services. As of December 31, 2018 and 2019, approximately $0 and $10,000, respectively, was recorded as an accrued expense related to such management fees. As of June 30, 2020, approximately $0.1 million was recorded as an accrued expense related to such management fees (unaudited).

As consideration for the advisory services provided to Aziyo in connection with the CorMatrix acquisition, an agreement was executed between Aziyo and HighCape whereby upon consummation by Aziyo of a sale transaction, as defined in the Company's Certificate of Incorporation, or an initial public offering of the Company's common stock, Aziyo would be required to pay HighCape a fee totaling $0.75 million.

As part of the contribution of assets transacted from Tissue Banks International, now KeraLink International, to Aziyo upon formation of the Company, a provision existed which guaranteed a certain level of working capital, as defined, on the opening balance sheet of Aziyo. Such guarantee was largely settled in 2016; however, an additional $0.4 million was received by the Company related to such settlement in 2018 and recognized in Other (income) expense, net. As of December 31, 2018, all working capital guarantee matters had been finalized.

19. Segment Information

The Company operates as one segment, regenerative medicines. The segment is based on financial information that is utilized by the Company's Chief Operating Decision Maker ("CODM"), who is the Company's Chief Executive Officer, to assess performance and allocate resources.

For the years ended December 31, 2018 and 2019 as well as the six months ended June 30, 2019 and 2020, the Company's net sales disaggregated by the major sources were as follows (in thousands):

	Years Ended December 31,		Six Months Ended June 30,	
Sales by channel	2018	2019	2019	2020
			(unaudited)	
Direct	$ 18,617	$ 20,445	$ 8,813	$ 8,483
Indirect	20,421	22,456	10,896	9,959
Total sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442

The Company's sales separated between Core Products and Non-Core Products (see Note 1) for the years ended December 31, 2018 and 2019 as well as for the six months ended June 30, 2019 and 2020 were as follows (in thousands):

	Years Ended December 31,		Six Months Ended June 30,	
Sales by product	2018	2019	2019	2020
			(unaudited)	
Orthopedic/Spinal Repair	$ 5,345	$ 11,045	$ 5,486	$ 7,307
CanGaroo	6,874	9,338	3,164	3,388
Cardiovascular	10,501	9,777	5,033	3,416
SimpliDerm	—	758	—	1,500
Core Products	$ 22,720	$ 30,918	$ 13,683	$ 15,611
Contract Manufacturing	$ 16,318	$ 11,983	$ 6,026	$ 2,831
Non-Core Products	16,318	11,983	6,026	2,831
Total sales	$ 39,038	$ 42,901	$ 19,709	$ 18,442

The Company's indirect sales channel are sales completed through its agreements with commercial partners and contract manufacturing agreements with other third parties. The direct sales channel are sales made directly to end customers (i.e. hospitals and other healthcare facilities) through the Company's internal sales organization.

During the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020 (unaudited), the Company did not have any international product sales to specific countries where such country-specific sales represented greater than 10% of total product sales, and the Company did not own any long-lived assets outside the United States.

20. Subsequent Events

In March 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has continued to spread and various state and local governments have issued or extended "shelter-in-place" orders which have impacted and restricted various aspects of the Company's business. It is reasonably possible the Company's operations and results could be negatively affected by the impacts of COVID-19. The extent to which COVID-19 may impact the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information concerning the severity of COVID-19 and the actions taken to contain it or treat its impact, among others.

On April 2, 2020, the Company issued convertible, subordinated promissory notes (the "Initial 2020 Bridge Notes") with a total principal of approximately $0.6 million. The Initial 2020 Bridge Notes have an interest rate of 5%, are repayable upon demand by the holders any time after April 1, 2025 and shall automatically be converted into the Company's shares of capital stock upon the closing of an issuance of the Company's shares of capital stock to one or more investors that results in gross cash proceeds to the Company of at least Three Million Dollars ($3 million). The number of securities to be issued in connection with the conversion of these notes shall equal (i) the sum of the outstanding principal amount of, and all accrued but unpaid interest on, these notes divided by (ii) the cash purchase price per security paid by the investors in the financing.

The Company evaluated subsequent events, as defined by FASB ASC 855 *Subsequent Events*, through April 17, 2020, the date the financial statements were available to be issued, and identified no subsequent events, other than noted above, that require adjustment to, or disclosure of, in these financial statements.

Subsequent Events (Unaudited)

In connection with the inclusion of these financial statements in the Company's registration statement on Form S-1, the Company assessed subsequent events for the purpose of disclosure only.

On April 21, 2020 and April 29, 2020, the Company issued additional convertible, subordinated promissory notes (the "Additional 2020 Bridge Notes" and, together with the Initial 2020 Bridge Notes, the "2020 Bridge Notes") with a total principal of approximately $1.4 million. The Additional 2020 Bridge Notes have an interest rate of 5%, are repayable upon demand by the holders any time after April 1, 2025 and shall automatically be converted into the Company's shares of capital stock upon the closing of an issuance of the Company's shares of capital stock to one or more investors that results in gross cash proceeds to the Company of at least Three Million Dollars ($3 million). The number of securities to be issued in connection with the conversion of these notes shall equal (i) the sum of the outstanding principal amount of, and all accrued but unpaid interest on, these notes divided by (ii) the cash purchase price per security paid by the investors in the financing.

On May 7, 2020, Aziyo entered into a promissory note with Silicon Valley Bank that provided for the receipt by the Company of loan proceeds totaling approximately $3.0 million (the "PPP Loan") pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The PPP Loan matures on May 7, 2022 and bears interest at a rate of 1.0% per annum. Monthly amortized principal and interest payments are deferred for six months after the date of disbursement. The PPP Loan contains events of default and other provisions customary for a loan of this type. If the PPP Loan amount, or any portion thereof, is forgiven pursuant to the Paycheck Protection Program under the CARES Act, the amount so forgiven shall be applied to principal. The Company is not yet able to determine the amount that might be forgiven, and as such, has recorded the PPP Loan as a liability until Aziyo is released as the primary obligor for all or a portion of the loan. The PPP Loan has been recorded within long-term debt in the accompanying Consolidated Balance Sheets.

On September 11, 2020, the Company completed the sale of 3,000,000 shares of Convertible Preferred Stock for net proceeds of approximately $3.0 million. Additionally, in connection with this sale, the 2020 Bridge Notes and the Additional 2020 Bridge Notes totaling $2.0 million, along with accrued interest, converted into Convertible Preferred Stock, bringing the total shares of Convertible Preferred Stock issued in connection with this overall transaction to approximately 5 million.

On September 14, 2020, the Company filed an amended and restated certificate of incorporation, which effected a recapitalization of the Company's then outstanding common stock to Class A common stock and authorized an additional new class of common stock (Class B common stock) and a new series of convertible preferred stock (Series A-1 convertible preferred stock). Also on September 14, 2020, the Company entered into an agreement with Deerfield Private Design Fund III, L.P. ("Deerfield"), pursuant to which the Company issued to Deerfield 18,384,536 shares of Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock.

The Company continues to closely monitor the impact of the COVID-19 pandemic on its business. Since the World Health Organization declared COVID-19 a global pandemic in March 2020, the number of procedures performed using the Company's products has decreased significantly, as governmental authorities in the United States have recommended, and in certain cases required, that elective, specialty and other non-emergency procedures and appointments be suspended or canceled in order to avoid patient exposure to medical environments and the risk of potential infection with COVID-19, and to focus limited resources and personnel capacity on the treatment of COVID-19 patients. As a result, a significant number of procedures using the Company's products have been postponed or cancelled, which has negatively impacted sales of the Company's products. These measures and challenges will likely continue for the duration of the pandemic, which is uncertain, and may continue to reduce net sales and negatively impact the Company's business, financial condition and results of operations while the pandemic continues. Even after the pandemic ultimately subsides, the Company expects there will be a substantial backlog of patients seeking procedures and appointments for a variety of medical conditions. This limited capacity of providers, hospitals and other healthcare facilities could have a significant adverse effect on the Company's business, financial condition and results of operations following the end of the pandemic.

Shares

AZIYO BIOLOGICS, INC.

Class A Common Stock

PROSPECTUS

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in the Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Piper Sandler **Cowen**

Cantor **Truist Securities**

, 2020

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq listing fee.

	Amount
Securities and Exchange Commission registration fee	$ *
FINRA filing fee	*
Initial listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Blue Sky fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our restated certificate of incorporation provides that no director of the Registrant shall be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our restated certificate of incorporation provides that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has

agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our restated certificate of incorporation provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended, or the Securities Act, against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding shares of capital stock issued by us within the past three years. Also included is the consideration received by us for such shares and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

(a) Issuance of Capital Stock.

In May 2017, we issued an aggregate of 1,368,421 shares of Class A common stock to CorMatrix Cardiovascular, Inc., or CorMatrix, as partial consideration for our acquisition of all of the commercial assets and related intellectual property of CorMatrix, pursuant to Section 4(a)(2) of the Securities Act and Rule 506 as a transaction not involving a public offering.

Between May 2017 and September 2020, we issued an aggregate of 30,539,427 shares of Series A convertible preferred stock at a price per share of $1.00, for aggregate consideration of $30.5 million to accredited investors pursuant to Section 4(a)(2) of the Securities Act and Rule 506 as a transaction not involving a public offering. The aggregate consideration consisted of approximately $27.7 million in cash proceeds and the conversion of approximately $0.8 million in aggregate principal amount of convertible promissory notes we issued in November 2019 and approximately $2.0 million in aggregate

principal amount of convertible promissory notes we issued in April 2020 (each as described below), together with accrued interest thereon.

In September 2020, we issued 375,000 shares of Series A convertible preferred stock to HighCape Capital, L.P. in exchange for the extinguishment of our obligation to pay an advisory fee, pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

In September 2020, we issued to Deerfield 18,384,536 shares of our Series A-1 convertible preferred stock in exchange for an equal number of shares of Series A convertible preferred stock, pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

(b) Equity Grants.

From January 1, 2017 through September 14, 2020, we granted stock options to purchase an aggregate of 4,311,395 shares of our Class A common stock, with exercise prices ranging between $0.39 and $0.74 per share, to employees and consultants in connection with services provided to the registrant by such parties.

From January 1, 2017 through September 14, 2020, we issued an aggregate of 1,180,742 shares of our Class A common stock to employees and consultants upon their exercise of stock options, for aggregate cash consideration of approximately $500,000.

The issuances of the securities described in the preceding paragraphs were deemed to be exempt from registration under either Rule 701 promulgated under the Securities Act, in that such issuances were under written compensatory benefit plans and contracts relating to compensation, or pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

(c) Warrants.

In March 2017, we issued a warrant to purchase up to an aggregate of 1,923,077 shares of our Class A common stock at an exercise price of $0.39 per share to HighCape Partners QP, L.P., or HighCape Partners QP, pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering. The warrant was issued as partial consideration for a $5.0 million letter of credit HighCape Partners QP provided as security to the lender under our then-existing revolving credit facility. Upon the termination of such letter of credit in May 2017, the warrant became exercisable for 106,837 shares of our Class A common stock.

Between May 2017 and December 2017, we issued warrants to purchase up to an aggregate of 405,000 shares of Series A convertible preferred stock at an exercise price of $1.00 per share to accredited investors pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

(d) Convertible Promissory Notes.

In November 2019, we issued $0.75 million in aggregate principal amount of convertible promissory notes to an accredited investor pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering. Upon the closing of our Series A convertible preferred stock financing in December 2019, these convertible promissory notes, together with the accrued interest thereon, converted into an aggregate of 754,315 shares of our Series A convertible preferred stock.

In April 2020, we issued approximately $2.0 million in aggregate principal amount of convertible promissory notes to accredited investors pursuant to Section 4(a)(2) of the Securities Act as a transaction not involving a public offering. Upon the closing of our Series A convertible preferred stock financing in September 2020, these convertible promissory notes, together with the accrued interest thereon, converted into an aggregate of 2,039,427 shares of our Series A convertible preferred stock.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1	Certificate of Incorporation of the Registrant, as amended (currently in effect)
3.2	Bylaws of the Registrant (currently in effect)
3.3*	Form of Restated Certificate of Incorporation of the Registrant (to be effective upon the closing of this offering)
3.4*	Form of Restated Bylaws of the Registrant (to be effective upon the closing of this offering)
4.1	Second Amended and Restated Investor Rights Agreement, dated as of September 14, 2020, among the Registrant and the investors named therein
4.2	Specimen stock certificate evidencing the shares of Class A common stock
4.3*	Specimen stock certificate evidencing the shares of Class B common stock
4.4	Warrant to Purchase Shares of Common Stock, dated as of March 27, 2017, issued by the Registrant to HighCape Partners QP, L.P.
4.5	Warrant to Purchase Shares of Series A Convertible Preferred Stock, dated as of May 31, 2017, issued by the Registrant to Flexpoint MCLS Holdings LLC
4.6	Warrant to Purchase Shares of Series A Convertible Preferred Stock, dated as of May 31, 2017, issued by the Registrant to MidCap Funding XXVII Trust
4.7	Warrant to Purchase Shares of Series A Convertible Preferred Stock, dated as of December 14, 2017, issued by the Registrant to Flexpoint MCLS Holdings LLC
4.8	Warrant to Purchase Shares of Series A Convertible Preferred Stock, dated as of December 14, 2017, issued by the Registrant to MidCap Funding XXVII Trust
5.1*	Opinion of Latham & Watkins LLP
10.1#	2015 Stock Option/Stock Issuance Plan, as amended, and form of option agreements thereunder
10.2#*	2020 Incentive Award Plan and form of option agreements thereunder
10.3#*	Non-Employee Director Compensation Program
10.4#	Employment Agreement, by and between the Registrant and Ronald Lloyd, dated as of June 1, 2018
10.5#	Letter Agreement, by and between the Registrant and Thomas Englese, dated as of June 25, 2019
10.6#	Letter Agreement, by and between the Registrant and Darryl Roberts, dated as of April 2, 2018
10.7#	Letter Agreement, by and between the Registrant and Jerome Riebman
10.8#	Letter Agreement, by and between the Registrant and Jeffrey Hamet
10.9*	Form of Indemnification Agreement for Directors and Officers
10.10	Amended and Restated Credit and Security Agreement (Term Loan), dated as of July 15, 2019, by and among the Registrant and Aziyo Med, LLC, as Borrowers, Midcap Financial Trust, as Agent and as a Lender, and the additional Lenders from time to time party thereto
10.11	Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019, by and among the Registrant and Aziyo Med, LLC, as Borrowers, Midcap Funding IV Trust, as Agent and as a Lender, and the additional Lenders from time to time party thereto
10.12	Note Purchase Agreement, dated as of April 2, 2020, by and between the Registrant and each of the persons and entities set forth on Schedule A thereto

Exhibit Number	Description of Exhibit
10.13	Amendment to Note Purchase Agreement, dated as of April 29, 2020, by and between the Registrant and each of the persons and entities signatory thereto
10.14	U.S. Small Business Administration Paycheck Protection Program Note, dated as of May 7, 2020, by and between the Registrant and Silicon Valley Bank
10.15	Royalty Agreement, dated as of May 31, 2017, by and between Aziyo Med, LLC and Ligand Pharmaceuticals Incorporated
10.16	License Agreement, dated as of May 31, 2017, by and between Cook Biotech Incorporated and Aziyo Med, LLC
10.17	December 2017 Amendment to License Agreement, dated as of December 21, 2017, by and between Cook Biotech Incorporated and Aziyo Med, LLC
10.18	Letter Agreement, dated as of May 31, 2017, by and between HighCape Partners Management, L.P. and the Registrant
10.19	Settlement Agreement and General Release, by and between the Registrant and KeraLink International Inc. (formerly named Tissue Banks International, Inc.), dated as of April 6, 2018
21.1	Subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page)

* To be filed by amendment.

# Indicates management contract or compensatory plan.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriter, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Silver Spring, Maryland on this 14th day of September, 2020.

AZIYO BIOLOGICS, INC.

By: /s/ Ronald Lloyd
Ronald Lloyd
President and Chief Executive Officer

SIGNATURES AND POWER OF ATTORNEY

We, the undersigned officers and directors of Aziyo Biologics, Inc., hereby severally constitute and appoint Ronald Lloyd and Jeffrey Hamet, each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/s/ Ronald Lloyd Ronald Lloyd	President, Chief Executive Officer and Director (principal executive officer)	September 14, 2020
/s/ Jeffrey Hamet Jeffrey Hamet	Vice President, Finance, Treasurer, Secretary and Interim Chief Financial Officer (principal financial officer and principal accounting officer)	September 14, 2020
/s/ Kevin Rakin Kevin Rakin	Chairman of the Board of Directors	September 14, 2020
/s/ Maybelle Jordan Maybelle Jordan	Director	September 14, 2020
/s/ Brigid A. Makes Brigid A. Makes	Director	September 14, 2020
/s/ C. Randal Mills, Ph.D. C. Randal Mills, Ph.D.	Director	September 14, 2020
/s/ W. Matthew Zuga W. Matthew Zuga	Director	September 14, 2020

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
AZIYO BIOLOGICS, INC.
a Delaware Corporation

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Aziyo Biologics, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "***DGCL***"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Aziyo Biologics, Inc., and that this corporation was originally incorporated pursuant to the DGCL on August 6, 2015.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Amended and Restated Certificate of Incorporation of this corporation, as amended, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Amended and Restated Certificate of Incorporation of this corporation, as amended, be amended and restated in its entirety to read as follows:

ARTICLE I

The name of this corporation (the "***Corporation***") is Aziyo Biologics, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808. The Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

A. Classes of Stock. The Corporation is authorized to issue shares of Preferred Stock ("***Preferred Stock***") and Common Stock ("***Common Stock***"). The total number of shares that the Company is authorized to issue is 155,274,072. The total number of shares of Preferred Stock that the Corporation shall have authority to issue is 69,889,536, of which 51,505,000 are designated as Series A Preferred Stock (the "***Series A Preferred Stock"***) and 18,384,536 are designated as Series A-1 Preferred Stock (the "***Series A-1 Preferred Stock***" and, together with the Series A Preferred Stock, the "***Series A/A-1 Preferred Stock***"). The total number of shares of Common Stock that the Corporation shall have authority to issue is 85,384,536, of which 67,000,000 are designated as "Class A Common Stock" (the "***Class A Common Stock***" and 18,384,536 are designated as "Class B Common Stock" (the "***Class B Common Stock***"). The Preferred Stock shall have a par value of $0.001 per share and the Common Stock shall have a par value of $0.001 per share.

Immediately upon the effectiveness of this Amended and Restated Certificate of Incorporation (the "***Effective Time***"), each share of the Corporation's Common Stock issued and outstanding or held as treasury stock immediately prior to the Effective Time, shall, automatically and without further action by any stockholder, be reclassified as, and shall become, one share of Class A Common Stock. Any stock certificate that immediately prior to the Effective Time represented shares of the Corporation's Common Stock shall from and after the Effective Time be deemed to represent shares of Class A Common Stock, without the need for surrender or exchange thereof.

B. Rights Preferences and Restrictions of Preferred Stock. The rights, preferences, privileges, restrictions and other matters relating to the Preferred Stock are as follows:

1. Identical Rights.

(a) Except as otherwise provided in this Amended and Restated Certificate of Incorporation or required by applicable law, all shares of Series A/A-1 Preferred Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of the Corporation), share ratably and be identical in all respects as to all matters.

(b) If the Corporation in any manner subdivides (by stock split or otherwise) or combines (by reverse stock split or otherwise) the outstanding shares of Series A Preferred Stock or Series A-1 Preferred Stock, then all outstanding shares of Series A/A-1 Preferred Stock will be subdivided or combined in the same proportion and manner.

2. Dividends.

(a) Any dividend or other distribution (other than dividends on shares of Common Stock payable solely in the form of shares of Common Stock) that is declared, paid or set aside by the Corporation shall be made in accordance with the preferences and priorities set forth in Section (B)3(a) and Section (B)3(b) as if such dividend or distribution were made in a liquidation of the Corporation.

(b) Without limiting the provisions of Section (B)2(a) of this Article IV, the Corporation shall not declare or pay any dividend or make any other distribution to the holders of Series A/A-1 Preferred Stock unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Series A/A-1 Preferred Stock; *provided*, *however*, that any dividend or other distribution payable in additional shares of Series A/A-1 Preferred Stock or rights to acquire shares of Series A/A-1 Preferred Stock shall be payable on the Series A Preferred Stock in additional shares of Series A Preferred Stock or rights to acquire shares of Series A Preferred Stock and on the Series A-1 Preferred Stock in additional shares of Series A-1 Preferred Stock or rights to acquire shares of Series A-1 Preferred Stock, in each case, at the same rate and with the same record date and payment date.

3. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary (including, without limitation, upon any bankruptcy), the holders of Series A/A-1 Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Corporation to holders of Common Stock, by reason of their ownership of such stock, for each share of Series A/A-1 Preferred Stock, the sum of (i) $1.00 (as adjusted for any stock dividends, combinations, splits, recapitalizations and similar events with respect to such shares of Series A Preferred Stock, the "***Original Series A/A-1 Issue Price***") and (ii) the amount of all declared but unpaid dividends on such share of Series A/A-1 Preferred Stock (such sum, the "***Series A/A-1 Preference Amount***"). In the event that the assets and funds legally available for distribution to the stockholders of the Corporation are insufficient to pay the Series A/A-1 Preference Amount in respect of each share of Series A/A-1 Preferred Stock as set forth above, then all funds or assets legally available for distribution to the holders of Series A/A-1 Preferred Stock shall be paid to such holders of Series A/A-1 Preferred Stock pro rata based on the dollar amount to which they are otherwise entitled under this Section (B)3(a).

(b) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary (including, without limitation, upon any bankruptcy), after, and only after, full payment has been made to the holders of the Series A/A-1 Preferred Stock required by Section (B)3(a), the holders of Common Stock and the Series A/A-1 Preferred Stock shall be entitled to share ratably in all remaining assets and funds, if any, based upon the number of shares of Common Stock then held, with each share of Series A/A-1 Preferred Stock treated as the number of shares of Common Stock into which such share of Series A/A-1 Preferred Stock is then convertible.

(c) (i) For purposes of this Section (B)3, unless otherwise agreed to in writing by the holders of at least seventy-five percent (75%) of the then outstanding shares of Series A/A-1 Preferred Stock (the "***Required Holders***"), a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, and to include: (A) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Corporation with or into any other entity but excluding any sale of capital stock by the Corporation for capital raising purposes) (x) in which the holders of the Corporation's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least fifty percent (50%) of the voting power of the surviving entity of such transaction or (y) in which at least fifty percent (50%) of the Corporation's outstanding capital stock is transferred (calculated on an as-converted to Common Stock basis); or (B) any sale, conveyance, exclusive license or other disposition of all or substantially all of the assets of the Corporation (any such transaction, a "***Sale Transaction***"). Unless otherwise agreed to in writing by the Required Holders, no stockholder of the Corporation shall enter into any transaction or series of related transactions resulting in a liquidation, dissolution or winding up of the Corporation pursuant to the terms hereof unless the terms of such transaction or transactions provide that the consideration to be paid to the stockholders of the Corporation is to be allocated in accordance with the preferences and priorities set forth in this Section (B)3.

(ii) In the event of any Sale Transaction, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value as determined by the Board of Directors of the Corporation (the "***Board***") in good faith. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability covered by (B) below:

(1) If such securities are traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the fourteen-day period ending three (3) days prior to the closing; and

(2) If such securities are not traded on a securities exchange, the value shall be the fair market value thereof, as determined by the Board in good faith.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A)(1) or (2) to reflect the approximate fair market value thereof, as determined by the Board in good faith.

(iii) Notwithstanding any other provision set forth in this Section (B)3, in the event that any consideration payable to the Corporation or its stockholders in connection with any Sale Transaction is contingent upon the occurrence of any event or the passage of time (including, without limitation, any deferred purchase price payments, installment payments, payments made in respect of any promissory note issued in such transaction, payments from escrow, purchase price adjustment payments or payments in respect of "earnouts" or holdbacks) (the "***Contingent Consideration***"), such Contingent Consideration shall not be deemed received by the Corporation or its stockholders or available for distribution to such stockholders unless and until the contingencies related to such Contingent Consideration are satisfied and such Contingent Consideration is indefeasibly received by the Corporation or its stockholders in accordance with the terms of such Sale Transaction. The definitive agreement with respect to such Sale Transaction shall provide that (A) the portion of such consideration that is not Contingent Consideration *(*the "***Initial Consideration***") shall be allocated among the stockholders of the Corporation in accordance with Section (B)3 as if the Initial Consideration were the only consideration payable in connection with such Sale Transaction and (B) any Contingent Consideration which becomes payable to the stockholders of the Corporation upon the release from escrow or the satisfaction of the applicable contingencies shall be allocated among the stockholders of the Corporation in accordance with Section (B)3 after taking into account the previous payment of the Initial Consideration as part of the same transaction.

(d) For the avoidance of doubt, subject to Section (B)2(b), any cash, securities or other property paid or payable in respect of shares of Series A/A-1 Preferred Stock (upon the redemption thereof or otherwise) shall be paid pro rata, on an equal priority, *pari passu* basis, to the holders of each class or series of Series A/A-1 Preferred Stock, unless different treatment of the shares of any such class or series is approved by the affirmative vote of the holders of a majority of each class or series of Series A/A-1 Preferred Stock.

4. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows:

(a) Right to Convert.

(i) Except as set forth in Section (B)4(a)(ii), each share of Series A/A-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into fully paid and nonassessable shares of Class A Common Stock of the Corporation. The number of shares of Class A Common Stock into which each share of Series A/A-1 Preferred Stock may be converted shall be determined by dividing the Original Series A/A-1 Issue Price by the Series A/A-1 Conversion Price in effect on the date that the holder thereof elects to convert such share.

(ii) Notwithstanding anything to the contrary contained herein, during the period commencing immediately prior to the effectiveness of any registration of the Class A Common Stock under Section 12 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and ending immediately following such time after such effectiveness as the Class A Common Stock is not deemed to constitute an "equity security" pursuant to Rule 13d-1(i) under the Exchange Act (an "***Exchange Act Registration Period***") or such earlier time as such Exchange Act Registration Period terminates in accordance with this paragraph, shares of Series A-1 Preferred Stock shall not be convertible into Class A Common Stock, but instead each share of Series A-1 Preferred Stock shall be convertible, at the option of the holder thereof, at the office of the Corporation or any transfer agent for such stock, into fully paid and nonassessable shares of Class B Common Stock of the Corporation. The number of shares of Class B Common Stock into which each share of Series A-1 Preferred Stock may be converted shall be determined by dividing the Original Series A/A-1 Issue Price by the Series A/A-1 Conversion Price in effect on the date that the holder thereof elects to convert such share. Notwithstanding anything to the contrary contained herein, any Exchange Act Registration Period shall automatically terminate upon the earliest to occur of (x) 5:00 p.m. (New York City time) on the third (3^{rd}) Business Day following the commencement of the Exchange Act Registration Period, if the Company shall not prior to such time have entered into an underwriting agreement with respect to a proposed initial underwritten public offering of the Class A Common Stock, (y) the termination of an underwriting agreement entered into in connection with a proposed initial underwritten public offering of the Class A Common Stock, if such initial public offering shall not have been consummated prior to such termination, and (z) 5:00 p.m. (New York City time) on the tenth (10^{th}) Business Day following the commencement of the Exchange Act Registration Period, if the Company shall not prior to such time have consummated a Qualified IPO (as defined below).

(iii) For an initial underwritten public offering of the Corporation's Class A Common Stock, (A) in addition to the shares of Class A Common Stock otherwise issuable upon conversion of the Series A Preferred Stock pursuant to this Section (B)4 there shall be issued immediately prior to the consummation of the public offering, and in any event prior to any conversion of the Series A Preferred Stock pursuant to Section (B)4(b)(i), to the holders of the Series A Preferred Stock, for each share of Series A Preferred Stock held, the number of shares of Class A Common Stock as is determined by dividing the Series A/A-1 Preference Amount by the price per share of Common Stock in such public offering; and (B) in addition to the shares of Class B Common Stock otherwise issuable upon conversion of the Series A-1 Preferred Stock pursuant to this Section (B)4, there shall be issued immediately prior to the consummation of the public offering, and in any event prior to the conversion of the Series A-1 Preferred Stock pursuant to Section (B)4(b)(i), to the holders of the Series A-1 Preferred Stock, for each share of Series A-1 Preferred Stock held, the number of shares of Class B Common Stock as is determined by dividing the Series A/A-1 Preference Amount by the price per share of Class A Common Stock in such public offering

(iv) The initial Series A/A-1 Conversion Price is the Original Series A/A-1 Issue Price. The Series A/A-1 Conversion Price is subject to adjustment as set forth in this Section (B)4.

(b) Automatic Conversion.

(i) *Initial Public Offering*. Each share of Series A Preferred Stock shall automatically be converted into shares of Class A Common Stock and each share of Series A-1 Preferred Stock shall automatically be converted into shares of Class B Common Stock (as set forth in Section (B)4(a)), in each case, upon: (y) the date and time, or the occurrence of an event, specified by written consent of the Required Holders for the conversion of all outstanding shares of Series A/A-1 Preferred Stock; *provided*, *however*, that without the consent of the holders of a majority of the then outstanding shares of Series A-1 Preferred Stock, the Series A-1 Preferred Stock shall not be converted pursuant to this clause (y) except during an Exchange Act Registration Period; or (z) immediately prior to the closing of the sale of shares of Class A Common Stock to the public at a price of at least $5.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "***Securities Act***"), resulting in at least $30,000,000 of gross proceeds to the Corporation (a "***Qualified IPO***"), *provided* that such closing occurs during an Exchange Act Registration Period. Such conversions shall be automatic, without need for any further action by the holders of shares of Series A Preferred Stock or Series A-1 Preferred Stock and regardless of whether the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided, however,* that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversions unless certificates evidencing such shares of Series A/A-1 Preferred Stock so converted are surrendered to the Corporation or the holder of record of such shares notifies the Corporation that such certificates have been lost, stolen or destroyed and such holder executes an agreement to indemnify the Corporation from any loss incurred by it in connection with such certificates, in each case in accordance with the procedures described in Section (B)4(c) below. Upon the conversion of Series A/A-1 Preferred Stock pursuant to this Section (B)4(b), the Corporation shall promptly send written notice thereof, by registered or certified mail, return receipt requested and postage prepaid, by hand delivery or by overnight delivery, to each holder of record of Series A Preferred Stock at such holder's address then shown on the records of the Corporation, which notice shall state that certificates evidencing shares of Series A Preferred Stock must be surrendered at the office of the Corporation (or of its transfer agent for the Common Stock, if applicable) in the manner described in Section (B)4(c) below.

(ii) *Certain Transfers*. Upon a transfer of shares of Series A-1 Preferred Stock by a holder to a Person that is neither an Affiliate of a holder nor a Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission (as defined below), each share of Series A-1 Preferred Stock so transferred shall automatically upon such transfer, without further action by the transferor or transferee thereof, convert into a share of Series A Preferred Stock.

(c) Mechanics of Conversion. Before any holder of Series A Preferred Stock or Series A-1 Preferred Stock shall be entitled to receive certificates representing shares of Class A Common Stock or Class B Common Stock, as applicable, into which such shares of Series A/A-1 Preferred Stock are converted pursuant to this Section (B)4, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such Series A/A-1 Preferred Stock (or such holder notifies the Corporation that such certificates have been lost, stolen or destroyed and such holder executes an agreement to indemnify the Corporation from any loss incurred by it in connection with such certificates), and shall give written notice to the Corporation at such office of the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable and in no event later than ten (10) days after the delivery of said certificates (i) issue and deliver to such holder of Series A/A-1 Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Class A Common Stock issuable upon such conversion of Series A Preferred Stock or a certificate or certificates for the number of full shares of Class B Common Stock issuable upon such conversion of Series A-1 Preferred Stock, in each case, in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series A Preferred Stock or Series A-1 Preferred Stock, as applicable, represented by the surrendered certificate that were not converted into the applicable class of Common Stock and (ii) pay in cash such amount as provided in Section (B)4(f) in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion. The person or persons entitled to receive the shares of Class A Common Stock or Class B Common Stock issuable upon such conversion pursuant to this Section (B)4 shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock or Class B Common Stock as of the effective date of such conversion. If the conversion is pursuant to Section (B)4(a) in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Series A Preferred Stock or Series A-1 Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Class A Common Stock or Class B Common Stock, as applicable, upon conversion of the Series A/A-1 Preferred Stock shall not be deemed to have converted such Series A/A-1 Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments for Splits and Combinations. The Series A/A-1 Conversion Price shall be subject to adjustment from time to time as follows:

(i) In the event that the Corporation should at any time, or from time to time, after the date of this Amended and Restated Certificate of Incorporation, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock ("***Common Stock Equivalents***") without payment of any consideration by such holder for the additional shares of Common Stock or Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Series A/A-1 Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion thereof shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(ii) If the number of shares of Common Stock outstanding at any time after the date of this Amended and Restated Certificate of Incorporation is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Series A/A-1 Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion thereof shall be decreased in proportion to such decrease in outstanding shares.

(e) Reorganizations, Mergers or Consolidations. If, at any time, or from time to time, the Common Stock is converted into other securities, assets or property, whether pursuant to a reorganization, merger, consolidation, sale of all or substantially all of the Corporation's assets or otherwise (other than a subdivision or combination provided for elsewhere in this Section 4 or a Sale Transaction constituting a deemed liquidation of the Corporation pursuant to Section 3), provision shall be made so that the holders of the Series A/A-1 Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A/A-1 Preferred Stock, the number of shares of stock or other securities, assets or property of the Corporation or otherwise to which a holder of Common Stock deliverable upon conversion would have been entitled in connection with such transaction.

(f) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Series A/A-1 Preferred Stock and, in lieu of any fractional shares to which such holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then effective fair market value of such share, as determined by the Board in good faith. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of (x) with respect to shares issuable upon the conversion of Series A Preferred Stock, the total number of shares of Series A Preferred Stock the holder is at the time converting into Class A Common Stock and the aggregate number of shares of Class A Common Stock issuable upon such conversion and (y) with respect to shares issuable upon the conversion of Series A-1 Preferred Stock, the total number of shares of Series A-1 Preferred Stock the holder is at the time converting into Class A Common Stock (or Class B Common Stock, as applicable) and the aggregate number of shares of Class A Common Stock (or Class B Common Stock, as applicable) issuable upon such conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Series A/A-1 Conversion Price pursuant to this Section (B)4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A/A-1 Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A/A-1 Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Series A/A-1 Conversion Price at the time in effect and (C) the number of shares of Class A Common Stock and/or Class B Common Stock, as applicable, and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A/A-1 Preferred Stock.

(g) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Series A/A-1 Preferred Stock, at least 10 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(h) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, (i) solely for the purpose of effecting the conversion of the shares of the Series A/A-1 Preferred Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A/A-1 Preferred Stock and (ii) solely for the purpose of effecting the conversion of the shares of the Series A-1 Preferred Stock, such number of its shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A-1 Preferred Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock and/or Class B Common Stock, as applicable, shall not be sufficient to effect the conversion of all of the then outstanding shares of Series A Preferred Stock and all of the then outstanding Series A-1 Preferred Stock, in addition to such other remedies as shall be available to the holder of Series A Preferred Stock and/or Series A-1 Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock and/or Class B Common Stock, as applicable, to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to this Amended and Restated Certificate of Incorporation.

(i) Notices. Any notice required by the provisions of this Section (B)4 to be given to the holders of shares of Series A Preferred Stock or Series A-1 Preferred Stock shall be deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation, or given by electronic communication in compliance with the provisions of the DGCL, and shall be deemed sent upon such mailing or electronic transmission.

(j) Issue Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock upon conversion of any shares of Series A/A-1 Preferred Stock; *provided, however,* that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

5. Voting Rights.

(a) In addition to any special class or series voting rights provided herein, under the DGCL or otherwise, the holder of each share of Series A/A-1 Preferred Stock shall have the right to one vote for each share of Class A Common Stock into which such share of Series A/A-1 Preferred Stock could then be converted, and, with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Class A Common Stock and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the bylaws of the Corporation and shall be entitled to vote, together with holders of Class A Common Stock, with respect to any question upon which holders of Class A Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted to Class A Common Stock basis (after aggregating all fractional shares into which shares of Series A/A-1 Preferred Stock held by each holder could be converted) shall be rounded down to the nearest whole share.

(b) For the avoidance of doubt, at any time that the shares of Series A-1 Preferred Stock are convertible into shares of Class B Common Stock, except for any special class or series voting rights provided herein or under the DGCL, the Series A-1 Preferred Stock shall have no voting rights and shall not entitle to holders thereof to any vote at any meeting of stockholders, or in connection with any written consent of stockholders, with respect to any matter, and the shares of Series A-1 Preferred Stock shall not be considered present or entitled to vote or otherwise accounted for in connection with any meeting or vote that occurs during such time (including for purposes of determining the presence or absence of a quorum or the minimum vote required to approve any matter), regardless of whether the record date in respect of such meeting or written consent preceded the date that the Series A-1 Preferred Stock became convertible into Class B Common Stock.

6. Board of Directors.

(a) Subject to Section (B)5(b), the holders of Series A/A-1 Preferred Stock shall be entitled to elect three (3) members of the Board (the "***Series A Directors***") at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors; *provided*, *however*, that the holders of shares of Series A-1 Preferred Stock shall not have any such right at any time that the shares of Series A-1 Preferred Stock are convertible into shares of Class B Common Stock

(b) Subject to Section (B)5(b), the holders of Common Stock and Preferred Stock, voting together as a single class, shall be entitled, by vote of the holders of a majority of the then outstanding shares of Class A Common Stock (calculated on an as-converted to Class A Common Stock basis), to elect all remaining members of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors; *provided*, *however*, that the holders of shares of Series A-1 Preferred Stock shall not have any such right at any time that the shares of Series A-1 Preferred Stock are convertible into shares of Class B Common Stock.

(c) Notwithstanding any other provision set forth herein, each of the Series A Directors shall be entitled to cast two (2) votes on each matter before the Board and each committee thereof and each other director shall be entitled to cast a single vote on each matter before the Board and each committee thereof. For the avoidance of doubt, in the event that this Amended and Restated Certificate of Incorporation, the DGCL, the Corporation's bylaws or any agreement, instrument or document or any other context requires that a resolution, consent, determination (including, without limitation, for the purpose of determining whether a quorum is present at any meeting of the Board) or other action be approved, executed, made or taken by a majority or other proportion of directors, such requirement shall instead be a majority or other proportion of the votes of the directors, notwithstanding anything to the contrary set forth herein or therein.

(d) Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the DGCL, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of the Amended and Restated Certificate of Incorporation, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; *provided*, *however*, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board's action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of this Corporation's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee. Any director may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent.

7. Protective Provisions.

(a) At any time when shares of Series A/A-1 Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the Required Holders, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio,* and of no force or effect:

(i) liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Sale Transaction, or consent to any of the foregoing;

(ii) amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock and/or the Series A-1 Preferred Stock;

(iii) create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock, or increase the authorized number of shares of Series A Preferred Stock and/or Series A-1 Preferred Stock or increase the authorized number of shares of any additional class or series of capital stock;

(iv) (i) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with the Series A/A-1 Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock and/or Series A-1 Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A/A-1 Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to *or pari passu* with the Series A Preferred Stock and/or Series A-1 Preferred Stock in respect of any such right, preference or privilege;

(v) purchase or redeem (or permit any subsidiary to purchase or redeem) any shares of capital stock of the Corporation other than (i) redemptions of the Series A/A-1 Preferred Stock as expressly authorized herein or (ii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

(vi) make, or authorize the making of, any pledge of any assets of the Corporation or of the equity interests of any subsidiary of the Corporation or create, or authorize the creation of, any security interest in any assets of the Corporation or any subsidiary of the Corporation unless such making, creation or authorization is approved by each of the Series A Directors;

(vii) create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary; or

(viii) increase or decrease the authorized number of directors constituting the Board of Directors.

(b) At any time when shares of Series A Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio,* and of no force or effect:

(i) amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation if the effect thereof would be to adversely and disproportionately modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class A Common Stock; or

(ii) amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation if the effect thereof would be to adversely and disproportionately modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Series A Preferred Stock.

(c) At any time when shares of Series A-1 Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series A-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio,* and of no force or effect:

(i) amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation if the effect thereof would be (y) to adversely and disproportionately modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B Common Stock or (z) modify any of the rights, powers, preferences, privileges, restrictions or provisions of the Class B Common Stock that are not applicable to the Class A Common Stock;

(ii) amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation if the effect thereof would be to modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Series A-1 Preferred Stock; or

(iii) set a record date for any special meeting or any other meeting or vote of stockholders (or for purposes of determining stockholders entitled to consent to any matter in writing) as of any date on which outstanding shares of Series A-1 Preferred Stock are convertible into Class B Common Stock, or hold a meeting or vote of stockholders (or solicit written consents with respect to any matter) on any such date.

8. No Reissuance of Preferred Stock. No share or shares of Series A/A-1 Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

C. Common Stock.

1. Identical Rights.

(a) Except as otherwise provided in this Amended and Restated Certificate of Incorporation or required by applicable law, shares of Common Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of the Corporation), share ratably and be identical in all respects as to all matters.

(b) If the Corporation in any manner subdivides (by stock split or otherwise) or combines (by reverse stock split or otherwise) the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner.

2. Dividend Rights.

(a) Subject to the provisions set forth herein and the preferential rights of holders of all classes of stock at the time outstanding having preferential rights as to dividends and distributions, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board, out of any assets of the Corporation legally available therefor, such dividends and distributions as may be declared from time to time by the Board; *provided* that no such dividend or distribution may be declared or paid (other than in the form of shares of Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock) unless a dividend or distribution is simultaneously declared or paid, as the case may be, on the Series A/A-1 Preferred Stock in an amount equal to the amount which would be paid on the Series A/A-1 Preferred Stock if the Series A/A-1 Preferred Stock had been converted into Common Stock immediately prior to the record date for the dividend on the Common Stock.

(b) Without limiting the provisions of Section (C)2(a) of this Article IV, the Corporation shall not declare or pay any dividend or make any other distribution to the holders of Common Stock unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock; *provided*, *however*, that any dividend or other distribution payable in additional shares of Common Stock or rights to acquire shares of Common Stock shall be payable on the Class A Common Stock in additional shares of Class A Common Stock or rights to acquire shares of Class A Common Stock and on the Class B Common Stock in additional shares of Class B Common Stock or rights to acquire shares of Class B Common Stock, in each case, at the same rate and with the same record date and payment date.

3. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section (B)2 of this Article IV.

4. Redemption. The Common Stock is not by its terms redeemable.

5. Voting Rights.

(a) The holders of Class A Common Stock shall have the right to one vote for each share of Class A Common Stock, and the holders of Class A Common Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law. Except as otherwise restricted herein, the number of authorized shares of Common Stock or any class thereof may be increased or decreased by the affirmative vote of the holders of capital stock having a majority of the voting power of the Corporation (voting together on an as-if-converted to Class A Common Stock basis), irrespective of the provision of Section 242(b)(2) of the DGCL.

(b) Except as otherwise provided herein or as otherwise required by the DGCL, the Class B Common Stock shall have no voting rights and shall not entitle to holders thereof to any vote at any meeting of stockholders, or in connection with any written consent of stockholders, with respect to any matter, and the shares of Class B Common Stock shall not be considered present or entitled to vote or otherwise accounted for in connection with any meeting or vote that occurs during such time (including for purposes of determining the presence or absence of a quorum or the minimum vote required to approve any matter). However, as long as any shares of Class B Common Stock are outstanding, without the affirmative vote or written consent of the holders of a majority of the then outstanding shares of the Class B Common Stock, the Corporation shall not, directly or indirectly, whether by or through any subsidiary and whether by merger, consolidation or otherwise, amend, modify or repeal any provision of the Amended and Restated Certificate of Incorporation if the effect thereof would be to modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B Common Stock.

6. Conversion of Class B Common Stock.

(a) *Conversions at Option of Holder*. Each share of Class B Common Stock shall be convertible, at any time and from time to time from and after the date of issuance, at the option of the holder thereof, into one share of Class A Common Stock. A holder of Class B Common Stock shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "***Notice of Conversion***"), duly completed by such holder. If the Notice of Conversion is delivered at a time when the Conversion Shares (as defined below) are required to bear a restrictive legend pursuant to Section (C)6(d), on or before the fifth (5th) Business Day following the Conversion Date (as defined below) (the "***Restricted Voluntary Conversion Delivery Deadline***"), the Corporation shall, or shall cause its transfer agent to, issue and deliver to the address as specified in the Notice of Conversion, a stock certificate, registered in the name of the holder or its designee, for the number of shares of Class A Common Stock to which the holder shall be entitled, and in the case of a Notice of Conversion delivered at a time when the Conversion Shares are not required to bear a restrictive legend pursuant to Section (C)6(d), on or before the second (2nd) Business Day (or, if earlier, the last day of the Standard Settlement Period (as defined below)) following the Conversion Date (the "***Unrestricted Voluntary Conversion Delivery Deadline***"), cause the Transfer Agent to credit the aggregate number of shares of Class A Common Stock to which the holder shall be entitled to the holder's or its designee's balance account with The Depository Trust Corporation ("***DTC***") through DTC's Deposit/Withdrawal at Custodian (***DWAC***) system. The "***Conversion Date***," or the date on which a conversion shall be deemed effective, shall be defined as the Trading Day (as defined below) that the completed Notice of Conversion is sent by electronic mail or facsimile to, and received during regular business hours by, the Corporation. The calculations and entries set forth in the Notice of Conversion shall control in the absence of verifiable or mathematical error. Shares of Class B Common Stock converted into Class A Common Stock in accordance with the terms hereof shall be canceled and shall not be reissued. The holder shall not be required to physically surrender the certificate(s) representing the Class B Common Stock to the Corporation until all shares of Class B Common Stock represented by such certificate(s) have been converted in full, in which case the holder shall surrender such certificate(s) to the Corporation for cancellation within three (3) Trading Days of the date the final Notice of Conversion is delivered to the Corporation. Delivery of a Notice of Conversion with respect to a partial conversion shall have the same effect as cancellation of the original certificate(s) representing such shares of Class B Common Stock and issuance of a certificate representing such remaining shares of Class B Common Stock. In accordance with the preceding sentence, upon the written request of the holder and the surrender of certificate(s) representing Class B Common Stock, the Corporation shall, within three (3) Trading Days of such request, deliver to the holder certificate(s) (as specified by the holder in such request) representing the remaining shares of Class B Common Stock represented by the surrendered certificate(s).

(b) *Beneficial Ownership Limitation*. Notwithstanding anything herein to the contrary, but subject to the last sentence of this Section (C)6(b), the Corporation shall not effect any conversion of the Class B Common Stock, and a holder shall not have the right to convert any portion of the Class B Common Stock, to the extent that, after giving effect to an attempted conversion set forth on the applicable Notice of Conversion, such holder together with such holder's Affiliates, and any other Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable rules and regulations of the Commission, including any "group" of which the holder is a member would beneficially own a number of shares of Class A Common Stock in excess of 4.9% of the total number of shares of Class A Common Stock then issued and outstanding (the "***Beneficial Ownership Limitation***"); provided that the Beneficial Ownership Limitation shall not apply to the extent that the Class A Common Stock is not deemed to constitute an "equity security" pursuant to Rule 13d-1(i) under the Exchange Act. Delivery of a Notice of Conversion by a holder in respect of the conversion of Class B Common Stock shall constitute a representation by such holder that the issuance of shares of Class A Common Stock in accordance with such Notice of Conversion will not cause such holder (together with such holder's Affiliates, and any other Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission) to beneficially own a number of shares of Class A Common Stock in excess of the Beneficial Ownership Limitation, as determined in accordance with this Amended and Restated Certificate of Incorporation. For purposes of this Section (C)6(a), the number of shares of Class A Common Stock beneficially owned by such holder and its Affiliates shall include the number of shares of Class A Common Stock issuable upon conversion of the Class B Common Stock subject to the Notice of Conversion with respect to which such determination is being made, but shall exclude the number of shares of Class A Common Stock which are issuable upon (A) conversion of the remaining, unconverted Class B Common Stock beneficially owned by such holder or any of its Affiliates (and any other Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission), and (B) exercise, exchange or conversion of the unexercised, unexchanged or unconverted portion of any other securities of the Corporation subject to a limitation on conversion, exchange or exercise analogous to the limitation contained herein (including any class or series of preferred stock and warrants) beneficially owned by such holder or any of its Affiliates (and any other Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission). Except as set forth in the preceding sentence, for purposes of this Section (C)6(b), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. In addition, a determination as to any "group" status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(b), in determining the number of outstanding shares of Class A Common Stock, a holder may rely on the number of outstanding shares of Class A Common Stock as stated in the Corporation's most recent quarterly or annual report filed with the Securities and Exchange Commission (the "***Commission***"), any current report or other filing filed by the Corporation with the Commission subsequent thereto or any confirmation provided by the Corporation in accordance with the next sentence. Upon the written request of a holder (which may be via electronic mail), the Corporation shall within two (2) Trading Days following such request, confirm in writing via electronic mail to such holder the number of shares of Class A Common Stock then outstanding. In any case, the number of outstanding shares of Class A Common Stock shall be determined after giving effect to any actual conversion, exchange or exercise of securities of the Corporation, including Class B Common Stock, by such holder or its Affiliates since the date as of which such number of outstanding shares of Class A Common Stock was last publicly reported.

(c) *Mechanics of Conversion*

(i) Delivery of Certificate or Electronic Issuance Upon Conversion. Not later than the Restricted Voluntary Conversion Delivery Deadline or the Unrestricted Voluntary Conversion Delivery Deadline, as applicable (as applicable, the "***Share Delivery Date***"), the Corporation shall (a) deliver, or cause to be delivered, to the converting holder a certificate or certificates representing the number of Conversion Shares being acquired upon the conversion of shares of Class B Common Stock or (b) in the case of a DWAC Delivery, electronically deliver such Conversion Shares by crediting the account of the holder's prime broker with DTC through its DWAC system. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by or, in the case of a DWAC Delivery, such shares are not electronically delivered to or as directed by, the applicable holder by the Share Delivery Date, the applicable holder shall be entitled to elect to rescind such Notice of Conversion by written notice to the Corporation at any time on or before its receipt of such certificate or certificates for Conversion Shares or electronic receipt of such shares, as applicable, in which event the Corporation shall promptly return to such holder any original Class B Common Stock certificate delivered to the Corporation.

(ii) Obligation Absolute. Subject to Section (C)6(b) hereof and subject to holder's right to rescind a Notice of Conversion pursuant to Section (C)6(c)(i) above, the Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Class B Common Stock in accordance with the terms hereof is absolute and unconditional, irrespective of any action or inaction by a holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such holder in connection with the issuance of such Conversion Shares.

(iii) Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. If the Corporation fails to deliver to a holder a certificate or certificates representing Conversion Shares or to effect a DWAC Delivery, as applicable, by the Share Delivery Date pursuant to Section (C)6(c)(i), and if after such Share Delivery Date such holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the holder's brokerage firm otherwise purchases, shares of Class A Common Stock to deliver in satisfaction of a sale by such holder of the Conversion Shares which such holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "***Buy-In***"), then, at the election of such holder, the Corporation shall (A) pay in cash to such holder (in addition to any other remedies available to or elected by such holder) the amount by which (x) such holder's total purchase price (including any brokerage commissions) for the shares of Class A Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Class A Common Stock that such holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions), and (B) at the option of such holder, either reissue (if surrendered) the shares of Class B Common Stock equal to the number of shares of Class B Common Stock submitted for conversion or deliver to such holder the number of shares of Class A Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section (C)6(c)(i). The holder shall provide the Corporation written notice within five (5) Trading Days after the occurrence of a Buy-In indicating the amounts payable to such holder in respect of the Buy-In together with applicable confirmations and any other evidence reasonably requested by the Corporation related thereto. Nothing herein shall limit a holder's right to pursue any other remedies available to it hereunder, at law or in equity including a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver shares of Class A Common Stock upon conversion of the shares of Class B Common Stock as required pursuant to the terms hereof.

(iv) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock for the sole purpose of issuance upon conversion of the Class B Common Stock and payment of dividends on the Class B Common Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights, not less than such aggregate number of shares of the Class A Common Stock as shall be issuable (without regard to the Beneficial Ownership Limitation) upon the conversion of all outstanding shares of Class B Common Stock. The Corporation covenants that all shares of Class A Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(v) Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Class A Common Stock upon conversion of any shares of Class B Common Stock; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

(vi) Status as Class A Stockholder. Effective as of the delivery by the holder of the Notice of Conversion by the holder by facsimile or electronic mail, as provided herein, (A) the shares of Class B Common Stock being converted shall be deemed converted into shares of Class A Common Stock, (B) the holder shall be deemed the holder or record of such applicable Conversion Shares, and (C) subject to a holder's right to rescind a Notice of Conversion pursuant to Section (C)6(c)(i), the holder's rights as a holder of such converted shares of Class B Common Stock shall cease and terminate, excepting only the right to receive certificates evidencing such shares of Class A Common Stock, or electronic delivery of such shares in the case of DWAC Delivery, and to any remedies provided herein or otherwise available at law or in equity to such holder because of a failure by the Corporation to comply with the terms of this Amended and Restated Certificate of Incorporation. In all cases, the holder shall retain all of its rights and remedies for the Corporation's failure to convert Class B Common Stock.

(vii) Automatic Conversion Upon Certain Transfers. Upon a transfer of shares of Class B Common Stock by a holder to a Person that is neither an Affiliate of such holder nor a Person whose beneficial ownership of Class A Common Stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act and the applicable regulations of the Commission, each share of Class B Common Stock so transferred shall automatically, without further action by the transferor or transferee thereof, convert into a share of Class A Common Stock; and upon delivery to the Corporation of written notice of any such transfer, the Corporation shall issue and deliver the shares of Class A Common Stock into which such transferred shares of Class B Common Stock shall have thereby converted, with the same effect as if such notice of transfer were a Notice of Conversion delivered in accordance with Section (C)6.

(d) Legends. Certificates evidencing shares of Class B Common Stock, or shares of Class A Common Stock issued upon conversion thereof ("***Conversion Shares***"), issued or sold pursuant to an effective registration statement under the Securities Act shall not contain any legend restricting the transfer thereof. Certificates evidencing shares of Class B Common Stock or Conversion Shares shall not be required to contain any legend restricting the transfer thereof: (A) while a registration statement covering the sale or resale of such security is effective under the Securities Act; *provided* that the holder of such security provides a representation reasonably satisfactory to counsel to the Corporation that such holder will not sell or resell such security at any time that such registration statement is not effective or such registration statement is otherwise not available for the sale or resale of such security, except pursuant to a sale that is exempt from the registration requirements of the Securities Act pursuant to Rule 144 thereunder, or (B) if the holder thereof provides customary good-faith representations to the effect that it has sold such shares pursuant to Rule 144, or (C) if such shares of Class B Common Stock or Conversion Shares, as the case may be, are eligible for sale under Rule 144(b)(1) as set forth in customary non-affiliate good-faith representations provided by the holder thereof, or (D) at any time on or after the date hereof that the applicable holder certifies in good faith that it is not an Affiliate of the Corporation and that such holder's holding period for purposes of Rule 144 and, in the case of the Conversion Shares, subsection (d)(3)(ii) thereof with respect to such shares of Class B Common Stock and/or Conversion Shares is at least twelve (12) months (or six (6) months if the Corporation is, and shall have been for a period of at least ninety (90) days, subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act), or (E) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the SEC) as determined in good faith by counsel to the Corporation or set forth in a legal opinion delivered by counsel to the Corporation (clauses (A) through (E) collectively with the first sentence of this paragraph, the "***Unrestricted Conditions***"). The Corporation shall use its reasonable best efforts to cause its counsel to issue a legal opinion to the Transfer Agent at such time as any of the Unrestricted Conditions has been satisfied, if required by the Corporation's Transfer Agent to effect the issuance of shares of Class B Common Stock or the Conversion Shares, as applicable, without a restrictive legend or removal of the legend hereunder. If any of the Unrestricted Condition is met at the time of issuance of shares of Class B Common Stock or at the time of issuance of Conversion Shares, then such shares of Class B Common Stock or Conversion Shares, as applicable, shall be issued free of all legends. The Corporation agrees that at such time as such legend is no longer required under this Section (C)6(d), it will, no later than two (2) Trading Days (or, if less, the number of days comprising the Standard Settlement Period) following the delivery by the applicable holder to the Corporation or the Transfer Agent of a certificate representing shares of Class B Common Stock or Conversion Shares, as applicable, issued with a restrictive legend, deliver or cause to be delivered to such Holder this Note and/or a certificate (or electronic transfer) representing such shares that is free from all restrictive and other legends.

7. Certain Defined Terms. For the purposes hereof, the following terms shall have the following meanings:

(a) "***Affiliate***" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. For this purpose, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise. With respect to a holder of capital stock, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such holder will be deemed to be an Affiliate of such holder.

(b) "***Business Day***" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, New York, New York.

(c) "***Person***" means any individual, sole proprietorship, partnership (general or limited), limited liability company, joint venture, company, trust (statutory or common law), unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental or regulatory agency.

(d) "***Standard Settlement Period***" means the standard settlement period for equity trades effected by U.S. broker-dealers, expressed in a number of Trading Days, as in effect on the applicable date (which, as of the date hereof, is two (2) Trading Days).

(e) "***Trading Day***" means a day on which the Class A Common Stock is traded for any period on the principal securities exchange or other securities market on which the Class A Common Stock is then being traded.

ARTICLE V

A director of the Corporation shall, to the fullest extent permitted by the DGCL as it now exists or as it may hereafter be amended, not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the director derived any improper personal benefit. If the DGCL is amended, after approval by the stockholders of this Article V, to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.

Any amendment, repeal or modification of this Article V, or the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article V by the stockholders of the Corporation shall not apply to or adversely affect any right or protection of a director of the Corporation occurring prior to the time of such amendment, repeal, modification or adoption.

ARTICLE VI

The Corporation shall indemnify its directors, and shall provide for advancement of the expenses of such persons, to the fullest extent provided by Section 145 of the DGCL. To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) officers and agents of the Corporation (and any other persons to which the DGCL permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such officer, agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL, subject only to limits created by applicable law (statutory or non-statutory), with respect to actions for breach of duty to the Corporation, its stockholders and others.

Any amendment, repeal or modification of the foregoing provision of this Article VI shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal, modification or adoption.

ARTICLE VII

The Board may from time to time adopt, amend, alter, supplement, rescind or repeal any or all of the Bylaws of the Corporation without any action on the part of the stockholders; *provided*, *however*, that the stockholders may adopt, amend or repeal any Bylaw adopted by the Board, and no amendment or supplement to the Bylaws adopted by the Board shall vary or conflict with any amendment or supplement adopted by the stockholders.

ARTICLE VIII

Subject to any additional vote required by this Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be set from time to time by resolution of the Board.

ARTICLE IX

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE X

Meetings of stockholders may be held within or outside of the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any statutory requirements) outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

ARTICLE XI

Pursuant to Section 122(17) of the DGCL, the Corporation hereby renounces any interest or expectancy of the Corporation or any subsidiary of the Corporation in, or in being offered an opportunity to participate in, any and all business opportunities that are presented to the holders of Series A/A-1 Preferred Stock or their affiliates other than holders who are employees of the Corporation (including, without limitation, any representative or affiliate of such holders of Series A/A-1 Preferred Stock serving on the Board or the board of directors or other governing body of any subsidiary of the Corporation (each a "***Board of Directors***")) (collectively, the "***Series A Investor Parties***"). Without limiting the foregoing renunciation, the Corporation on behalf of itself and its subsidiaries (a) acknowledges that the Series A Investor Parties are in the business of making investments in, and have or may have investments in, other businesses similar to and that may compete with the businesses of the Corporation and its subsidiaries ("***Competing Businesses***") and (b) agrees that the Series A Investor Parties shall have the unfettered right to make investments in or have relationships with other Competing Businesses independent of their investments in the Corporation. By virtue of a Series A Investor Party holding capital stock of the Corporation or by having persons designated by or affiliated with such Series A Investor Party serving on or observing at meetings of any Board of Directors or otherwise, no Series A Investor Party shall have any obligation to the Corporation, any of its subsidiaries or any other holder of capital stock or securities of the Corporation to refrain from competing with the Corporation and any of its subsidiaries, making investments in or having relationships with Competing Businesses, or otherwise engaging in any commercial activity and none of the Corporation, any of its subsidiaries or any other holder of capital stock or securities of the Corporation shall have any right with respect to any investment or activities undertaken by such Series A Investor Party.

Without limitation of the foregoing, each Series A Investor Party may engage in or possess any interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Corporation or any of its subsidiaries, and none of the Corporation, any of its subsidiaries or any other holder of capital stock or securities of the Corporation shall have any rights or expectancy by virtue of such Series A Investor Parties' relationships with the Corporation, or otherwise in and to such independent ventures or the income or profits derived therefrom; and the pursuit of any such ventures, even if such investment is in a Competing Business, shall not for any purpose be deemed wrongful or improper. No Series A Investor Party shall be obligated to present any particular investment opportunity to the Corporation or its subsidiaries even if such opportunity is of a character that, if presented to the Corporation or such subsidiary, could be taken by the Corporation or such subsidiary, and each Series A Investor Party shall continue to have the right for its own respective account or to recommend to others any such particular investment opportunity.

ARTICLE XII

For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Amended and Restated Certificate of Incorporation from employees, officers, directors or consultants of the Company in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board (in addition to any other consent required under this Amended and Restated Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

ARTICLE XIII

The foregoing amendment and restatement was approved by the holders of the requisite number of shares of this Corporation in accordance with Section 228 of the DGCL.

ARTICLE XIV

This Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation dated August 6, 2015, has been duly adopted in accordance with Sections 242 and 245 of the DGCL.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 14th day of September, 2020.

By: /s/ Ronald Lloyd
Name: Ronald Lloyd
Title: President and Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF CLASS B COMMON STOCK)

Reference is made to the Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"). In accordance with and pursuant to the Certificate of Incorporation, the undersigned hereby elects to convert the number of shares of Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"), of Aziyo Biologics, Inc., a Delaware corporation (the "Corporation"), indicated below into shares of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), of the Corporation, as of the date specified below.

Date of Conversion: _____

Number of shares of Class B Common Stock to be converted: _____

Please confirm the following information:

Number of shares of Class A Common Stock to be issued:

Please issue the shares of Common Stock in accordance with the terms of the Certificate of Incorporation as follows:

Issue to: _____

E-mail: _____

DTC Participant Number and Name: _____

Account Number: _____

Exhibit 3.2

BYLAWS OF

AZIYO BIOLOGICS, INC.

Adopted 6, 2015

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BYLAWS OF AZIYO BIOLOGICS, INC.

ARTICLE I — MEETINGS OF STOCKHOLDERS

1.1 ***Place of Meetings.*** Meetings of stockholders of Aziyo Biologies, Inc. (the ***"Company")*** shall be held at any place, within or outside the State of Delaware, determined by the Company's board of directors (the ***"Board").*** The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the ***"DGCL").*** In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal executive office.

1.2 ***Annual Meeting.*** An annual meeting of stockholders may be held for the election of directors at such date and time as may be designated by resolution of the Board from time to time. Any other proper business may be transacted at the annual meeting. The Company shall not be required to hold an annual meeting of stockholders, *provided* that (i) the stockholders are permitted to act by written consent under the Company's certificate of incorporation and these bylaws, (ii) the stockholders take action by written consent to elect directors and (iii) the stockholders unanimously consent to such action or, if such consent is less than unanimous, all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

1.3 ***Special Meeting.*** A special meeting of the stockholders may be called at any time by the Board, Chairperson of the Board or President or by one or more stockholders holding shares in the aggregate entitled to cast greater than 25% of the votes at that meeting.

If any person(s) other than the Board calls a special meeting, the request shall:

(i) be in writing;

(ii) specify the time of such meeting and the general nature of the business proposed to be transacted; and

(iii) be delivered personally or sent by registered mail or by facsimile transmission to the Chairperson of the Board, the President or the Secretary of the Company.

The officer(s) receiving the request shall cause notice to be promptly given to the stockholders entitled to vote at such meeting, in accordance with these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this **section 1.3** shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

1.4 ***Notice of Stockholders' Meetings***. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

1.5 ***Quorum.*** Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, in the manner provided in **section 1.6,** until a quorum is present or represented.

1.6 ***Adjourned Meeting; Notice.*** Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

1.7 ***Conduct of Business.*** Meetings of stockholders shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by the Chief Executive Officer, or in the absence of the foregoing persons by the President, or in the absence of the foregoing persons by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

1.8 ***Voting.*** The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **section 1.10** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot and, unless otherwise required by law, need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting. If authorized by the Board, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission (as defined in **section 7.2** of these bylaws), *provided* that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation or these bylaws.

1.9 ***Stockholder Action by Written Consent Without a Meeting.*** Unless otherwise provided in the certificate of incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of a corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

An electronic transmission (as defined in **section 7.2)** consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for purposes of this section, *provided* that any such electronic transmission sets forth or is delivered with information from which the Company can determine (i) that the electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (ii) the date on which such stockholder or proxy holder or authorized person or persons transmitted such electronic transmission.

In the event that the Board shall have instructed the officers of the Company to solicit the vote or written consent of the stockholders of the Company, an electronic transmission of a stockholder written consent given pursuant to such solicitation may be delivered to the Secretary or the President of the Company or to a person designated by the Secretary or the President. The Secretary or the President of the Company or a designee of the Secretary or the President shall cause any such written consent by electronic transmission to be reproduced in paper form and inserted into the corporate records.

The Company shall provide prompt notice of the taking of a corporate action without a meeting by less than unanimous written consent to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Company as provided in Section 228 of the DGCL. In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the DGCL, if such action had been voted on by stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

1.10 ***Record Date for Stockholder Notice; Voting; Giving Consents.*** In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date:

(i) in the case of determination of stockholders entitled to notice of or to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting;

(ii) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board; and

(iii) in the case of determination of stockholders for any other action, shall not be more than 60 days prior to such other action.

If no record date is fixed by the Board:

(i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in accordance with applicable law, or, if prior action by the Board is required by law, shall be at the close of business on the day on which the Board adopts the resolution taking such prior action; and

(iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, *provided* that the Board may fix a new record date for the adjourned meeting.

1.11 ***Proxies.*** Each stockholder entitled to vote at a meeting of stockholders or to express. consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

1.12 ***List of Stockholders Entitled to Vote.*** The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

ARTICLE II — DIRECTORS

2.1 ***Powers.*** The business and affairs of the Company shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

2.2 ***Number of Directors,*** The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

2.3 ***Election, Qualification and Term of Office of Directors.*** Except as provided in **section 2.4** of these bylaws, and subject to **sections 1.2** and **1.9** of these bylaws, directors shall be elected at each annual meeting of stockholders. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

2.4 ***Resignation and Vacancies.*** Any director may resign at any time upon notice given in writing or by electronic transmission to the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Company should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding more than 25% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.5 ***Place of Meetings; Meetings by Telephone.*** The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

2.6 ***Conduct of Business.*** Meetings of the Board shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

2.7 ***Regular Meetings.*** Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

2.8 ***Special Meetings; Notice.*** Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the President or any two directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 48 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting.

2.9 ***Quorum; Voting.*** At all meetings of the Board, a majority of the total number of acting directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws,

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or other proportion of the directors (including, without limitation, for the purpose of determining whether a quorum is present at any meeting of the Board) shall refer to a majority or other proportion of the votes of the directors.

2.10 ***Board Action by Written Consent Without a Meeting.*** Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.11 ***Fees and Compensation of Directors.*** Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

2.12 ***Removal of Directors.*** Unless otherwise restricted by statute, the certificate of incorporation or these bylaws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

2.13 ***Stockholder Agreements.*** Nothing herein shall be deemed to prohibit or limit the ability of 2 or more stockholders of the Company to enter into agreements regarding the exercise of voting rights, including without limitation, the election and/or removal directors.

ARTICLE III — COMMITTEES

3.1 ***Committees of Directors.*** The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Company.

3.2 ***Committee Minutes.*** Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

3.3 ***Meetings and Actions of Committees.*** Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) **section 2.5** (Place of Meetings; Meetings by Telephone);

(ii) **section 2.7** (Regular Meetings);

(iii) **section 2.8** (Special Meetings; Notice);

(iv) **section 2.9** (Quorum; Voting);

(v) **section 2.10** (Board Action by Written Consent Without a Meeting); and

(vi) **section 7.5** (Waiver of Notice)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However:*

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee or subcommittee, unless otherwise provided in the certificate of incorporation or these bylaws.

3.4 ***Subcommittees.*** Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE IV — OFFICERS

4.1 ***Officers.*** The officers of the Company shall be a President and a Secretary. The Company may also have, at the discretion of the Board, a Chairperson of the Board, a Vice Chairperson of the Board, a Chief Executive Officer, one or more Vice Presidents, a Chief Financial Officer, a Treasurer, one or more Assistant Treasurers, one or more Assistant Secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

4.2 ***Appointment of Officers.*** The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **section 4.3** of these bylaws.

4.3 ***Subordinate Officers.*** The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President, to appoint, such other officers and agents as the business of the Company may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

4.4 ***Removal and Resignation of Officers.*** Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

4.5 ***Vacancies in Offices.*** Any vacancy occurring in any office of the Company shall be filled by the Board or as provided in **section 4.3.**

4.6 ***Representation of Shares of Other Corporations.*** Unless otherwise directed by the Board, the President or any other person authorized by the Board or the President is authorized to vote, represent and exercise on behalf of the Company all rights incident to any and all shares of any other corporation or corporations standing in the name of the Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

4.7 ***Authority and Duties of Officers.*** Except as otherwise provided in these bylaws, the officers of the Company shall have such powers and duties in the management of the Company as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE V — INDEMNIFICATION

5.1 ***Indemnification of Directors and Officers in Third Party Proceedings.*** **S**ubject to the other provisions of this **Article V,** the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a ***"Proceeding")*** (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

5.2 ***Indemnification of Directors and Officers in Actions by or in the Right of the Company.*** Subject to the other provisions of this **Article V,** the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

5.3 ***Successful Defense.*** To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in **section 5.1** or **section 5.2,** or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

5.4 ***Indemnification of Others.*** Subject to the other provisions of this **Article V,** the Company shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

5.5 ***Advanced Payment of Expenses.*** Expenses (including attorneys' fees) incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this **Article V** or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any claim for which indemnity is excluded pursuant to these bylaws.

Notwithstanding the foregoing, unless otherwise determined pursuant to **section 5.8,** no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Company, in which event this paragraph shall not apply) in any Proceeding if a determination is reasonably and promptly made (i) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company.

5.6 ***Limitation on Indemnification.*** Subject to the requirements in **section 5.3** and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this **Article V** in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the ***"Sarbanes-Oxley Act")*** or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (c) otherwise required to be made under **section 5.7** or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

5.7 ***Determination; Claim.*** If a claim for indemnification or advancement of expenses under this **Article V** is not paid in full within 90 days after receipt by the Company of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. The Company shall indemnify such person against any and all expenses that are incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this **Article V,** to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

5.8 ***Non-Exclusivity of Rights.*** The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article V** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

5.9 ***Insurance.*** The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

5.10 ***Survival.*** The rights to indemnification and advancement of expenses conferred by this **Article V** shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.11 ***Effect of Repeal or Modification.*** Any amendment, alteration or repeal of this **Article V** shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to such amendment, alteration or repeal.

5.12 ***Certain Definitions.*** For purposes of this **Article V,** references to the ***"Company"*** shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enteiprise, shall stand in the same position under the provisions of this **Article V** with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this **Article V,** references to ***"other enterprises"*** shall include employee benefit plans; references to ***"fines"*** shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to ***"serving at the request of the Company"*** shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner ***"not opposed to the best interests of the Company"*** as referred to in this **Article V.**

ARTICLE VI — STOCK

6.1 ***Stock Certificates; Partly Paid Shares.*** The shares of the Company shall be represented by certificates, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or Vice-Chairperson of the Board, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Company in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Company shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 ***Special Designation on Certificates.*** If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided* that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Company shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section 6.2 or Sections 156, 202(a) or 218(a) of the DGCL or with respect to this section 6.2 a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 ***Lost Certificates.*** Except as provided in this **section 6.3,** no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 ***Dividends.*** The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.5 ***Stock Transfer Agreements.*** The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.6 ***Registered Stockholders.*** The Company:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

6.7 ***Transfers.*** Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

ARTICLE VII — MANNER OF GIVING NOTICE AND WAIVER

7.1 ***Notice of Stockholder Meetings.*** Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Company's records. An affidavit of the Secretary or an Assistant Secretary of the Company or of the transfer agent or other agent of the Company that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 ***Notice by Electronic Transmission.*** Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(i) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(ii) such inability becomes known to the Secretary or an Assistant Secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An *"electronic transmission"* means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 ***Notice to Stockholders Sharing an Address.*** Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

7.4 ***Notice to Person with Whom Communication is Unlawful.*** Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 ***Waiver of Notice.*** Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII — GENERAL MATTERS

8.1 ***Fiscal Year.*** The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

8.2 ***Seal.*** The Company may adopt a corporate seal, which shall be in such form as may be approved from time to time by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.3 ***Annual Report.*** The Company shall cause an annual report to be sent to the stockholders of the Company to the extent required by applicable law. If and so long as there are fewer than 100 holders of record of the Company's shares, the requirement of sending an annual report to the stockholders of the Company is expressly waived (to the extent permitted under applicable law).

8.4 ***Construction; Definitions.*** Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term *"**person**"* includes both a corporation and a natural person.

ARTICLE IX — AMENDMENTS

Except as otherwise provided in the Company's certificate of incorporation, these bylaws may be altered, amended or repealed, or new bylaws may be adopted, by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon or by the Board, when such power is conferred upon the Board by the certificate of incorporation. If the power to adopt, amend or repeal bylaws is conferred upon the Board by the Company's certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

AZIYO BIOLOGICS, INC.

SECOND AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

DATED AS OF SEPTEMBER 14, 2020

SECOND AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

SECOND AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (this "***Agreement***"), dated as of September 14, 2020, by and among Aziyo Biologics, Inc., a Delaware corporation (the "***Company***"), the holders of Preferred Stock (as defined below) set forth on Schedule A attached hereto and the persons and entities set forth on Schedule B attached hereto (collectively, the "***Junior Holders***" and each, a "***Junior Holder***").

WHEREAS, the Investors (as defined below) and the Junior Holders (the "***Existing Investors***") hold shares of the Company's Preferred Stock, shares of Common Stock (as defined below) issued upon conversion thereof and/or other shares of Common Stock and possess registration rights, information rights, rights of first offer, and/or other rights pursuant to the Amended and Restated Investors' Rights Agreement dated as of July 13, 2017, between the Company and such Existing Investors (the "***Prior Agreement***"); and

WHEREAS, the Existing Investors are holders of at least 75% of the shares of the Series A Preferred Stock held by all Investors other than TBI and its successors and assigns, desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to them under the Prior Agreement and constitute parties required to effect such amendment and restatement pursuant to Section 7.9 of the Prior Agreement.

NOW, THEREFORE, the Company and the Existing Investors hereby agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties to this Agreement further agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"***Affiliate***" means, as applied to the Company or any other specified Person, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with the Company or such other specified Person and shall also include, in the case of a specified Person who is an individual, any Family Member of such Person.

"***Board***" means the Company's Board of Directors.

"***Certificate of Incorporation"*** means the Company's Amended and Restated Certificate of Incorporation, as amended from time to time in accordance with the terms thereof.

"Class A Common Stock" means the Company's Class A Common Stock, $0.001 par value per share.

"Class B Common Stock" means the Company's Class B Common Stock, $0.001 par value per share.

"***Commission***" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Common Stock" means, collectively, the Company's Class A Common Stock and Class B Common Stock.

"Company Stock" means all shares of Common Stock and Preferred Stock and all other shares of the Company's capital stock, including all classes of common, preferred, voting and nonvoting capital stock.

"***Convertible Securities"*** means securities or obligations that are exercisable for, convertible into or exchangeable for shares of Company Stock. The term includes shares of the Preferred Stock and Class B Common Stock, options, warrants or other rights to subscribe for or purchase Company Stock or obligations that are, directly or indirectly, exercisable for, convertible into or exchangeable for Company Stock.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"Family Member" means, with respect to any individual, such individual's parents, spouse and descendants (whether natural or adopted) and any trust or other vehicle formed solely for the benefit of, and controlled by, such individual and/or any one or more of them.

"***Fully-Diluted Basis***" means, at the relevant time of determination, the number of shares of Common Stock assuming the conversion and exchange of all outstanding convertible and exchangeable securities (including the conversion of the Preferred Stock into Common Stock) and the exercise of all then outstanding warrants, options or other rights to subscribe for or purchase any shares of Common Stock; provided that this determination under Section 4.1(b)(iii) and Section 5.11 of this Agreement shall exclude and not take into account any and all then outstanding Management Securities.

"***Investor***" means each of the Persons set forth on Schedule A attached hereto and, solely for purposes of Section 6, TBI.

"IPO" means an underwritten public offering of the Class A Common Stock registered under the Securities Act and after giving effect to which the Class A Common Stock is listed on a United States national securities exchange.

"Management Securities" means all shares of Common Stock, and all securities convertible or exchangeable into Common Stock, including options and warrants, issued to employees or directors of, or consultants or advisors to, the Company or any of its subsidiaries after the date of this Agreement pursuant to a plan, agreement or arrangement approved by the Board; provided that Management Securities shall exclude all shares of the Company's preferred stock (whether or not currently authorized) and all securities convertible or exchangeable into the Company's preferred stock (whether or not currently authorized), including options and warrants.

"Offered Securities" means any Company Stock or Convertible Securities, provided, however, that "Offered Securities" does not include (a) shares of Company Stock or Convertible Securities actually issued upon the exercise of options or shares of Company Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such option or Convertible Security; (b) shares of Common Stock or Preferred Stock issued in connection with a split or subdivision of, or a dividend or other distribution on, the outstanding shares of Common Stock or Preferred Stock; (c) Management Securities; (d) shares of Common Stock issued in an underwritten public offering registered under the Securities Act; (e) shares of Common Stock, options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction that is approved by the Board; (f) shares of Common Stock, options or Convertible Securities issued pursuant to an acquisition by the Company or a joint venture that is approved by the Board; and (g) shares of Common Stock, options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, marketing or other similar agreements or strategic partnerships that are approved by the Board.

"Person" means natural persons, corporations, limited partnerships, general partnerships, limited liability companies, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Preferred Stock" means, collectively, the Series A Preferred Stock and Series A-1 Preferred Stock.

"***Registrable Shares***" means (a) the shares of Class A Common Stock into which each share of Preferred Stock or share of Class B Common Stock held by any Investor has been converted or is then convertible (directly or indirectly, including, for the avoidance of doubt, shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock issuable upon conversion of Series A-1 Preferred Stock); (b) any other shares of Class A Common Stock acquired by any Investor prior to the closing of the IPO; (c) the shares of Class A Common Stock acquired by TBI prior to the closing of the IPO; and (d) any other shares of Class A Common Stock of the Company issued in respect of the shares described in clauses (a), (b) and (c) above because of stock splits, stock dividends, reclassifications, recapitalizations, reorganizations or other similar events; provided, however, that shares of Class A Common Stock that are Registrable Shares shall cease to be Registrable Shares (1) if the registration rights thereof have terminated pursuant to Section 7.9 of this Agreement or (2) upon any sale by the holders thereof pursuant to a registration statement or Rule 144 under the Securities Act. Wherever reference is made in this Agreement to a request or consent of holders of a certain percentage of Registrable Shares, the determination of such percentage shall include shares of Class A Common Stock issuable upon conversion of (x) the Preferred Stock (directly or indirectly, including, for the avoidance of doubt, shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock issuable upon conversion of shares of Series A-1 Preferred Stock) or (y) the Class B Common Stock issued upon conversion of shares of Series A-1 Preferred Stock, even if such conversion has not yet been effected and shall be determined without regard to the Beneficial Ownership Limitation (as defined in the Certificate of Incorporation).

"***Registration Statement***" means a registration statement filed by the Company with the Commission for a public offering and sale of securities of the Company (other than a (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Shares; (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered; or (v) a registration relating to the IPO).

"***Required Holders"*** means, (x) at any time prior to the closing of the IPO, those Investors other than TBI and its successors and assigns holding at least seventy-five percent (75%) of the shares of the Preferred Stock then held by all Investors other than TBI and its successors and assigns and (y) at any time after the closing of the IPO, those Investors other than TBI and its successors and assigns holding at least seventy-five percent (75%) of the Registrable Shares held by all Investors other than TBI and its successors and assigns (determined in accordance with the last sentence of the definition of "Registrable Shares").

"Sale Transaction" shall have the meaning ascribed to such term in the Certificate of Incorporation.

"Securities Act" means the Securities Act of 1933, as amended.

"*Series A Preferred Stock*" means the Company's Series A Preferred Stock, $0.001 par value per share.

"*Series A-1 Preferred Stock*" means the Company's Series A-1 Preferred Stock, $0.001 par value per share.

"Stockholders" means the Investors and the Junior Holders.

"***TBI***" means KeraLink International, Inc. (f/ka Tissue Banks International, Inc.), a Maryland nonprofit corporation.

2. Preemptive Rights.

2.1 Offered Securities. Each of TBI and each Investor, in each case, as long as it is an "accredited investor" within the meaning of Regulation D as promulgated under the Securities Act (each, a "***Qualified Investor***") shall have the right to purchase up to its Pro Rata Share (as defined in Section 2.2) of all Offered Securities (together with a right of over-subscription as set forth in Section 2.4) that the Company may, from time to time, propose to sell or issue after the date of this Agreement. The Company shall issue Offered Securities only in accordance with the provisions of this Section 2.

2.2 Qualified Investors' Pro Rata Share. The term "***Pro Rata Share***" means, with respect to each Qualified Investor, the ratio of (a) the number of shares of Common Stock owned by such Qualified Investor, calculated on a Fully-Diluted Basis, immediately prior to the issuance of the Offered Securities to (b) the total number of shares of Common Stock outstanding, calculated on a Fully-Diluted Basis, immediately prior to the issuance of the Offered Securities.

2.3 Exercise of Rights. If the Company proposes to issue any Offered Securities, it shall first give each Qualified Investor written notice of its intention, describing the Offered Securities, the price, the terms and the conditions upon which the Company proposes to issue the same and, if applicable, the identity of the Persons to which the Offered Securities are intended to be offered (the "***Notice***"). Each Qualified Investor shall have fifteen (15) business days from the delivery of the Notice to decide whether to purchase its Pro Rata Share of the Offered Securities for the price specified in the Notice by giving written notice to the Company and stating therein the quantity of Offered Securities, if any, that it elects to purchase (the "***Election Notice***"). If the consideration to be paid by others for the Offered Securities is not cash, the fair market value of the consideration shall be determined in good faith by the Board and a reasonably detailed explanation of the Board's determination of such value shall be included in the Notice. All Qualified Investors electing to participate in the offering of such Offered Securities shall pay the cash equivalent thereof as so determined.

2.4 Allocation of Undersubscriptions. If less than all of the Qualified Investors elect to purchase their full Pro Rata Share of the Offered Securities, then the Company shall promptly notify in writing the Electing Investors that elected to purchase their full Pro Rata Share of the Offered Securities (the "***Fully Participating Investors***") and shall offer such Fully Participating Investors the right to acquire the remaining Offered Securities (the ***"Unsubscribed Shares***"). Each of the Fully Participating Investors shall have five (5) business days (the "***Oversubscription Election Period***") after receipt of such notice to notify the Company of its election to purchase all or a portion of the Unsubscribed Shares (each such Fully Participating Investor, an "***Oversubscribing Investor***"). If, as a result thereof, the Oversubscribing Investors' oversubscription exceeds the total number of Unsubscribed Shares available to be purchased, the Unsubscribed Shares shall be allocated among the Oversubscribing Investors on a pro rata basis in accordance with their relative holdings of shares of Common Stock and Preferred Stock (calculated on an as-converted to Common Stock basis), immediately prior to the issuance of the Offered Securities, or as they otherwise agree among themselves.

2.5 Third Party Sales of Offered Securities. If, following the Company's compliance with this Section 2, all Offered Securities are not elected to be purchased or acquired as provided in Sections 2.3 and 2.4, the Company shall have 90 days after the expiration of the periods provided in Sections 2.3 and 2.4 to sell the remaining unsubscribed portion of such Offered Securities at a price and upon terms and conditions no more favorable to the purchasers thereof than specified in the Notice. If the Company has not sold such Offered Securities within such 90-day period, the Company shall not thereafter issue or sell any Offered Securities without first offering such securities to the Qualified Investors in the manner provided in this Section 2.

2.6 Waiver. Notwithstanding any other provision set forth herein, any and all rights arising under this Section 2 with respect to the issuance of any Offered Securities in any transaction or series of related transactions may be waived, either prospectively or retrospectively, by the Required Holders and any such waiver shall be effective as to all Qualified Investors with such rights under this Section 2; provided that to the extent that such waiver would result in the quotient of (a) the total number of such Offered Securities being offered by the Company to TBI divided by (b) the total number of such Offered Securities being offered by the Company to HighCape and its Affiliates (other than any Affiliates that are officers, directors or employees of the Company) being less than the quotient of (i) the Pro Rata Share of TBI immediately prior to the issuance of any such Offered Securities divided by (ii) the aggregate Pro Rata Shares of HighCape and its Affiliates (other than any Affiliates that are officers, directors or employees of the Company) immediately prior to the issuance of any such Offered Securities, then such waiver shall require the written consent of TBI.

3. Right to Force Sale.

3.1 Right to Force Sale. In the event that (a) the Required Holders and the Board or (b) at any time after the fifth anniversary of the date of this Agreement, solely the Required Holders, in either such case, elect to initiate and consummate a Sale Transaction (an "***Approved Sale***"), then all Investors and all Junior Holders, in each case, to the extent entitled to vote, shall vote in favor of, consent to and raise no objections against the Approved Sale and, if such Approved Sale is a stock sale, if requested by the Required Holders, all Investors and Junior Holders shall sell the same proportion of their Company Stock and Convertible Securities as is being sold by the Required Holders to the Person to whom the Required Holders propose to sell their Company Stock and Convertible Securities. The Investors and Junior Holders shall take all actions which are reasonably requested by the Required Holders in connection with the consummation of the Approved Sale (in each such case, whether before or after the consummation of the Approved Sale) including, without limitation, attendance at stockholders' meetings in person or by proxy for the purposes of obtaining a quorum and the execution of written consents in lieu of meetings, execution of such agreements and instruments such that any proposal or resolution reasonably requested by the Required Holders in connection therewith shall be implemented by the Company and if the Company's stockholders are entitled to vote on any such matter, all of the voting Company Stock and voting Convertible Securities over which such Junior Holder and/or Investor has voting control shall be voted in favor of the proposal or resolution in connection with such transaction, together with such other actions as are reasonably requested by the Required Holders to effect the allocation and distribution of the aggregate consideration received upon the consummation of the Approved Sale in accordance with the terms of the Certificate of Incorporation.

3.2 Obligations in Connection with Stock Sale. Within ten (10) days following the affirmative vote or written consent in favor of an Approved Sale in the form of a transfer of the outstanding shares of the Company's capital stock or a merger (the "***Tender Period***"), each Investor and Junior Holder will tender all certificates representing his, her or its shares of Company Stock with the Secretary of the Company (the "***Secretary***"). The Secretary shall hold such certificates in trust pending the consummation of the Approved Sale and, upon the Company's receipt of the cash purchase price or other consideration given by an acquiror in such Approved Sale (the "***Purchase Consideration***"), the Company shall deliver to each Investor and Junior Holder the portion of such Purchase Consideration payable to such Investor or Junior Holder in respect of his or its shares of Company Stock in accordance with the terms of the Certificate of Incorporation. In the event that any Investor or Junior Holder does not comply with the requirements of this Section 3.2 and/or fails to tender his or its stock certificate(s) with the Secretary within the Tender Period: (a) any Purchase Consideration to be paid in respect of shares of Company Stock held by such non-tendering Investor or Junior Holder (a "***Non-Tendering Investor***") shall be held in trust for the benefit of such Non-Tendering Investor until such time as such Non-Tendering Investor delivers all of his or its non-tendered stock certificates to the acquiror in the Approved Sale; and (b) any non-tendered stock certificate(s) held by such Non-Tendering Investor shall, automatically and without further action, be deemed to be "tendered" and all shares of Company Stock represented by such non-tendered stock certificate(s) shall be deemed transferred to the acquiror upon the consummation of the Approved Sale and canceled.

3.3 Waiver of Appraisal Rights; Further Actions. Each Junior Holder and Investor hereby waives any and all dissenters and appraisal rights he or it may have under applicable law in connection with an Approved Sale and shall take any and all further actions reasonably requested by the Required Holders or otherwise required to effectuate the Approved Sale and to waive any and all dissenters and appraisal rights he or it may have under applicable law in connection with an Approved Sale (in each such case, whether before or after the consummation of the Approved Sale). No Junior Holder or Investor shall deposit, or permit their Affiliates to deposit, except as required by the Required Holders under this Section 3, any Company Stock or Convertible Securities owned by such party or Affiliate in a voting trust or subject any Company Stock and Convertible Securities to any arrangement or agreement with respect to the voting of such their Company Stock and Convertible Securities, unless specifically requested to do so by the Required Holders in connection with the Approved Sale. No Junior Holder or Investor shall exercise any dissenters' rights or rights of appraisal under applicable law with respect to an Approved Sale or initiate or participate in any objection to, or proceeding (in law or in equity) against, the consummation of an Approved Sale in each such case, at any time, whether before or after the consummation of such Approved Sale.

3.4 Irrevocable Proxy and Power of Attorney. SOLELY IN CONNECTION WITH THE EFFECTUATION OF THE TRANSACTIONS CONTEMPLATED BY THIS SECTION 3, EACH JUNIOR HOLDER AND INVESTOR HEREBY EXPRESSLY AND IRREVOCABLY APPOINTS THE COMPANY'S PRESIDENT AS SUCH JUNIOR HOLDER'S AND INVESTOR'S PROXY AND ATTORNEY-IN-FACT TO VOTE SUCH JUNIOR HOLDER'S AND INVESTOR'S VOTING COMMON STOCK, VOTING PREFERRED STOCK AND OTHER VOTING CAPITAL SECURITIES OF THE COMPANY AND TAKE ANY AND ALL SUCH OTHER ACTION WITH RESPECT TO SUCH COMMON STOCK, PREFERRED STOCK, OPTIONS, WARRANTS AND OTHER CAPITAL SECURITIES OF THE COMPANY AS THE REQUIRED HOLDERS MAY DIRECT SOLELY IN CONNECTION WITH A TRANSACTION EFFECTED IN ACCORDANCE WITH SECTION 3 ABOVE. THIS PROXY IS COUPLED WITH AN INTEREST AND IS VALID FOR A PERIOD OF TEN (10) YEARS FROM THE DATE OF THIS AGREEMENT.

3.5 Legend. All certificates representing shares of Company Stock and Convertible Securities owned or hereafter acquired by the Stockholders or any transferee bound by this Agreement shall have affixed thereto a legend substantially in the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN OBLIGATIONS, RESTRICTIONS, PROXIES AND VOTING AGREEMENTS AS SET FORTH IN A CERTAIN AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT, AS AMENDED FROM TIME TO TIME, BY AND AMONG THE STOCKHOLDER, THE COMPANY AND CERTAIN OTHER STOCKHOLDERS, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY"

3.6 Exceptions. Notwithstanding the foregoing, no Investors or Junior Holders will be required to comply with Section 3.1, 3.2 or 3.3 above in connection with any proposed Approved Sale (the "***Proposed Sale***"), unless:

(a) the Investor or Junior Holder shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Proposed Sale, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any stockholder of any of identical representations, warranties and covenants provided by all stockholders);

(b) absent fraud, the liability for indemnification of such Investor or Junior Holder in the Proposed Sale and for the inaccuracy of any representations and warranties made by the Company or its stockholders in connection with such Proposed Sale does not exceed the amount of consideration paid to such Investor or Junior Holder in connection with such Proposed Sale; and

(c) upon the consummation of the Proposed Sale (i) each holder of a series of Preferred Stock will receive the same amount of consideration per share of such series of Preferred Stock as is received by other holders in respect of their shares of such same series, (ii) each holder of Common Stock will receive the same amount of consideration per share of Common Stock as is received by other holders in respect of their shares of Common Stock, and (iii) unless the Required Holders elect to receive a lesser amount by written notice given to the Company prior to the effective date of any such Proposed Sale, the aggregate consideration receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock in accordance with the Company's Certificate of Incorporation in effect immediately prior to the Proposed Sale.

4. Voting Rights.

4.1 Election of Directors. The Junior Holders and the Investors agree to vote all voting Company Stock and voting Convertible Securities over which such Person has voting control, whether now owned or acquired hereafter and shall take all other necessary or desirable actions within his, her or its control and the Company shall take all necessary or desirable actions within its control (including, without limitation, calling special Board and stockholder meetings), so as to cause:

(a) The authorized number of directors on the Board to be established at six (6) members;

(b) The following individuals to be elected to the Board at each meeting to elect, and pursuant to each consent executed for the purpose of electing, the members of the Board:

(i) two (2) individuals designated by HighCape Partners, L.P. ("***HighCape***"), who initially shall be Kevin Rakin and Matthew Zuga, for so long as HighCape and its Affiliates continue to own beneficially at least 1,000,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of Preferred Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like (collectively, the "***HighCape Directors***");

(ii) one (1) individual designated by Deerfield Private Design Fund III, L.P. ("***Deerfield***"), who initially shall be Maybelle Jordan, for so long as Deerfield and its Affiliates continue to own beneficially at least 1,000,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of Preferred Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like (the "***Deerfield Director***" and, together with the HighCape Directors, the "Series A Directors" under, and as defined by, the Certificate of Incorporation (the "***Series A Directors***"));

(iii) one (1) individual designated by the Stockholders that hold a majority of the then outstanding voting shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, who shall be designated by TBI until TBI and its Affiliates together hold shares of Common Stock that represent less than ten percent (10%) of the total number of shares of Common Stock then outstanding, calculated on a Fully-Diluted Basis (the "***TBI Trigger Event***"), and who initially shall be C. Randal Mills (the "***Common Director***");

(iv) one (1) individual who is the Chief Executive Officer of the Company (the "***CEO Director***"), who shall initially be Ronald Lloyd;

(v) one (1) individual designated by the holders of a majority of the outstanding voting shares of Common Stock and Preferred Stock, voting together as a single class, who shall initially be Brigid A. Makes (the "***Independent Director***"); and

(c) In the event of any vacancy on the Board, to fill such vacancy with a representative designated in the same manner as the person who held the directorship so vacated as set forth above.

All Stockholders agree to execute any written consents required to perform their obligations under this Agreement, and the Company agrees at the request of any party entitled to designate directors to call a special meeting of stockholders for the purpose of electing directors.

Each of the Series A Directors shall be entitled to cast two (2) votes on each matter before the Board and each committee thereof and each other director shall be entitled to cast a single vote on each matter before the Board and each committee thereof. For the avoidance of doubt, in the event that this Agreement, the Certificate of Incorporation, the State of Delaware General Corporation Law, any other agreement, instrument or document or any other context requires that a resolution, consent, determination (including, without limitation, for the purpose of determining whether a quorum is present at any meeting of the Board) or other action be approved, executed, made or taken by a majority or other proportion of directors, such requirement shall instead be a majority or other proportion of the votes of the directors, notwithstanding anything to the contrary set forth herein or therein.

4.2 Removal. If (i) HighCape requests that a HighCape Director be removed (with or without cause) by written notice to the Company and the other Stockholders, (ii) Deerfield requests that a Deerfield Director be removed (with or without cause) by written notice to the Company and the other Stockholders, (iii) at any time prior to the TBI Trigger Event, TBI requests that the Common Director be removed (with or without cause) by written notice to the Company and the other Stockholders, (iv) at any time after the TBI Trigger Event, the Stockholders that hold a majority of the then outstanding voting shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, request that the Common Director be removed (with or without cause) by written notice to the Company and the other Stockholders, (v) the CEO Director resigns or is otherwise removed from his or her position as the Chief Executive Officer of the Company or (vi) the holders of a majority of the outstanding voting shares of Common Stock and Preferred Stock request that the Independent Director be removed (with or without cause) by written notice to the Company and the other Stockholders, then, in each such case, such director shall be removed from the Board and each Stockholder hereby agrees to vote all voting shares of Common Stock, Preferred Stock and all other voting securities of the Company over which such Stockholder has voting control to effect such removal or to consent in writing to effect such removal upon such request.

4.3 Subsidiary Boards. The Company shall cause the composition of the board of directors of each subsidiary of the Company and of each committee thereof to, where the appropriate persons are willing to serve, be consistent with the composition of the Board and each corresponding committee thereof.

4.4 Irrevocable Proxy. SOLELY IN CONNECTION WITH THE MATTERS CONTEMPLATED BY THIS SECTION 4, EACH STOCKHOLDER HEREBY EXPRESSLY AND IRREVOCABLY APPOINTS THE COMPANY'S PRESIDENT AS SUCH STOCKHOLDER'S PROXY AND ATTORNEY-IN-FACT TO VOTE SUCH STOCKHOLDER'S COMMON STOCK, PREFERRED STOCK AND OTHER VOTING CAPITAL SECURITIES OF THE COMPANY AND TAKE ANY AND ALL SUCH OTHER ACTION WITH RESPECT TO SUCH COMMON STOCK, PREFERRED STOCK, OPTIONS, WARRANTS AND OTHER CAPITAL SECURITIES OF THE COMPANY AS MAY BE NECESSARY TO EFFECT THE ELECTION OF ANY MEMBER TO, OR REMOVAL OF ANY MEMBER OF THE BOARD FROM, THE BOARD IN ACCORDANCE WITH SECTION 4 ABOVE. THIS PROXY IS COUPLED WITH AN INTEREST.

4.5 No Liability for Election of Recommended Directors. No Stockholder, nor any Affiliate of any such Stockholder, shall have any liability solely as a result of designating a person for election as a director in accordance with the provisions of this Agreement for any act or omission by such designated person in his or her capacity as a director of the Company, nor shall any Stockholder have any liability solely as a result of voting for any such designee in accordance with the provisions of this Agreement.

5. Information Rights and Other Covenants.

5.1 Inspection. The Company shall permit each Investor that holds at least 1,000,000 shares of Preferred Stock (as adjusted for stock splits, dividends, recapitalizations and the like effected with respect to the Preferred Stock after the date hereof) (a "***Major Investor***"), or any authorized representative of a Major Investor, to visit and inspect the properties of the Company and its subsidiaries including its corporate and financial records and to discuss its business and finances with officers of the Company and its subsidiaries, during normal business hours following reasonable notice, as often as may be reasonably requested.

5.2 Directors' Expenses. The Company shall reimburse the directors on the Board for all reasonable out-of-pocket expenses incurred by them in connection with attendance at all meetings of the Board (including any meetings of committees of the Board) and the board of directors of each of the Company's subsidiaries (including any meetings of committees thereof) or attending to other matters requested by the Company.

5.3 Financial Statements and Other Information. The Company and its subsidiaries shall maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with United States generally accepted accounting principles consistently applied, and shall set aside on its books all such proper accruals and reserves as shall be required under United States generally accepted accounting principles consistently applied.

(a) The Company shall deliver to TBI, until the TBI Trigger Event, and to each Major Investor:

(i) within 30 days following the end of each calendar month, unaudited Financial Statements (as defined below) for such calendar month and for the then current fiscal year to date;

(ii) within 45 days following the end of each calendar quarter, (A) unaudited Financial Statements for such calendar quarter and for the then current fiscal year to date and (B) the Company's capitalization table (shown on a Fully-Diluted Basis);

(iii) as soon as reasonably possible after the end of each fiscal year, but in any event within 120 days following the end of such fiscal year, unaudited Financial Statements for such fiscal year; provided that if the Board has authorized an audit of the Company's Financial Statements and audited Financial Statements are prepared, the Company shall deliver such audited Financial Statements within a reasonable time after they have been prepared; and

(iv) at least 30 days prior to the beginning of each fiscal year, an annual operating plan and budget for the Company and its subsidiaries (the "***Annual Budget***"), prepared on a monthly basis for the ensuing fiscal year, and on a basis consistent with prior periods and representing the best estimate of the Company based upon available information.

(b) The Company's ***"Financial Statements"*** shall include a balance sheet, statement of earnings, stockholders' equity and cash flows for the Company and its subsidiaries for the applicable periods, setting forth in each case in comparative form the figures from the previous period with variances delineated, prepared in accordance with United States generally accepted accounting principles consistently applied, with the exception that unaudited financial statements need not have notes attached and are subject to year-end audit adjustments.

5.4 Insurance. Each of the Company and its subsidiaries shall obtain a general liability and directors' and officers' liability insurance policies, in each such case on terms and conditions that are acceptable to the Required Holders and the Board. The Company (and its subsidiaries, to the extent that such subsidiaries obtain such policies) shall maintain such policies in full force and effect at all times.

5.5 Reservation of Common Stock. The Company shall at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

5.6 Directors' Liability and Indemnification. The Company's and each of its subsidiaries' certificate of incorporation, bylaws, articles of association and other organizational documents shall provide (a) for elimination of the liability of directors to the maximum extent permitted by law and (b) for indemnification of directors for acts on behalf of the Company and its subsidiaries to the maximum extent permitted by law.

5.7 Qualified Small Business Stock. The Company will use commercially reasonable efforts to cause the Preferred Stock to qualify as "Qualified Small Business Stock" under Section 1202 of the Internal Revenue Code of 1986, as amended. The Company will use commercially reasonable efforts to comply with the reporting and record keeping requirements of Section 1202 of the Internal Revenue Code of 1986, as amended, any regulations promulgated thereunder and all applicable similar state laws and regulations and to not repurchase any stock of the Company if such repurchase would cause such shares not to so qualify as "Qualified Small Business Stock."

5.8 Board of Director Approval. The Company shall not, and shall not permit any subsidiary to, without the approval of the Board (or the committee of the Board duly authorized to approve such matter): (a) incur indebtedness in excess of $250,000 in the aggregate, (b) make any loan or advance to an employee, except in the ordinary course of business as part of travel advances or similar expense advances, (c) guarantee any indebtedness or obligation of any other party, (d) own any stock or other securities of any subsidiary or other corporation, partnership or entity unless it is wholly-owned by the Company, (e) make any material change in the nature of its business as presently conducted or presently contemplated to be conducted, (f) purchase or lease real estate property, (g) approve any stock option, incentive stock grant or purchase or other equity incentive grant or award, (h) issue any Company Stock or Convertible Securities or other debt or equity interests or securities (including options, warrants and other securities convertible, exercisable or exchangeable into or for equity securities), (i) authorize, create or amend any employee benefit plan (including any equity incentive plan), (j) commence or settle any litigation or any other dispute in excess of $250,000, (k) make any material asset or equity interest acquisition outside of the ordinary course of business, (l) file bankruptcy or liquidate, dissolve, wind-up, recapitalize or reorganize, (m) approve or pay any (i) discretionary or performance bonus or award to any employee, consultant or advisor of the Company or any subsidiary thereof or (ii) severance or other similar payment upon termination of any relationship with the Company or any subsidiary thereof to any employee, consultant or advisor of the Company or any subsidiary thereof, (n) hire any Chief Executive Officer or President or any other employee that would have annual compensation in excess of $150,000, (o) enter into any obligation or commitment in excess of $250,000 or (p) approve or amend any budget.

5.9 Subsidiaries. The Company will not, without the approval of a majority of the Board: (a) organize or acquire any entity that is a subsidiary unless such subsidiary is wholly-owned by the Company, (b) permit any subsidiary to consolidate or merge into or with any entity or sell or transfer all or substantially all its assets, except that the Company may permit a subsidiary to consolidate or merge into or with or sell or transfer assets to any other subsidiary or (c) sell or otherwise transfer any shares of capital stock of any subsidiary or other equity securities of any entity, except to the Company or another subsidiary, or permit any subsidiary to issue, sell or otherwise transfer any shares of its capital stock or the capital stock of any subsidiary or other equity securities of any entity or to sell all or substantially all of such subsidiary's assets, except to the Company or another subsidiary.

5.10 Convertible Securities. All Convertible Securities issued or sold by the Company, other than shares of the Company's Preferred Stock, shall, by their terms, terminate in their entirety at the time of a Sale Transaction if not exercised, converted or exchanged into shares of the Company's capital stock immediately prior to a Sale Transaction.

5.11 Transactions with HighCape. Until such time as (x) TBI and its Affiliates together hold shares of Common Stock that represent less than fifteen percent (15%) of the total number of shares of Common Stock then outstanding, calculated on a Fully-Diluted Basis or (y) Deerfield and its Affiliates together hold shares of Preferred Stock that represent less than fifteen percent (15%) of the total number of shares of Preferred Stock then outstanding, then, in each case, the Company shall not, without first obtaining the approval (by affirmative vote or written consent) of either (a) a majority of the disinterested members of the Board or (b) the holders, other than HighCape and its Affiliates, of a majority of the then outstanding shares of Common Stock and Preferred Stock (calculated on an as-converted to Common Stock basis) other than the shares of Common Stock and Preferred Stock held by HighCape and its Affiliates: (i) consummate any merger or consolidation transaction in which HighCape or any of its Affiliates acquires all of the outstanding shares of the Company's capital stock, (ii) sell or convey all or substantially all of its assets to HighCape or any of its Affiliates or (iii) enter into any management services agreement or other agreement with HighCape, its general partner or any of its Affiliates that obligates the Company to pay more than, or sell assets valued at more than, $250,000 in the aggregate in any year unless such agreement is on arm's length and commercially reasonable terms.

5.12 Confidentiality. Each Investor and TBI agrees that it will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company or to enforce its rights against the Company or the other stockholders of the Company under applicable contracts or law) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement or any information provided in connection with a request for a waiver under or an amendment of any term of this Agreement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 5.12 by such Person), (b) is or has been independently developed or conceived by such Person without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Person by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor or TBI may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company or to enforce its rights against the Company or the other stockholders of the Company under applicable contracts or law; (ii) to any prospective purchaser of any Registrable Shares from such Investor or TBI, if such prospective purchaser agrees to be bound by the provisions of this Section 5.12; (iii) to any Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor or TBI in the ordinary course of business, provided that such Investor or TBI informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that, to the extent permitted by applicable law, the Investor or TBI promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

6. Registration Rights.

6.1 Required Registrations.

(a) At any time after six (6) months after the effective date of the IPO, the Required Holders may request, in writing, on up to two (2) separate occasions, that the Company effect a registration on Form S-1 (or any successor form) of Registrable Shares. If the Required Holders intend to distribute the Registrable Shares by means of an underwriting, they shall so advise the Company in their request. In the event such registration is underwritten, the right of other Investors to participate in such registration shall be conditioned on such Investors' participation in such underwriting. Upon receipt of any such request from the Required Holders, the Company shall promptly give written notice of such proposed registration to all other Investors. Such other Investors shall have the right, by giving written notice to the Company within thirty (30) days after the Company provides its notice, to elect to have included in such registration such of their Registrable Shares as such Investors may request in such notice of election. All Investors proposing to distribute their Registrable Shares through such underwriting shall enter into an underwriting agreement in customary form with an underwriter or underwriters that is mutually agreeable to the Company and the Investors holding a majority-in-interest of the Registrable Shares that the Investors requested for inclusion in such registration. The Company shall, at its own expense and as expeditiously as possible, use commercially reasonable efforts to effect the registration, on Form S-1 (or any successor form), of all Registrable Shares that the Company has been requested to so register. If the underwriter advises the Company that, in its good faith view, marketing factors require a limitation of the number of shares to be underwritten, then the Company shall exclude from such registration (i) first, securities held by any Person who does not have any contractual rights to cause the Company to register such securities, (ii) second, securities held by any Person with such contractual rights other than those granted under this Agreement and (iii) third, Registrable Shares held by the Investors pro rata among such Investors on the basis of the respective number of Registrable Shares requested to be included in such registration. If any registration statement requested pursuant to this Section 6.1(a) does not become effective or, after any registration statement requested pursuant to this Section 6.1(a) becomes effective, less than fifty percent (50%) of the Registrable Shares requested to be included in such registration have been sold thereunder, the request for such registration shall not be included as one of the registrations that may be requested pursuant to this Section 6.1(a) and shall be at the sole expense of the Company.

(b) At any time after the Company becomes eligible to file a Registration Statement on Form S-3 (or any successor form relating to secondary offerings, hereinafter, "***Form S-3***"), the Investors will have the right to require the Company to effect Registration Statements on Form S-3 of Registrable Shares having a minimum gross proceeds in each registration on Form S-3 of at least $2,500,000. Upon receipt of any such request, the Company shall promptly give written notice of such proposed registration to all other Investors. Such other Investors shall have the right, by giving written notice to the Company within thirty (30) days after the Company provides its notice, to elect to have included in such registration such of their Registrable Shares as such Investors may request in such notice of election. Thereupon, the Company shall, as expeditiously as possible, use commercially reasonable efforts to effect the registration on Form S-3 of all Registrable Shares that the Company has been requested to so register.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Investors requesting a registration pursuant to this Section 6.1 a certificate signed by the Company's President stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement would otherwise be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than one hundred twenty (120) days after the request of the Investors is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period.

6.2 Company Registration.

(a) Subject to Section 6.2(b), if the Company proposes to file a Registration Statement at any time and from time to time, it will, prior to such filing, promptly give written notice to all Investors of its intention to do so and, if the Company receives the written request of any Investor holding Registrable Shares within twenty (20) days after the Company provides such notice, the Company shall use commercially reasonable efforts to cause all Registrable Shares that the Company has been requested by such Investor or Investors to be registered under the Securities Act to the extent necessary to permit their sale or other disposition; provided, however, that the rights set forth in this Section 6.2 shall not apply to Registration Statements to be filed pursuant to Section 6.1 hereof; and provided further that the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 6.2 without obligation to any Investor.

(b) In connection with any offering under this Section 6.2 involving an underwriting, the Company shall not be required to include any Registrable Shares in such underwriting unless the holders thereof accept the terms of the underwriting as reasonably agreed upon between the Company and the underwriters selected by it. If the underwriter advises the Company that, in its good faith view, marketing factors require a limitation of the number of shares to be underwritten, then the Company shall exclude from such registration (i) first, securities held by any Person who does not have any contractual rights to cause the Company to register such securities, (ii) second, securities held by any Person with such contractual rights other than those granted under this Agreement, (iii) third, shares held by the holders of Registrable Shares pro rata among such holders on the basis of the respective number of shares of Common Stock requested to be included in such registration and (iv) fourth, shares held by the Company; provided, however, that in no event shall the amount of Registrable Shares included in the offering pursuant to this clause (iv) be reduced below thirty percent (30%) of the total amount of securities included in such offering unless such offering is the initial public offering of the Company's securities and no other stockholder has included shares in such registration.

6.3 Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect the registration of any of the Registrable Shares under the Securities Act, the Company shall:

(a) Prepare and file with the Commission a Registration Statement with respect to such Registrable Shares and use commercially reasonable efforts to cause that Registration Statement to become and remain effective until the completion of the distribution;

(b) Promptly prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to keep the Registration Statement effective, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement;

(c) Promptly furnish to each selling Investor such reasonable numbers of copies of the Registration Statement, each amendment and supplement thereto, prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the selling Investor may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by the selling Investor;

(d) Use commercially reasonable efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of such states as the selling Investors shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the selling Investors to consummate the public sale or other disposition in such states of the Registrable Shares owned by the selling Investor; provided, however, that the Company shall not be required in connection with this Section 6.3(d) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction where it is not conducting business;

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Investor participating in such underwriting shall also enter into and perform its obligations under such an agreement;

(f) Promptly notify each selling Investor of Registrable Shares covered by such Registration Statement, and each underwriter, if any, after it shall receive notice thereof, of the time when such Registration Statement has become effective or such supplement to any prospectus forming a part of such Registration Statement has been filed;

(g) Promptly notify each selling Investor of Registrable Shares covered by such Registration Statement, and each underwriter, if any, of any request by the Commission for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(h) Prepare and promptly file with the Commission, and promptly notify each selling Investor of Registrable Shares covered by such Registration Statement, and each underwriter, if any, of such amendment or supplement to such Registration Statement or prospectus, as then in effect, as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event has occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances in which they were made;

(i) Promptly notify each selling Investor of Registrable Shares covered by such Registration Statement, and each underwriter, if any, after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and promptly use commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

(j) [Reserved];

(k) Use commercially reasonable efforts to furnish, on the date that such Registrable Shares are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters;

(l) If the Company has delivered preliminary or final prospectuses to the selling Investors and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify the selling Investors and, if requested, the selling Investors shall immediately cease making offers of Registrable Shares and return all prospectuses to the Company. The Company shall promptly provide the selling Investors with revised prospectuses and, following receipt of the revised prospectuses, the selling Investors shall be free to resume making offers of the Registrable Shares; and

(m) Cause all such Registrable Shares to be listed on or included in each securities exchange or quotation system on which similar securities issued by the Company are then listed.

6.4 Allocation of Expenses. The Company will pay all Registration Expenses (as defined below) of all registrations under this Agreement; provided, however, that if a registration under Section 6.1(a) is withdrawn at the request of the Investors requesting such registration (other than as a result of information concerning the business or financial condition of the Company that is made known in writing to the Investors requesting registration after the date on which such registration was requested) and if the requesting Investors elect not to have such registration counted as a registration requested under Section 6.1(a), the requesting Investors shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Shares requested to be included in such registration. The term "***Registration Expenses***" shall mean all expenses incurred in complying with this Section 6 including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fees and disbursements of counsel for the Company and the reasonable fees and expenses of one (1) counsel selected by the selling Investors to represent the selling Investors (the "***Selling Investor Counsel***"), state Blue Sky fees and expenses, and the expense of any special audits or "cold comfort" letters incident to or required by any such registration, but excluding all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Shares, and fees and disbursements of counsel for any Investor, other than the fees and disbursements of the Selling Investor Counsel borne and paid by the Company as provided above.

6.5 Indemnification and Contribution.

(a) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each selling Investor (including each member, manager, partner, officer and director thereof and legal counsel and independent accountant thereto), each underwriter of such seller of such Registrable Shares, and each other person, if any, who controls such seller or underwriter within the meaning of the Securities Act or the Exchange Act (each, an "***Investor Indemnified Party***") against any expenses, losses, claims, damages or liabilities, joint or several, to which such Investor Indemnified Party may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, including any of the foregoing incurred in connection with the settlement of any commenced or threatened litigation, insofar as such expenses, losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in (i) any Registration Statement under which such Registrable Shares were registered under the Securities Act, (ii) any preliminary prospectus or final prospectus contained in the Registration Statement or (iii) any amendment or supplement to such Registration Statement, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading or any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities laws or otherwise in connection with the offering covered by such Registration Statement; and the Company will reimburse such Investor Indemnified Party for any legal or any other expenses reasonably incurred by such Investor Indemnified Party in connection with investigating or defending any such expense, loss, claim, damage, liability or action; provided, however, that the Company will not be liable to any Investor Indemnified Party in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, final prospectus, or any such amendment or supplement, in reasonable reliance upon and in conformity with information furnished (or not furnished in the case of an omission or alleged omission) to the Company, in writing, by or on behalf of such Investor Indemnified Party specifically for use in the preparation thereof.

(b) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each selling Investor, severally and not jointly, will indemnify and hold harmless the Company, each of the Company's directors, each of its officers who has signed the registration statement, each underwriter, if any, each person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act or the Exchange Act, any other seller of Registrable Shares or any such seller's members, managers, partners, officers and directors, and each person, if any, who controls such seller within the meaning of the Securities Act and the Exchange Act (each, a "***Company Indemnified Party***"; and together with the Investor Indemnified Parties, the "***Indemnified Parties***") against any expenses, losses, claims, damages or liabilities, joint or several, to which the Company Indemnified Party may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, including any of the foregoing incurred in connection with the settlement of any commenced or threatened litigation, insofar as such expenses, losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in (i) any Registration Statement under which such Registrable Shares were registered under the Securities Act, (ii) any preliminary prospectus or final prospectus contained in the Registration Statement, or (iii) any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and each such seller of Registrable Shares will reimburse the Company and each Indemnified Party for any legal or any other expenses reasonably incurred by the Company and each such Indemnified Party entitled to indemnification in connection with investigating or defending any such loss, claim, damage, liability or action if the statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such seller, specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement; provided, however, that the obligations of each such Investor hereunder shall be limited to an amount equal to the net proceeds received by such Investor in connection with such offering of such Registrable Shares; provided, further, however, that no such Investor will be liable for any amount paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of such Investor, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) Each Indemnified Party entitled to indemnification under this Section 6.5 shall give notice to the party required to provide indemnification (the "***Indemnifying Party***") promptly after such Indemnified Party has knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, however, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party, whose approval shall not be unreasonably withheld; provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent that the Indemnifying Party's ability to defend against such claim or litigation is materially impaired as a result of such failure to give notice; and provided, further, that prior to assuming control of such defense, the Indemnifying Party must (i) acknowledge that, if the facts as alleged by the claimant in such claim are true, it would have an indemnity obligation for the expenses, losses, claims, damages and liabilities resulting from such claim as provided hereunder and (ii) must furnish the Indemnified Party with reasonable evidence that the indemnifying party has adequate resources to defend such claim and fulfill its indemnity obligations hereunder. The Indemnifying Party shall not be entitled to assume or maintain control of the defense of any claim and shall pay the fees and expenses of one counsel retained by the Indemnified Party if (A) the Indemnifying Party does not deliver the acknowledgment referred to in clause (i) above within thirty (30) days of receipt of notice of the claim, (B) the claim relates to or arises in connection with any criminal proceeding, action, indictment or allegation, (C) the Indemnified Party reasonably believes an adverse determination with respect to the claim would be detrimental to the reputation or future business prospects of the Indemnified Party or any of its affiliates, (D) the claim seeks an injunction or equitable relief against the Indemnified Party or any of its affiliates or (E) the Indemnifying Party has failed or is failing to prosecute or defend vigorously the claim. The Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential conflicts of interests between the Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 6.5 is due in accordance with its terms but for any reason is held to be unavailable to an Indemnified Party in respect to any expenses, losses, claims, damages and liabilities referred to herein, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such expenses, losses, claims, damages or liabilities to which such party may be subject in proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of material fact related to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Investors agree that it would not be just and equitable if contribution pursuant to this Section 6.5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph of Section 6.5, (i) in no case shall any one Investor be liable or responsible for any amount in excess of the net proceeds received by such Investor from the offering of Registrable Shares and (ii) the Company shall be liable and responsible for any amount in excess of such proceeds; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution for any person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party or parties under this Section, notify such party or parties from whom such contribution may be sought, but the omission so to notify such party or parties from contribution may be sought shall not relieve such party from any other obligation it or they may have thereunder or otherwise under this Section. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its prior written consent, which consent shall not be unreasonably withheld.

(e) The obligations of the Company and the Investors under this Section 6.5 shall survive completion of any offering of Registrable Shares in any Registration Statement and the termination of this Agreement.

6.6 Indemnification with Respect to Underwritten Offering. In the event that Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering pursuant to Section 6.1, the Company agrees to enter into an underwriting agreement containing customary representations and warranties with respect to the business and operations of an issuer of the securities being registered and customary covenants and agreements to be performed by such issuer, including without limitation customary provisions with respect to indemnification by the Company of the underwriters of such offering.

6.7 Information by Holder. As a condition to be included in any registration statement, each holder of Registrable Shares included in any registration shall furnish to the Company such information regarding such holder and the distribution proposed by such holder as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

6.8 Market Stand-Off Agreement. In connection with the IPO, each Stockholder, without the prior written consent of the Company and the underwriters managing such IPO, agrees not to sell or otherwise transfer or dispose of any Registrable Shares or other securities of the Company held by such Stockholder (other than those Registrable Shares included in the IPO) for a specified period of time determined by the Company and the underwriters following the effective date of the registration statement relating to the IPO; provided, however, that:

(a) such agreement shall not exceed 180 days from the effective date of such registration (or such additional period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in the Financial Industry Regulatory Authority, Inc. Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto but in no event shall the total period exceed two hundred ten (210) days following the effective date of such registration);

(b) all officers and directors of the Company and all holders individually owning more than one percent (1%) of the Company's outstanding Common Stock (including shares of Common Stock issuable upon the conversion of the Preferred Stock or other Convertible Securities, or upon the exercise of any Convertible Securities) enter into similar agreements; and

(c) such agreement shall only apply to the first such Registration Statement covering Common Stock of the Company to be sold on its behalf to the public in an underwritten offering.

Such agreement shall be in writing in a form reasonably satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of the stand-off period.

6.9 Limitations on Subsequent Registration Rights. The Company shall not, without the prior written consent of the Required Holders, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (a) include securities of the Company in any registration filed under Section 6.1(a) or Section 6.1(b) make a demand registration that could result in such registration statement being declared effective prior to twelve (12) months after the initial underwritten public offering of the Common Stock or (c) have registration rights that are pari passu with or superior to the rights granted to the Investors under this Section 6. The Company will not hereafter enter into any agreement with respect to its securities that is inconsistent with, grants any rights equal or superior to, or violates the rights granted to the holders of Registrable Shares in this Section 6 without first obtaining the prior written consent of the Required Holders.

6.10 Rule 144 Requirements. After the earliest of (a) the closing of the sale of securities of the Company pursuant to a Registration Statement, (b) the registration by the Company of a class of securities under Section 12 of the Exchange Act or (c) the issuance by the Company of an offering circular pursuant to Regulation A under the Securities Act, the Company agrees to: (i) comply with the requirements of Rule 144(c) under the Securities Act with respect to making and keeping available current public information about the Company; (ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and (iii) furnish to any holder of Registrable Shares promptly after receipt of a written request (A) a written statement by the Company as to its compliance with the requirements of said Rule 144(c), and the reporting requirements of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (B) a copy of the most recent annual or quarterly report of the Company and (C) such other reports and documents of the Company as such holder may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration including, without limitation, Rules 144 and 144A.

6.11 Selection of Underwriter. The Company shall have the right to designate the managing underwriter in any underwritten offering, except for any registration effected pursuant to Section 6.1(a), which designation shall be subject to the approval of the Investors holding a majority of the Registrable Shares that all Investors requested to be included in such offering, and which approval shall not be unreasonably withheld.

7. General.

7.1 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this Section 7.1, then such stricken provision shall be replaced, to extent possible, with a legal, enforceable and valid provision that is as similar in tenor to the stricken provision as is legally possible.

7.2 Specific Performance. In addition to any and all other remedies that may be available under this Agreement and applicable law, in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction.

7.3 Remedies Cumulative. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

7.4 Jury Trial Waiver. To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or relating to this Agreement.

7.5 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, as applicable to contracts executed and delivered in Delaware between Delaware residents and which are to be performed wholly within Delaware, without regard to principles of conflicts of law except with respect to matters of law concerning the internal corporate affairs of any corporation which is a party to or the subject of this Agreement, which matters shall be governed by the law of the jurisdiction under which such corporation derives its powers.

7.6 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address as set forth on the signature page hereof, to an Investor at such Investor's address set forth on Schedule A attached hereto and to a Junior Holder at such Junior Holder's address set forth on Schedule B attached hereto or at such other address as the Company, an Investor or Junior Holder may designate by ten (10) days advance written notice to the other parties hereto.

7.7 Transfer of Rights. The rights of each Investor under this Agreement including, but not limited to, the preemptive rights granted to the Investors under Section 2 hereof, may be transferred to a transferee or assignee of shares of the Preferred Stock or any shares of Common Stock issued or issuable upon conversion of the Preferred Stock; provided that the Investor shall, within ten (10) business days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number of shares with respect to which such rights are being assigned. The transferee or assignee of an Investor's rights and obligations hereunder shall be deemed an "Investor" for purposes of this Agreement.

7.8 Amendments and Waivers. Any term of this Agreement may be amended or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Required Holders; provided that (a) any amendment to, or termination or waiver of, Section 4.1 or Section 4.2 that would adversely affect the rights of HighCape to designate or remove the HighCape Directors shall also require the prior written consent of HighCape, (b) any amendment to, or termination or waiver of, (i) Section 4.1 or Section 4.2 that would adversely affect the rights of Deerfield to designate or remove the Deerfield Director shall also require the prior written consent of Deerfield or (ii) Section 5.11 or this Section 7.8, or the definitions relating to such sections, that would adversely affect the rights of Deerfield thereunder shall also require the prior written consent of Deerfield, (c) at any time prior to the TBI Trigger Event, any amendment to, or termination or waiver of, (i) Section 4.1 or Section 4.2 that would adversely affect the rights of TBI to designate or remove the Common Director shall also require the prior written consent of TBI or (ii) Section 2, Section 3, Section 5.11 or this Section 7.8, or the definitions relating to such sections, that would materially adversely affect the rights of TBI thereunder in a manner disproportionate to any adverse effect such amendment or waiver would have on the rights of the Investors shall also require the prior written consent of TBI, except to the extent that such amendment, termination or waiver is executed or provided in connection with any bona fide financing transaction entered into by, or for the benefit of, the Company that includes a party that provides at least $250,000 of financing to the Company in such transaction and is not a Stockholder or an Affiliate of a Stockholder on the date hereof and (d) at any time after the TBI Trigger Event, any amendment to, or termination or waiver of, Section 4.1 or Section 4.2 that would adversely affect the rights of the Stockholders that hold a majority of the then outstanding voting shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, to designate or remove the Common Director shall also require the prior written consent of the Stockholders that hold a majority of the then outstanding voting shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted to Common Stock basis. Any amendment or waiver effected in accordance with this Section 7.8 shall be binding upon the Company and each of the Investors and Junior Holders and their respective successors and assigns.

7.9 Termination. The rights set forth in Sections 2, 3, 4 and 5 of this Agreement shall terminate upon the earlier to occur of (a) the effective date of the registration statement relating to the IPO and (b) immediately before the consummation of a Sale Transaction. The right of any Investor to request registration or inclusion of Registrable Shares in any registration pursuant to Section 6 shall terminate upon the earliest to occur of (i) immediately before the consummation of a Sale Transaction, (ii) such time after the date that is six (6) months following consummation of the IPO as SEC Rule 144 or another similar exemption under the Securities Act is available for the public sale of all of such Investor's shares without limitation during a three-month period without registration (the "***Rule 144 Termination Date***"); *provided*, that the Company shall have taken all necessary action, including delivery of a legal opinion and irrevocable instructions to its transfer agent, to enable the holder thereof to have any legend restricting the transfer thereof removed from the stock certificates representing all such shares ,and (iii) the third (3rd) anniversary of the effective date of the registration statement relating to the IPO. Notwithstanding anything to the contrary contained herein, the Company's obligations to any Investor under Section 6.10 (*Rule 144 Requirements)* shall not terminate at any time prior to the one-year anniversary of the earlier to occur of (A) the Rule 144 Termination Date and (B) the closing of the IPO.

7.10 No Waiver. No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically set forth in writing.

7.11 Entire Agreement. This Agreement and the schedules referred to herein constitute the entire agreement among the parties and supersede all prior communications, representations, understandings and agreements of the parties with respect to the subject matter hereof. All schedules hereto are hereby incorporated herein by reference. Nothing in this Agreement is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Upon the effectiveness of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

7.12 Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neutral forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

7.13 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement may be executed by facsimile or other electronic signatures.

7.14 Section Headings. The section headings are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties.

7.15 Joinder. The Company shall require any Person that acquires, at any time prior to the IPO, Company Stock or Convertible Securities representing more than one percent (1%) of the shares of Common Stock then outstanding, calculated on a Fully-Diluted Basis, to, upon and as a condition to such acquisition, execute a joinder pursuant to which such Person agrees to become subject to the obligations and restrictions applicable to a Junior Holder pursuant to the terms of this Agreement, except if such Person purchases shares of Preferred Stock, in which case such Person shall be deemed an Investor pursuant to the terms of this Agreement.

7.16 General Interpretation. The terms of this Agreement have been negotiated by the parties hereto and the language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted, or in favor of the party receiving a particular benefit under this Agreement. No rule of strict construction will be applied against any Person.

7.17 Aggregation of Stock. For the purpose of determining the availability of any rights under this Agreement that may be based upon the number of shares of Company Stock held by a party hereto, all shares of Company Stock held by such Person together with all shares of Company Stock held by Affiliates of such Person shall be aggregated together in all such required calculations.

7.18 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by the Company. Any attempted assignment made in contravention of this Agreement shall be null and void and of no force or effect.

7.19 Expenses. The Company shall pay, and hold the Investors harmless against liability for the payment of the reasonable fees and expenses incurred with respect to the enforcement of the rights granted under, or any amendments or waivers to, this Agreement.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investor Rights Agreement as of the date first above written.

COMPANY:

AZIYO BIOLOGICS, INC.

By: /s/ Ronald Lloyd
Name: Ronald Lloyd
Title: President and Chief Executive Officer

Address: 12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attention: Chief Executive Officer

JUNIOR HOLDERS:

KERALINK INTERNATIONAL, INC.
(F/K/A/ TISSUE BANKS INTERRNATIONAL, INC.)

By: /s/ Douglas Furlong
Name: Douglas Furlong
Title: CEO, KeraLink International

CORMATRIX CARDIVASCULAR, INC.

By: _____
Name:
Title:

INVESTORS:

HIGHCAPE PARTNERS QP, LP

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partner GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Director

HIGHCAPE CO-INVESTMENT VEHICLE I, LLC

By: HighCape Partners GP, L.P.,
its Manager

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Partner

HIGHCAPE PARTNERS, LP

By: HighCape Partners GP, L.P.,
Its general partner

By: HighCape Partners GP, LLC,
Its general Partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Director

HIGHCAPE CO-INVESTMENT VEHICLE II, LLC

By: HighCape Partners GP, L.P., its Manager

By: HighCape Partners GP, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Partner

HIGHCAPE CAPITAL, L.P.

By: HighCape Capital, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Partner

MIDCAP FUNDING XXVII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: _____
Name: Maurice Amsellem
Title: Authorized Signatory

[Signature Page to Second Amended and Restated Investor Rights Agreement]

DEERFIELD PRIVATE DESIGN FUND III, L.P.

By: Deefield Mgmt III, L.P.
General Partner

By: J.E. Flynn Capital III, LLC
General Partner

By: /s/ David J. Clark
Name: David J. Clark
Title: Authorized Signatory

SCHEDULE A
LIST OF INVESTORS

HighCape Partners, L.P.
10751 Falls Road
Suite 300
Baltimore, MD 21093
Attention: [XXX]

HighCape Partners QP, L.P.
10751 Falls Road
Suite 300
Baltimore, MD 21093
Attention: [XXX]

HighCape Partners Co-Investment Vehicle I, LLC
10751 Falls Road
Suite 300
Baltimore, MD 21093
Attention: [XXX]

HighCape Partners Co-Investment Vehicle II, LLC
10751 Falls Road
Suite 300
Baltimore, MD 21093
Attention: [XXX]

HighCape Capital, L.P.
10751 Falls Road
Suite 300
Baltimore, MD 21093
Attention: [XXX]

Deerfield Private Design Fund III, L.P.
780 Third Avenue, 37th Floor
New York, NY 20017
Attn: [XXX]

MidCap Funding XXVII Trust
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attn: Portfolio Management – Aziyo transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

SCHEDULE B
LIST OF JUNIOR HOLDERS

KeraLink International
(f/k/a Tissue Banks International, Inc.)
815 Park Avenue
Baltimore, Maryland 21201
Attention: Chief Executive Officer
Telecopier No.: 410-545-4457

CorMatrix Cardiovascular, Inc.
1100 Old Ellis Road
Roswell, GA 30076
Attention: [XXX]
Email: [XXX]

Glenn Hanner
[XXX]
[XXX]

Patrick Ryan Ferguson
[XXX]
[XXX]

Debradandere 2019 Trust u/a Dated March 12, 2019
Robert Schweiger, Trustee and Peak Trust Company-NV, Administrative Trustee
[XXX]
[XXX]

Kevin L. Rakin Irrevocable Trust
Lloyd A. Hoffman, MD, Trustee
[XXX]
[XXX]


AZIYO
BIOLOGICS
Aziyo Biologics, Inc.
CLASS A COMMON STOCK
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
CLASS A COMMON STOCK
THIS CERTIFIES THAT
SPECIMEN
is the owner of
FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK OF THE PAR VALUE OF $0.001 PER SHARE OF
AZIYO BIOLOGICS, INC.
CERTIFICATE OF STOCK
transferable on the books of the Corporation by the holder hereof in person or by duly authorized Attorney, upon surrender of this Certificate properly endorsed.
This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.
WITNESS the signatures of the Corporation's duly authorized officers.
Dated:
PRESIDENT
TREASURER
COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
TRANSFER AGENT AND REGISTRAR
BY
AUTHORIZED SIGNATURE

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entiretiies
JT TEN — as joint tenants with right of survivorship and not as tenants in commom

UNIF GIFT MIN ACT — _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares of the Class A Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney to transfer the said stock on the books of the within-named Corporation, with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSEVER.

Signature(s) Guaranteed:

_____
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

ABCorp Secure since 1795 — 711 ARMSTRONG LANE COLUMBIA, TN 38401 (931) 388-3003	PROOF OF: SEPTEMBER 10, 2020 AZIYO BIOLOGICS, INC. WO - 20000308 BACK OPERATOR: DKS
PRODUCTION COORDINATOR: NICKY DECKARD 931-305-2907	NEW

PLEASE INITIAL THE APPROPRIATE SELECTION FOR THIS PROOF: ☐OK AS IS ☐OK WITH CHANGES ☐MAKE CHANGES AND SEND ANOTHER PROOF

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THEY HAVE BEEN REGISTERED UNDER SUCH ACT AND ALL SUCH APPLICABLE LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THE SHARES OF CAPITAL STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO CERTAIN OBLIGATIONS, RESTRICTIONS, PROXIES AND VOTING AGREEMENTS AS SET FORTH IN A CERTAIN INVESTOR RIGHTS AGREEMENT, AS AMENDED FROM TIME TO TIME, BY AND AMONG THE STOCKHOLDER, THE COMPANY AND CERTAIN OTHER STOCKHOLDERS, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

Warrant No. 2017-1 March 27, 2017

AZIYO BIOLOGICS, INC.

WARRANT TO PURCHASE SHARES

This Warrant to Purchase Shares (this ***"Warrant")*** is issued to HighCape Partners QP, L.P. ***("Holder")*** or its registered assigns by Aziyo Biologics, Inc., a Delaware corporation (the ***"Company"***) as partial consideration for providing credit enhancement for the Company's loan from Alostar Bank of Commerce.

1. Purchase of Shares. Subject to the terms and conditions hereinafter set forth, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the holder hereof in writing), to purchase from the Company up to the number of fully paid and nonassessable shares of the Company's Common Stock, par value $0.001 per share (the ***"Shares"***), that equals the product of (a) 1,923,077 and (b) the quotient of (i) the lesser of (A) thirty-six (36) and (B) the number of calendar months that have ended between the date of this Warrant and the date that the letter of credit issued by Silicon Valley Bank for the account of the Holder and for the benefit of Alostar Bank of Commerce in the amount of up to $5,000,000 (the ***"Letter of Credit"***) is terminated or expires without being drawn upon and (ii) thirty-six (36) (such product shall be referred to herein as the ***"Share Number"***), as such Share Number may be adjusted from time to time in accordance with the terms hereof; provided, however, that if the Letter of Credit is partially or fully drawn upon, then, contemporaneously with such event, the Share Number shall be equal to 1,923,077, as such Share Number may be adjusted from time to time in accordance with the terms hereof.

2. Exercise Price and Exercise Period.

(a) Exercise Price. The exercise price for each Share shall be equal to $0.39 (as adjusted from time to time in accordance with the terms hereof, the ***"Exercise Price"***).

(b) Exercise Period. This Warrant shall be exercisable, in whole or in part, during the term commencing on the date hereof and ending on the expiration of this Warrant pursuant to Section 12 hereof.

3. Method of Exercise. While this Warrant remains outstanding and exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby. Such exercise shall be effected by:

(a) the surrender of the Warrant, together with a notice of exercise to the President or Secretary of the Company at its principal offices substantially in the form attached hereto as Exhibit 1; and

(b) the payment to the Company, in cash, of an amount equal to the aggregate Exercise Price for the number of Shares being purchased.

4. Net Exercise. In lieu of cash exercising this Warrant, the holder of this Warrant may elect to receive shares equal to the value of this Warrant (or the portion thereof being canceled) by surrender of this Warrant to the President or Secretary of the Company at the principal office of the Company together with notice of such election, in which event the Company shall issue to the holder hereof a number of Shares computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

Where

X -- The number of Shares to be issued to the holder of this Warrant.

Y -- The number of Shares purchasable under this Warrant.

A -- The fair market value of one Share.

B -- The Exercise Price (as adjusted to the date of such calculations).

For purposes of this Section 4, the fair market value of a Share as determined in good faith by the Company's Board of Directors.

5. Certificates for Shares. Upon the exercise of the purchase rights evidenced by this Warrant, one or more certificates shall be issued representing the number of Shares so purchased, and a copy of such certificate or certificates shall be delivered to the registered holder thereof, as soon thereafter as reasonably practicable, and in any event within five (5) days of the delivery of the exercise notice and payment therefor.

6. Issuance of Shares. The Company covenants that the Shares, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

7. Adjustment of Exercise Price and Number of Shares. The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions, Combinations and Other Issuances. If the Company shall at any time prior to the expiration of this Warrant subdivide the Shares, by split-up or otherwise, or combine its Shares, or issue additional Shares as a dividend, the number of Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price payable per Share, but the aggregate Exercise Price payable for the total number of Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 7(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization and Consolidation. In the event of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 7(a) above), then the holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of Shares as were purchasable by the holder of this Warrant immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the holder of this Warrant so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price per Share payable hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Notice of Adjustment. When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of this Warrant, or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of Shares or other securities or property thereafter purchasable upon exercise of this Warrant.

(d) Other Action Affecting Shares. In the event that the Company shall make a distribution in respect of the Shares that is not elsewhere described in this Section 7, the Holder shall be entitled, upon exercise of this Warrant, to receive from the Company its pro rata share of any such distribution such that the Holder receives, upon exercise of this Warrant, the same type and amount of property which such Holder would have received if such Holder had exercised this Warrant immediately prior to such distribution or the date the Company shall take a record of the holders of its shares for purposes of such distribution, as applicable, and, from and after the date of such distribution, the Company shalt hold and set aside (or cause to be held and set aside in a commercially reasonable manner) an amount of such property equal to the Holder's pro rata portion thereof for distribution to the Holder pursuant hereto.

8. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the fair market value thereof then in effect.

9. Restrictive Legend.

The Shares issuable upon exercise of this Warrant (unless registered under the Securities Act of 1933, as amended (the ***"Securities Act"***)) shall be stamped or imprinted with a legend in substantially the following form:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THEY HAVE BEEN REGISTERED UNDER SUCH ACT AND ALL SUCH APPLICABLE LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.
>
> THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL, OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AUTHORIZED TO BE ISSUED BY THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUEST MAY BE MADE TO THE SECRETARY OF THE COMPANY.

10. Warrants Transferable. Subject to compliance with the terms and conditions of this Section 10, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon surrender of this Warrant properly endorsed or accompanied by a written instruction of transfer substantially in the form attached hereto as Exhibit 2; provided that the transferee consents in writing to be bound by the terms hereunder. With respect to any offer, sale or other disposition of this Warrant prior to registration of such Warrant, the holder hereof agrees to give written notice to the Company prior thereto, describing briefly the manner thereof and indicating whether or not under the Securities Act certificates for this Warrant require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Upon receiving such written notice and the written consent of the proposed transferee agreeing to be bound by the terms hereunder, the Company, as promptly as practicable, shall notify the Holder that it may sell or otherwise dispose of this Warrant, all in accordance with the terms of the notice delivered to the Company. Each certificate representing this Warrant transferred in accordance with this Section 10 shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

11. Rights of Stockholders. Except as expressly set forth in Section 7 hereof, no holder of this Warrant shall be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of the Shares or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights until the Warrant shall have been exercised.

12. Expiration of Warrant; Notice of Certain Events Terminating This Warrant.

(a) This Warrant shall expire and shall no longer be exercisable upon the earliest to occur of:

(i) 5:00 p.m. (Eastern time) on March 1, 2027;

(ii) the consummation of a Sale Transaction (as such term is defined in the Company's Certificate of Incorporation as in effect from time to time); and

(iii) the consummation of an underwritten public offering of the Company's Common Stock registered under the Securities Act, after which such Common Stock is listed for trading on a United States national securities exchange.

(b) The Company shall provide at least ten (10) days prior written notice to the Holder of any event set forth in Section 12(a)(ii) or (iii).

13. Notices. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to the Holder, 10751 Falls Road, Suite 300, Baltimore, MD 21093 and (ii) if to the Company, at the address of its principal corporate offices (attention: President) or at such other address as a party may designate by ten days advance written notice to the other party pursuant to the provisions above.

14. Governing Law. This Warrant and all actions arising out of or in connection with this Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of the State of Delaware or of any other state.

15. Rights and Obligations Survive Exercise of Warrant. Unless otherwise provided herein, the rights and obligations of the Company and of the holder of this Warrant shall survive the exercise of this Warrant.

16. Counterparts; Electronic Signatures. This Warrant may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Warrant may be executed by facsimile signatures.

17. Amendments. Except as otherwise expressly set forth in this Warrant, any term of this Warrant may be amended or waived (either retroactively or prospectively) only with the written consent of the Company and the Holder.

18. No Waiver. No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically set forth in writing.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Warrant to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

COMPANY:

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: Vice President of Finance

Address: 12510 Prosperity Drive, Suite 370
Silver Spring. MD 20904

Signature Page to Aziyo Biologics, Inc.
Warrant to Purchase Shares

IN WITNESS WHEREOF, the parties hereto have caused this Warrant to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

HOLDER:

HIGHCAPE PARTNERS QP, L.P.

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

EXHIBIT 1

NOTICE OF EXERCISE

TO: Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common Stock pursuant to the terms of the attached Warrant.

2. Method of Exercise (Please check the applicable blank):

___ The undersigned elects to exercise the attached Warrant by means of a cash payment, and tenders herewith payment in full for the purchase price of the shares being purchased, together with all applicable transfer taxes, if any.

___ The undersigned elects to exercise the attached Warrant by means of the net exercise provisions of Section 4 of the Warrant.

3. Please issue a certificate or certificates representing said Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____

_____
(Address)

_____
(Signature)

_____
(Name)

_____ _____
(Date) (Title)

EXHIBIT 2

FORM OF TRANSFER

(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the attached Warrant to purchase _____ shares of Common Stock of Aziyo Biologics, Inc., a Delaware corporation, to which the attached Warrant relates, and appoints _____ Attorney to transfer such right on the books of _____, with full power of substitution in the premises.

Dated: _____

_____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

Address: _____

_____

_____

Signed in the presence of:

_____

_____

Exhibit 4.5

EXECUTION VERSION

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Aziyo Biologics, Inc., a Delaware corporation
Number of Shares:	25,500 (Subject to adjustment as hereinafter provided)
Class of Stock:	Series A Preferred Stock (Subject to Section 1.7)
Warrant Price:	$1.00 per Share (Subject to adjustment as hereinafter provided)
Issue Date:	May 31, 2017
Expiration Date:	The earlier to occur of the (i) expiration of this Warrant pursuant to Section 1.6 hereof or (ii) 10th anniversary of the Issue Date
Credit Facility:	This Warrant is issued in connection with the Credit and Security Agreement (Term Loan), dated as of May 31, 2017, among the Company, the other Borrowers (as defined therein) from time to time party thereto, MidCap Financial Trust, a Delaware statutory trust, as Agent and the lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

THIS WARRANT TO PURCHASE STOCK (this "Warrant") CERTIFIES THAT, for good and valuable consideration, including without limitation the mutual promises contained in the Credit Agreement (defined above), Flexpoint MCLS Holdings LLC (together with any registered holder from time to time of this Warrant or any holder of the Shares issuable or issued upon the exercise or conversion of this Warrant, "Holder") is entitled to purchase such aggregate number of fully paid and nonassessable shares of the class and series of capital stock of the Company equal to the Number of Shares (as set forth above), at the Warrant Price per Share, all as set forth above or herein below and as adjusted pursuant to the terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. As used herein, "Share" or "Shares" shall refer to either (i) the shares of stock issuable upon the exercise or conversion of this Warrant and any shares of capital stock into which such shares may be converted or exchanged, or (ii) the authorized or issued and outstanding shares of capital stock of the Company which are of the same class and series as the shares of stock issuable upon the exercise or conversion of this Warrant, in either case as the specific provisions of this Warrant or the context may require.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time prior to the Expiration Date exercise this Warrant, in whole or in part, by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may at any time and from time to time after the Issue Date but prior to the Expiration Date convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate Fair Market Value of the number of Shares or the securities otherwise issuable upon exercise of this Warrant with respect to which Holder elects to convert this Warrant minus the aggregate Warrant Price of such Shares by (b) the Fair Market Value of one Share, and by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. The "Fair Market Value" of Share shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market") and the Shares are common stock, the Fair Market Value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering of its common stock ("IPO"), the "price to public" per share specified in the final prospectus relating to such offering). If the Company's common stock is traded in a Trading Market and the Shares are preferred stock, the Fair Market Value of each Share shall be the closing price of such common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of an IPO, the initial "price to public" per share specified in the final prospectus relating to the IPO), in either case, multiplied by the number of shares of the Company's common stock into which a Share is then convertible. In the event of an exercise in connection with an Acquisition, the Fair Market Value of a Share shall be the value to be received per Share by all holders of such Shares in such transaction. If the Company's common stock is not traded in a Trading Market and other than in the event of an exercise in connection with an IPO or Acquisition, the Board of Directors of the Company shall determine the Fair Market Value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant pursuant to Section 1.1 or 1.2, respectively, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant of like tenor representing the Shares not so acquired or used in a conversion. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the date of Holder's delivery of the exercise notice pursuant to Section 1.1 or 1.2 and payment of the Warrant Price, if applicable. If an exercise or conversion is to be made in connection with an IPO or Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition or IPO. This Warrant shall terminate, and shall no longer be exercisable, upon the earlier to occur of: (a) the consummation of a Sale Transaction (as such term is defined in the Certificate) and (b) the consummation of an IPO. The Company shall provide at least ten (10) days prior written notice to the Holder of any Sale Transaction or IPO.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Subdivisions and Combinations. If the Company declares or pays a dividend on the Shares payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification, stock split, split-up or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combination or Substitution. Subject to Section 1.6, upon any reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of the Shares, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number, amount and kind of securities, money and property that Holder would have ultimately received upon the completion of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event if this Warrant had been exercised immediately before such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event. Such an event shall include any automatic conversion of the Shares to common stock pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, as amended from time to time (the "Certificate"). Subject to Section 1.6, the Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the amended Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, reorganizations, mergers, consolidations or other events.

2.3 Adjustments for Diluting Issuances. The number of shares of common stock or other securities issuable upon conversion of the Shares shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other Shares.

2.4 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the Fair Market Value of a full Share.

2.5 Certificate as to Adjustments. Upon each adjustment of the Warrant Price or the kind or number of securities issuable under this Warrant pursuant to this Article 2, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Executive Officer, Corporate Secretary or a senior financial officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price and the number and kind of securities issuable under this Warrant in effect upon the date thereof and the series of adjustments leading to such Warrant Price and such number and kind of securities.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants and covenants to Holder as of the Issue Date as follows:

(a) The Company has all requisite legal and corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant and the securities issuable upon conversion of the Shares, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, or to principles of equity.

(b) This Warrant has been validly issued and is free of restrictions on transfer other than restrictions on transfer set forth herein and under applicable state and federal securities laws. All Shares which may be issued upon the exercise of the purchase or conversion right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances (including preemptive or other similar rights) except for restrictions on transfer provided for herein and under applicable federal and state securities laws and the restrictions set forth in the Stockholders Agreements.

(c) The execution, delivery, and performance of this Warrant will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving of notice, any provision of the Certificate, the Stockholders Agreements or the Company's by-laws, any provision of any judgment, decree, or order to which the Company is a party, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge, or encumbrance upon any assets of the Company.

(d) The Company has provided Holder with a capitalization table of the Company, and such capitalization table is complete and accurate as of the date hereof and reflects all outstanding capital stock of the Company and all outstanding warrants, options, and other agreements (other than pursuant to the Stockholders Agreements) to purchase or otherwise acquire any equity or convertible securities of the Company. The Company has reserved a sufficient number of Shares for issuance upon the exercise of this Warrant and a sufficient number of shares of common stock issuable upon conversion of the Shares.

(e) The Warrant Price is no greater than the lowest price at which the Company has issued Series A Preferred Stock

3.2 Notice of Certain Events; Information. If the Company proposes at any time (a) to declare any dividend or distribution upon the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to effect any reclassification or recapitalization of the Shares; (c) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, (d) to approve or participate in any Acquisition or an IPO or, (e) to liquidate, dissolve or wind up or approve or consummate any Sale Transaction (as defined in the Certificate), then, in connection with each such event, the Company shall give Holder: (1) at least ten (10) business days prior written notice of the date on which a record will be taken for such dividend or distribution (and specifying the date on which the holders of stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; and (2) in the case of the matters referred to in (b), (c), (d) or (e) above, at least ten (10) business days prior written notice of the date when the same will take place (and, if applicable, specifying the date on which the holders of stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event). The Company will also provide such information in its possession as is requested by Holder and as is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements, including without limitation, a capitalization table, to be provided to Holder within thirty (30) days after the end of each fiscal quarter of the Company, including the per share price of the Company's equity securities most recently issued prior to the date such capitalization table and indication are so provided; provided, that the Company's obligations set forth in this sentence shall terminate immediately prior to the earlier of the Company's IPO, the exercise of this Warrant in full or the termination of this Warrant.

3.3 Stockholders Agreements; No Other Stockholder Rights. Holder will not have any rights as a stockholder of the Company until the exercise of this Warrant. Effective upon any exercise or conversion of this Warrant, Holder and any permitted transferee of the Warrant or the Shares shall be entitled to all of the rights and benefits provided to all other holders of the Shares pursuant to, and the Company and Holder agree that Holder (and any permitted transferee of the Warrant or the Shares) will execute a counterpart signature page and become a party to (a) the Investor Rights Agreement dated as of November 4, 2015 and the Right of First Refusal and Co-Sale Agreement, dated as of November 4, 2015, in each case by and among the Company and certain of its stockholders (as hereafter amended or restated, together, the "Stockholders Agreements"), provided that no such amendment or restatement shall in any respect restrict Holder's or such permitted transferee's right and ability to transfer this Warrant or the Shares to any affiliate and (b) any agreement reasonably acceptable to Holder to which holders of the Shares may hereafter become parties and the Shares may become bound (including, without limitation, any stockholders, investor rights, registration rights, right of refusal, voting and co-sale rights or similar agreement); and provided, that (v) Holder and any permitted transferee shall have all of the rights of each other holder of Shares under all such agreements (subject to any applicable minimum share ownership or other requirement on which such rights are conditioned), (w) with respect to Holder and its permitted transferees and assigns, notwithstanding any term or restriction on transfer contained in the Stockholders Agreements, Holder and its permitted transferees shall have the unrestricted right to transfer all or any portion of the Shares to any assignee of or purchaser from Holder or its affiliate of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and, in connection with such transfer, Holder and its permitted transferees may transfer its rights under the Stockholders Agreements to any affiliate of Holder or any assignee of or purchaser from Holder or its affiliates of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and (y) in the event any term, restriction or condition of the Stockholders Agreements or any such agreement conflicts with, is inconsistent with or would otherwise prohibit or restrict the exercise of any right of Holder under this Warrant, the terms of this Warrant shall control and this Warrant and Holder shall not be subject to such term, restriction or condition. As an illustration and not by way of limitation as to the purpose and intent of this Section 3.3, the Company shall grant registration rights to Holder for any Shares acquired by Holder upon exercise or conversion of this Warrant or conversion of such Shares in parity to the registration rights granted to any other holder of the Shares.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act and Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption or any transfer contemplated by or permitted under Section 3.3. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Market Stand-Off. Holder hereby agrees that, in connection with the Company's IPO it shall not to the extent requested by the Company's underwriter(s) sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any permitted to be disposed of in the registration for up to one hundred eighty (180) days from the effective date of the registration statement filed in connection with the IPO; provided, however, that such one hundred eighty (180) day period may be extended to the extent necessary to permit any managing underwriter to comply with applicable law; provided further, however, that Holder shall not be bound by the restrictions set forth in this Section 4.6 unless all five percent (5%) or greater (in terms of ownership of the issued and outstanding capital stock of the Company) stockholders of the Company also agree to such restrictions; and provided, further, that any discretionary waiver or termination of the foregoing restrictions by the Company or the underwriters shall apply to all holders of the Company's equity securities subject to such restrictions pro rata based on the number of shares subject to such restrictions. Holder agrees to enter into the form of lock-up agreement as reasonably requested by the underwriter(s) in connection with this Section 4.6.

ARTICLE 5. MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date. The conditions under which the Warrant shall automatically convert on the Expiration Date are set forth in Section 5.8 below.

5.2 Legends.

(a) This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

> THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT PURSUANT TO THE PROVISIONS OF ARTICLE 5 OF THIS WARRANT, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall bear, and the Company hereby agrees to remove, within ten (10) days of any written request (together with such evidence or documentation described in the following provisions) by Holder, pursuant to the following provisions of this Section 5.2(b), or not to affix, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, in each case provided that Holder has provided reasonable evidence to the Company (including any customary broker's or transferring stockholder's letters but expressly excluding an opinion of counsel other than with respect to clause (C) below) that: (A) a transfer of this Warrant or the Shares, as applicable, has been made pursuant to SEC Rule 144 (assuming the transferor is not an "affiliate" (as defined in SEC Rule 144) of the Company); (B) the Warrant or the Shares, as applicable, are then eligible for transfer pursuant to SEC Rule 144; or (C) in connection with any other sale or transfer, provided that such Holder provides the Company with an opinion of counsel to such Holder, in a reasonably acceptable form to the Company, to the effect that such sale or transfer may be made without registration under the applicable requirements of the Act and that such a legend, notice or provision is not required by, and is not required in order to establish compliance with any provisions of, the Act.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon and effective immediately as of providing Company with written notice substantially in the form attached as Appendix 2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder promptly thereafter surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices, requests, documents and other communications (collectively, "Notices") from the Company to Holder, or vice versa, shall be in writing and deemed validly delivered effective as of the earliest to occur of (a) when actually received, (b) when transmitted by facsimile or electronic mail (PDF), (c) the first business day after mailing by first-class registered or certified mail, postage prepaid, or after deposit with a reputable overnight courier with all charges paid, in each case other than actual receipt at such mailing, facsimile or electronic mail address as may have been furnished to the Company or Holder, as the case may be. As used in this Warrant, "business days" shall refer to all days other than any Saturday, Sunday or day on which the Company's primary depository bank is closed. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Flexpoint MCLS Holdings LLC
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attention: Portfolio Management – Aziyo transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

Flexpoint MCLS Holdings LLC
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attn: Vice President, Finance
Fax: (510) 307-9896
E-Mail: [XXX]

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. Unless Holder notifies the Company in writing to the contrary prior to such automatic conversion, in the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the Fair Market Value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed as of immediately before such date to have been converted pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares issued upon such conversion to the Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its principles regarding conflicts of law.

5.11 Headings. The various headings in this Warrant are inserted for convenience only and shall not affect the meaning or interpretation of this Warrant or any provisions hereof.

5.12 Severability. In the event any one or more of the provisions of this Warrant shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision.

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"COMPANY"

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey D. Hamet

Name: Jeffrey D. Hamet
(Print)

Title: Vice President, Finance and Treasurer

"HOLDER"

FLEXPOINT MCLS HOLDINGS LLC

By: /s/ Daniel Edelman

Name: Daniel Edelman

Title: Vice President

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the [Preferred/Common] Stock of Aziyo Biologics, Inc. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised for _____ of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, FLEXPOINT MCLS HOLDINGS LLC hereby sells, assigns and transfers unto

Name:

Address:

Tax ID:

that certain Warrant to Purchase Stock issued by Aziyo Biologics, Inc. (the "Company"), on [_____], 2017 (the "Warrant") together with all rights, title and interest therein.

FLEXPOINT MCLS HOLDINGS LLC

By: _____)

Name: _____
(Print)

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, _____ makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[NAME OF TRANSFEREE]

By: _____

Name: _____

Title: _____

Exhibit 4.6

EXECUTION VERSION

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Aziyo Biologics, Inc., a Delaware corporation
Number of Shares:	334,500 (Subject to adjustment as hereinafter provided)
Class of Stock:	Series A Preferred Stock (Subject to Section 1.7)
Warrant Price:	$1.00 per Share (Subject to adjustment as hereinafter provided)
Issue Date:	May 31, 2017
Expiration Date:	The earlier to occur of the (i) expiration of this Warrant pursuant to Section 1.6 hereof or (ii) 10th anniversary of the Issue Date
Credit Facility:	This Warrant is issued in connection with the Credit and Security Agreement (Term Loan), dated as of May 31, 2017, among the Company, the other Borrowers (as defined therein) from time to time party thereto, MidCap Financial Trust, a Delaware statutory trust, as Agent and the lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

THIS WARRANT TO PURCHASE STOCK (this "Warrant") CERTIFIES THAT, for good and valuable consideration, including without limitation the mutual promises contained in the Credit Agreement (defined above), MidCap Funding XXVII Trust, a Delaware statutory trust (together with any registered holder from time to time of this Warrant or any holder of the Shares issuable or issued upon the exercise or conversion of this Warrant, "Holder") is entitled to purchase such aggregate number of fully paid and nonassessable shares of the class and series of capital stock of the Company equal to the Number of Shares (as set forth above), at the Warrant Price per Share, all as set forth above or herein below and as adjusted pursuant to the terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. As used herein, "Share" or "Shares" shall refer to either (i) the shares of stock issuable upon the exercise or conversion of this Warrant and any shares of capital stock into which such shares may be converted or exchanged, or (ii) the authorized or issued and outstanding shares of capital stock of the Company which are of the same class and series as the shares of stock issuable upon the exercise or conversion of this Warrant, in either case as the specific provisions of this Warrant or the context may require.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time prior to the Expiration Date exercise this Warrant, in whole or in part, by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may at any time and from time to time after the Issue Date but prior to the Expiration Date convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate Fair Market Value of the number of Shares or the securities otherwise issuable upon exercise of this Warrant with respect to which Holder elects to convert this Warrant minus the aggregate Warrant Price of such Shares by (b) the Fair Market Value of one Share, and by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. The "Fair Market Value" of a Share shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market") and the Shares are common stock, the Fair Market Value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering of its common stock ("IPO"), the "price to public" per share specified in the final prospectus relating to such offering). If the Company's common stock is traded in a Trading Market and the Shares are preferred stock, the Fair Market Value of each Share shall be the closing price of such common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of an IPO, the initial "price to public" per share specified in the final prospectus relating to the IPO), in either case, multiplied by the number of shares of the Company's common stock into which a Share is then convertible. In the event of an exercise in connection with an Acquisition, the Fair Market Value of a Share shall be the value to be received per Share by all holders of such Shares in such transaction. If the Company's common stock is not traded in a Trading Market and other than in the event of an exercise in connection with an IPO or Acquisition, the Board of Directors of the Company shall determine the Fair Market Value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant pursuant to Section 1.1 or 1.2, respectively, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant of like tenor representing the Shares not so acquired or used in a conversion. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the date of Holder's delivery of the exercise notice pursuant to Section 1.1 or 1.2 and payment of the Warrant Price, if applicable. If an exercise or conversion is to be made in connection with an IPO or Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition or IPO. This Warrant shall terminate, and shall no longer be exercisable, upon the earlier to occur of: (a) the consummation of a Sale Transaction (as such term is defined in the Certificate) and (b) the consummation of an IPO. The Company shall provide at least ten (10) days prior written notice to the Holder of any Sale Transaction or IPO.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Subdivisions and Combinations. If the Company declares or pays a dividend on the Shares payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification, stock split, split-up or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combination or Substitution. Subject to Section 1.6, upon any reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of the Shares, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number, amount and kind of securities, money and property that Holder would have ultimately received upon the completion of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event if this Warrant had been exercised immediately before such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event. Such an event shall include any automatic conversion of the Shares to common stock pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, as amended from time to time (the "Certificate"). Subject to Section 1.6, the Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the amended Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, reorganizations, mergers, consolidations or other events.

2.3 Adjustments for Diluting Issuances. The number of shares of common stock or other securities issuable upon conversion of the Shares shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other Shares.

2.4 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the Fair Market Value of a full Share.

2.5 Certificate as to Adjustments. Upon each adjustment of the Warrant Price or the kind or number of securities issuable under this Warrant pursuant to this Article 2, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Executive Officer, Corporate Secretary or a senior financial officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price and the number and kind of securities issuable under this Warrant in effect upon the date thereof and the series of adjustments leading to such Warrant Price and such number and kind of securities.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants and covenants to Holder as of the Issue Date as follows:

(a) The Company has all requisite legal and corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant and the securities issuable upon conversion of the Shares, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, or to principles of equity.

(b) This Warrant has been validly issued and is free of restrictions on transfer other than restrictions on transfer set forth herein and under applicable state and federal securities laws. All Shares which may be issued upon the exercise of the purchase or conversion right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances (including preemptive or other similar rights) except for restrictions on transfer provided for herein and under applicable federal and state securities laws and the restrictions set forth in the Stockholders Agreements.

(c) The execution, delivery, and performance of this Warrant will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving of notice, any provision of the Certificate, the Stockholders Agreements or the Company's by-laws, any provision of any judgment, decree, or order to which the Company is a party, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge, or encumbrance upon any assets of the Company.

(d) The Company has provided Holder with a capitalization table of the Company, and such capitalization table is complete and accurate as of the date hereof and reflects all outstanding capital stock of the Company and all outstanding warrants, options, and other agreements (other than pursuant to the Stockholders Agreements) to purchase or otherwise acquire any equity or convertible securities of the Company. The Company has reserved a sufficient number of Shares for issuance upon the exercise of this Warrant and a sufficient number of shares of common stock issuable upon conversion of the Shares.

(e) The Warrant Price is no greater than the lowest price at which the Company has issued Series A Preferred Stock

3.2 Notice of Certain Events; Information. If the Company proposes at any time (a) to declare any dividend or distribution upon the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to effect any reclassification or recapitalization of the Shares; (c) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, (d) to approve or participate in any Acquisition or an IPO or, (e) to liquidate, dissolve or wind up or approve or consummate any Sale Transaction (as defined in the Certificate), then, in connection with each such event, the Company shall give Holder: (1) at least ten (10) business days prior written notice of the date on which a record will be taken for such dividend or distribution (and specifying the date on which the holders of stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; and (2) in the case of the matters referred to in (b), (c), (d) or (e) above, at least ten (10) business days prior written notice of the date when the same will take place (and, if applicable, specifying the date on which the holders of stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event). The Company will also provide such information in its possession as is requested by Holder and as is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements, including without limitation, a capitalization table, to be provided to Holder within thirty (30) days after the end of each fiscal quarter of the Company, including the per share price of the Company's equity securities most recently issued prior to the date such capitalization table and indication are so provided; provided, that the Company's obligations set forth in this sentence shall terminate immediately prior to the earlier of the Company's IPO, the exercise of this Warrant in full or the termination of this Warrant.

3.3 Stockholders Agreements; No Other Stockholder Rights. Holder will not have any rights as a stockholder of the Company until the exercise of this Warrant. Effective upon any exercise or conversion of this Warrant, Holder and any permitted transferee of the Warrant or the Shares shall be entitled to all of the rights and benefits provided to all other holders of the Shares pursuant to, and the Company and Holder agree that Holder (and any permitted transferee of the Warrant or the Shares) will execute a counterpart signature page and become a party to (a) the Investor Rights Agreement dated as of November 4, 2015 and the Right of First Refusal and Co-Sale Agreement, dated as of November 4, 2015, in each case by and among the Company and certain of its stockholders (as hereafter amended or restated, together, the "Stockholders Agreements"), provided that no such amendment or restatement shall in any respect restrict Holder's or such permitted transferee's right and ability to transfer this Warrant or the Shares to any affiliate and (b) any agreement reasonably acceptable to Holder to which holders of the Shares may hereafter become parties and the Shares may become bound (including, without limitation, any stockholders, investor rights, registration rights, right of refusal, voting and co-sale rights or similar agreement); and provided, that (v) Holder and any permitted transferee shall have all of the rights of each other holder of Shares under all such agreements (subject to any applicable minimum share ownership or other requirement on which such rights are conditioned), (w) with respect to Holder and its permitted transferees and assigns, notwithstanding any term or restriction on transfer contained in the Stockholders Agreements, Holder and its permitted transferees shall have the unrestricted right to transfer all or any portion of the Shares to any assignee of or purchaser from Holder or its affiliate of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and, in connection with such transfer, Holder and its permitted transferees may transfer its rights under the Stockholders Agreements to any affiliate of Holder or any assignee of or purchaser from Holder or its affiliates of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and (y) in the event any term, restriction or condition of the Stockholders Agreements or any such agreement conflicts with, is inconsistent with or would otherwise prohibit or restrict the exercise of any right of Holder under this Warrant, the terms of this Warrant shall control and this Warrant and Holder shall not be subject to such term, restriction or condition. As an illustration and not by way of limitation as to the purpose and intent of this Section 3.3, the Company shall grant registration rights to Holder for any Shares acquired by Holder upon exercise or conversion of this Warrant or conversion of such Shares in parity to the registration rights granted to any other holder of the Shares.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act and Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption or any transfer contemplated by or permitted under Section 3.3. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Market Stand-Off. Holder hereby agrees that, in connection with the Company's IPO it shall not to the extent requested by the Company's underwriter(s) sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any permitted to be disposed of in the registration for up to one hundred eighty (180) days from the effective date of the registration statement filed in connection with the IPO; provided, however, that such one hundred eighty (180) day period may be extended to the extent necessary to permit any managing underwriter to comply with applicable law; provided further, however, that Holder shall not be bound by the restrictions set forth in this Section 4.6 unless all five percent (5%) or greater (in terms of ownership of the issued and outstanding capital stock of the Company) stockholders of the Company also agree to such restrictions; and provided, further, that any discretionary waiver or termination of the foregoing restrictions by the Company or the underwriters shall apply to all holders of the Company's equity securities subject to such restrictions pro rata based on the number of shares subject to such restrictions. Holder agrees to enter into the form of lock-up agreement as reasonably requested by the underwriter(s) in connection with this Section 4.6.

ARTICLE 5. MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date. The conditions under which the Warrant shall automatically convert on the Expiration Date are set forth in Section 5.8 below.

5.2 Legends.

(a) This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT PURSUANT TO THE PROVISIONS OF ARTICLE 5 OF THIS WARRANT, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall bear, and the Company hereby agrees to remove, within ten (10) days of any written request (together with such evidence or documentation described in the following provisions) by Holder, pursuant to the following provisions of this Section 5.2(b), or not to affix, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, in each case provided that Holder has provided reasonable evidence to the Company (including any customary broker's or transferring stockholder's letters but expressly excluding an opinion of counsel other than with respect to clause (C) below) that: (A) a transfer of this Warrant or the Shares, as applicable, has been made pursuant to SEC Rule 144 (assuming the transferor is not an "affiliate" (as defined in SEC Rule 144) of the Company); (B) the Warrant or the Shares, as applicable, are then eligible for transfer pursuant to SEC Rule 144; or (C) in connection with any other sale or transfer, provided that such Holder provides the Company with an opinion of counsel to such Holder, in a reasonably acceptable form to the Company, to the effect that such sale or transfer may be made without registration under the applicable requirements of the Act and that such a legend, notice or provision is not required by, and is not required in order to establish compliance with any provisions of, the Act.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon and effective immediately as of providing Company with written notice substantially in the form attached as Appendix 2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder promptly thereafter surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices, requests, documents and other communications (collectively, "Notices") from the Company to Holder, or vice versa, shall be in writing and deemed validly delivered effective as of the earliest to occur of (a) when actually received, (b) when transmitted by facsimile or electronic mail (PDF), (c) the first business day after mailing by first-class registered or certified mail, postage prepaid, or after deposit with a reputable overnight courier with all charges paid, in each case other than actual receipt at such mailing, facsimile or electronic mail address as may have been furnished to the Company or Holder, as the case may be. As used in this Warrant, "business days" shall refer to all days other than any Saturday, Sunday or day on which the Company's primary depository bank is closed. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

MIDCAP FUNDING XXVII TRUST
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attention: Portfolio Management – Aziyo transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attn: Vice President, Finance
Fax: (510) 307-9896
E-Mail: [XXX]

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. Unless Holder notifies the Company in writing to the contrary prior to such automatic conversion, in the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the Fair Market Value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed as of immediately before such date to have been converted pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares issued upon such conversion to the Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its principles regarding conflicts of law.

5.11 Headings. The various headings in this Warrant are inserted for convenience only and shall not affect the meaning or interpretation of this Warrant or any provisions hereof.

5.12 Severability. In the event any one or more of the provisions of this Warrant shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision.

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"COMPANY"

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey Hamet

Name: Jeffrey Hamet
(Print)

Title: Treasurer

"HOLDER"

MIDCAP FUNDING XXVII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the [Preferred/Common] Stock of Aziyo Biologics, Inc. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised for _____ of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, MIDCAP FUNDING XXVII TRUST hereby sells, assigns and transfers unto

Name:

Address:

Tax ID:

that certain Warrant to Purchase Stock issued by Aziyo Biologics, Inc. (the "Company"), on May 31, 2017 (the "Warrant") together with all rights, title and interest therein.

MIDCAP FUNDING XXVII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: _____)

Name: _____
(Print)

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, _____ makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[NAME OF TRANSFEREE]

By: _____

Name: _____

Title: _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Aziyo Biologics, Inc., a Delaware corporation
Number of Shares:	3,187 (Subject to adjustment as hereinafter provided)
Class of Stock:	Series A Preferred Stock (Subject to Section 1.7)
Warrant Price:	$1.00 per Share (Subject to adjustment as hereinafter provided)
Issue Date:	December 14, 2017
Expiration Date:	The earlier to occur of the (i) expiration of this Warrant pursuant to Section 1.6 hereof or (ii) 10th anniversary of the Issue Date
Credit Facility:	This Warrant is issued in connection with the Credit and Security Agreement (Term Loan), dated as of May 31, 2017, among the Company, the other Borrowers (as defined therein) from time to time party thereto, MidCap Financial Trust, a Delaware statutory trust, as Agent and the lenders from time to time party thereto (as amended by that certain Amendment No. 1 to Credit and Security Agreement, dated as of the date hereof, and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

THIS WARRANT TO PURCHASE STOCK (this "Warrant") CERTIFIES THAT, for good and valuable consideration, including without limitation the mutual promises contained in the Credit Agreement (defined above), Flexpoint MCLS Holdings LLC (together with any registered holder from time to time of this Warrant or any holder of the Shares issuable or issued upon the exercise or conversion of this Warrant, "Holder") is entitled to purchase such aggregate number of fully paid and nonassessable shares of the class and series of capital stock of the Company equal to the Number of Shares (as set forth above), at the Warrant Price per Share, all as set forth above or herein below and as adjusted pursuant to the terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. As used herein, "Share" or "Shares" shall refer to either (i) the shares of stock issuable upon the exercise or conversion of this Warrant and any shares of capital stock into which such shares may be converted or exchanged, or (ii) the authorized or issued and outstanding shares of capital stock of the Company which are of the same class and series as the shares of stock issuable upon the exercise or conversion of this Warrant, in either case as the specific provisions of this Warrant or the context may require.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time prior to the Expiration Date exercise this Warrant, in whole or in part, by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may at any time and from time to time after the Issue Date but prior to the Expiration Date convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate Fair Market Value of the number of Shares or the securities otherwise issuable upon exercise of this Warrant with respect to which Holder elects to convert this Warrant minus the aggregate Warrant Price of such Shares by (b) the Fair Market Value of one Share, and by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. The "Fair Market Value" of a Share shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market") and the Shares are common stock, the Fair Market Value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering of its common stock ("IPO"), the "price to public" per share specified in the final prospectus relating to such offering). If the Company's common stock is traded in a Trading Market and the Shares are preferred stock, the Fair Market Value of each Share shall be the closing price of such common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of an IPO, the initial "price to public" per share specified in the final prospectus relating to the IPO), in either case, multiplied by the number of shares of the Company's common stock into which a Share is then convertible. In the event of an exercise in connection with an Acquisition, the Fair Market Value of a Share shall be the value to be received per Share by all holders of such Shares in such transaction. If the Company's common stock is not traded in a Trading Market and other than in the event of an exercise in connection with an IPO or Acquisition, the Board of Directors of the Company shall determine the Fair Market Value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant pursuant to Section 1.1 or 1.2, respectively, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant of like tenor representing the Shares not so acquired or used in a conversion. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the date of Holder's delivery of the exercise notice pursuant to Section 1.1 or 1.2 and payment of the Warrant Price, if applicable. If an exercise or conversion is to be made in connection with an IPO or Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition or IPO. This Warrant shall terminate, and shall no longer be exercisable, upon the earlier to occur of: (a) the consummation of a Sale Transaction (as such term is defined in the Certificate) and (b) the consummation of an IPO. The Company shall provide at least ten (10) days prior written notice to the Holder of any Sale Transaction or IPO.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Subdivisions and Combinations. If the Company declares or pays a dividend on the Shares payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification, stock split, split-up or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combination or Substitution. Subject to Section 1.6, upon any reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of the Shares, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number, amount and kind of securities, money and property that Holder would have ultimately received upon the completion of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event if this Warrant had been exercised immediately before such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event. Such an event shall include any automatic conversion of the Shares to common stock pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, as amended from time to time (the "Certificate"). Subject to Section 1.6, the Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the amended Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, reorganizations, mergers, consolidations or other events.

2.3 Adjustments for Diluting Issuances. The number of shares of common stock or other securities issuable upon conversion of the Shares shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other Shares.

2.4 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the Fair Market Value of a full Share.

2.5 Certificate as to Adjustments. Upon each adjustment of the Warrant Price or the kind or number of securities issuable under this Warrant pursuant to this Article 2, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Executive Officer, Corporate Secretary or a senior financial officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price and the number and kind of securities issuable under this Warrant in effect upon the date thereof and the series of adjustments leading to such Warrant Price and such number and kind of securities.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants and covenants to Holder as of the Issue Date as follows:

(a) The Company has all requisite legal and corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant and the securities issuable upon conversion of the Shares, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, or to principles of equity.

(b) This Warrant has been validly issued and is free of restrictions on transfer other than restrictions on transfer set forth herein and under applicable state and federal securities laws. All Shares which may be issued upon the exercise of the purchase or conversion right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances (including preemptive or other similar rights) except for restrictions on transfer provided for herein and under applicable federal and state securities laws and the restrictions set forth in the Stockholders Agreements.

(c) The execution, delivery, and performance of this Warrant will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving of notice, any provision of the Certificate, the Stockholders Agreements or the Company's by-laws, any provision of any judgment, decree, or order to which the Company is a party, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge, or encumbrance upon any assets of the Company.

(d) The Company has provided Holder with a capitalization table of the Company, and such capitalization table is complete and accurate as of the date hereof and reflects all outstanding capital stock of the Company and all outstanding warrants, options, and other agreements (other than pursuant to the Stockholders Agreements) to purchase or otherwise acquire any equity or convertible securities of the Company. The Company has reserved a sufficient number of Shares for issuance upon the exercise of this Warrant and a sufficient number of shares of common stock issuable upon conversion of the Shares.

(e) The Warrant Price is no greater than the lowest price at which the Company has issued Series A Preferred Stock

3.2 Notice of Certain Events; Information. If the Company proposes at any time (a) to declare any dividend or distribution upon the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to effect any reclassification or recapitalization of the Shares; (c) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, (d) to approve or participate in any Acquisition or an IPO or, (e) to liquidate, dissolve or wind up or approve or consummate any Sale Transaction (as defined in the Certificate), then, in connection with each such event, the Company shall give Holder: (1) at least ten (10) business days prior written notice of the date on which a record will be taken for such dividend or distribution (and specifying the date on which the holders of stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; and (2) in the case of the matters referred to in (b), (c), (d) or (e) above, at least ten (10) business days prior written notice of the date when the same will take place (and, if applicable, specifying the date on which the holders of stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event). The Company will also provide such information in its possession as is requested by Holder and as is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements, including without limitation, a capitalization table, to be provided to Holder within thirty (30) days after the end of each fiscal quarter of the Company, including the per share price of the Company's equity securities most recently issued prior to the date such capitalization table and indication are so provided; provided, that the Company's obligations set forth in this sentence shall terminate immediately prior to the earlier of the Company's IPO, the exercise of this Warrant in full or the termination of this Warrant.

3.3 Stockholders Agreements; No Other Stockholder Rights. Holder will not have any rights as a stockholder of the Company until the exercise of this Warrant. Effective upon any exercise or conversion of this Warrant, Holder and any permitted transferee of the Warrant or the Shares shall be entitled to all of the rights and benefits provided to all other holders of the Shares pursuant to, and the Company and Holder agree that Holder (and any permitted transferee of the Warrant or the Shares) will execute a counterpart signature page and become a party to (a) the Investor Rights Agreement dated as of November 4, 2015 and the Right of First Refusal and Co-Sale Agreement, dated as of November 4, 2015, in each case by and among the Company and certain of its stockholders (as hereafter amended or restated, together, the "Stockholders Agreements"), provided that no such amendment or restatement shall in any respect restrict Holder's or such permitted transferee's right and ability to transfer this Warrant or the Shares to any affiliate and (b) any agreement reasonably acceptable to Holder to which holders of the Shares may hereafter become parties and the Shares may become bound (including, without limitation, any stockholders, investor rights, registration rights, right of refusal, voting and co-sale rights or similar agreement); and provided, that (v) Holder and any permitted transferee shall have all of the rights of each other holder of Shares under all such agreements (subject to any applicable minimum share ownership or other requirement on which such rights are conditioned), (w) with respect to Holder and its permitted transferees and assigns, notwithstanding any term or restriction on transfer contained in the Stockholders Agreements, Holder and its permitted transferees shall have the unrestricted right to transfer all or any portion of the Shares to any assignee of or purchaser from Holder or its affiliate of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and, in connection with such transfer, Holder and its permitted transferees may transfer its rights under the Stockholders Agreements to any affiliate of Holder or any assignee of or purchaser from Holder or its affiliates of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and (y) in the event any term, restriction or condition of the Stockholders Agreements or any such agreement conflicts with, is inconsistent with or would otherwise prohibit or restrict the exercise of any right of Holder under this Warrant, the terms of this Warrant shall control and this Warrant and Holder shall not be subject to such term, restriction or condition. As an illustration and not by way of limitation as to the purpose and intent of this Section 3.3, the Company shall grant registration rights to Holder for any Shares acquired by Holder upon exercise or conversion of this Warrant or conversion of such Shares in parity to the registration rights granted to any other holder of the Shares.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act and Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption or any transfer contemplated by or permitted under Section 3.3. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Market Stand-Off. Holder hereby agrees that, in connection with the Company's IPO it shall not to the extent requested by the Company's underwriter(s) sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any permitted to be disposed of in the registration for up to one hundred eighty (180) days from the effective date of the registration statement filed in connection with the IPO; provided, however, that such one hundred eighty (180) day period may be extended to the extent necessary to permit any managing underwriter to comply with applicable law; provided further, however, that Holder shall not be bound by the restrictions set forth in this Section 4.6 unless all five percent (5%) or greater (in terms of ownership of the issued and outstanding capital stock of the Company) stockholders of the Company also agree to such restrictions; and provided, further, that any discretionary waiver or termination of the foregoing restrictions by the Company or the underwriters shall apply to all holders of the Company's equity securities subject to such restrictions pro rata based on the number of shares subject to such restrictions. Holder agrees to enter into the form of lock-up agreement as reasonably requested by the underwriter(s) in connection with this Section 4.6.

ARTICLE 5. MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date. The conditions under which the Warrant shall automatically convert on the Expiration Date are set forth in Section 5.8 below.

5.2 Legends.

(a) This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT PURSUANT TO THE PROVISIONS OF ARTICLE 5 OF THIS WARRANT, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall bear, and the Company hereby agrees to remove, within ten (10) days of any written request (together with such evidence or documentation described in the following provisions) by Holder, pursuant to the following provisions of this Section 5.2(b), or not to affix, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, in each case provided that Holder has provided reasonable evidence to the Company (including any customary broker's or transferring stockholder's letters but expressly excluding an opinion of counsel other than with respect to clause (C) below) that: (A) a transfer of this Warrant or the Shares, as applicable, has been made pursuant to SEC Rule 144 (assuming the transferor is not an "affiliate" (as defined in SEC Rule 144) of the Company); (B) the Warrant or the Shares, as applicable, are then eligible for transfer pursuant to SEC Rule 144; or (C) in connection with any other sale or transfer, provided that such Holder provides the Company with an opinion of counsel to such Holder, in a reasonably acceptable form to the Company, to the effect that such sale or transfer may be made without registration under the applicable requirements of the Act and that such a legend, notice or provision is not required by, and is not required in order to establish compliance with any provisions of, the Act.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon and effective immediately as of providing Company with written notice substantially in the form attached as Appendix 2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder promptly thereafter surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices, requests, documents and other communications (collectively, "Notices") from the Company to Holder, or vice versa, shall be in writing and deemed validly delivered effective as of the earliest to occur of (a) when actually received, (b) when transmitted by facsimile or electronic mail (PDF), (c) the first business day after mailing by first-class registered or certified mail, postage prepaid, or after deposit with a reputable overnight courier with all charges paid, in each case other than actual receipt at such mailing, facsimile or electronic mail address as may have been furnished to the Company or Holder, as the case may be. As used in this Warrant, "business days" shall refer to all days other than any Saturday, Sunday or day on which the Company's primary depository bank is closed. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Flexpoint MCLS Holdings LLC
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attention: Portfolio Management – Aziyo transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

Flexpoint MCLS Holdings LLC
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attn: Vice President, Finance
Fax: (510) 307-9896
E-Mail: [XXX]

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. Unless Holder notifies the Company in writing to the contrary prior to such automatic conversion, in the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the Fair Market Value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed as of immediately before such date to have been converted pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares issued upon such conversion to the Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its principles regarding conflicts of law.

5.11 Headings. The various headings in this Warrant are inserted for convenience only and shall not affect the meaning or interpretation of this Warrant or any provisions hereof.

5.12 Severability. In the event any one or more of the provisions of this Warrant shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision.

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"COMPANY"

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey Hamet

Name: Jeffrey Hamet
(Print)

Title: Treasurer

"HOLDER"

FLEXPOINT MCLS HOLDINGS LLC

By: /s/ Daniel Edelman

Name: Daniel Edelman

Title: Vice President

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the [Preferred/Common] Stock of Aziyo Biologics, Inc. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised for _____ of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, FLEXPOINT MCLS HOLDINGS LLC hereby sells, assigns and transfers unto

Name:

Address:

Tax ID:

that certain Warrant to Purchase Stock issued by Aziyo Biologics, Inc. (the "Company"), on [_____], 2017 (the "Warrant") together with all rights, title and interest therein.

FLEXPOINT MCLS HOLDINGS LLC

By: _____)

Name: _____
(Print)

Title: _____

Date:_____

By its execution below, and for the benefit of the Company, _____ makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[NAME OF TRANSFEREE]

By: _____

Name: _____

Title: _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Aziyo Biologics, Inc., a Delaware corporation
Number of Shares:	41,813 (Subject to adjustment as hereinafter provided)
Class of Stock:	Series A Preferred Stock (Subject to Section 1.7)
Warrant Price:	$1.00 per Share (Subject to adjustment as hereinafter provided)
Issue Date:	December 14, 2017
Expiration Date:	The earlier to occur of the (i) expiration of this Warrant pursuant to Section 1.6 hereof or (ii) 10th anniversary of the Issue Date
Credit Facility:	This Warrant is issued in connection with the Credit and Security Agreement (Term Loan), dated as of May 31, 2017, among the Company, the other Borrowers (as defined therein) from time to time party thereto, MidCap Financial Trust, a Delaware statutory trust, as Agent and the lenders from time to time party thereto (as amended by that certain Amendment No. 1 to Credit and Security Agreement, dated as of the date hereof, and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

THIS WARRANT TO PURCHASE STOCK (this "Warrant") CERTIFIES THAT, for good and valuable consideration, including without limitation the mutual promises contained in the Credit Agreement (defined above), MidCap Funding XXVIII Trust, a Delaware statutory trust (together with any registered holder from time to time of this Warrant or any holder of the Shares issuable or issued upon the exercise or conversion of this Warrant, "Holder") is entitled to purchase such aggregate number of fully paid and nonassessable shares of the class and series of capital stock of the Company equal to the Number of Shares (as set forth above), at the Warrant Price per Share, all as set forth above or herein below and as adjusted pursuant to the terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. As used herein, "Share" or "Shares" shall refer to either (i) the shares of stock issuable upon the exercise or conversion of this Warrant and any shares of capital stock into which such shares may be converted or exchanged, or (ii) the authorized or issued and outstanding shares of capital stock of the Company which are of the same class and series as the shares of stock issuable upon the exercise or conversion of this Warrant, in either case as the specific provisions of this Warrant or the context may require.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time prior to the Expiration Date exercise this Warrant, in whole or in part, by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may at any time and from time to time after the Issue Date but prior to the Expiration Date convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate Fair Market Value of the number of Shares or the securities otherwise issuable upon exercise of this Warrant with respect to which Holder elects to convert this Warrant minus the aggregate Warrant Price of such Shares by (b) the Fair Market Value of one Share, and by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. The "Fair Market Value" of a Share shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market") and the Shares are common stock, the Fair Market Value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering of its common stock ("IPO"), the "price to public" per share specified in the final prospectus relating to such offering). If the Company's common stock is traded in a Trading Market and the Shares are preferred stock, the Fair Market Value of each Share shall be the closing price of such common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of an IPO, the initial "price to public" per share specified in the final prospectus relating to the IPO), in either case, multiplied by the number of shares of the Company's common stock into which a Share is then convertible. In the event of an exercise in connection with an Acquisition, the Fair Market Value of a Share shall be the value to be received per Share by all holders of such Shares in such transaction. If the Company's common stock is not traded in a Trading Market and other than in the event of an exercise in connection with an IPO or Acquisition, the Board of Directors of the Company shall determine the Fair Market Value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant pursuant to Section 1.1 or 1.2, respectively, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant of like tenor representing the Shares not so acquired or used in a conversion. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the date of Holder's delivery of the exercise notice pursuant to Section 1.1 or 1.2 and payment of the Warrant Price, if applicable. If an exercise or conversion is to be made in connection with an IPO or Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition or IPO. This Warrant shall terminate, and shall no longer be exercisable, upon the earlier to occur of: (a) the consummation of a Sale Transaction (as such term is defined in the Certificate) and (b) the consummation of an IPO. The Company shall provide at least ten (10) days prior written notice to the Holder of any Sale Transaction or IPO.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Subdivisions and Combinations. If the Company declares or pays a dividend on the Shares payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification, stock split, split-up or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combination or Substitution. Subject to Section 1.6, upon any reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of the Shares, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number, amount and kind of securities, money and property that Holder would have ultimately received upon the completion of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event if this Warrant had been exercised immediately before such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event. Such an event shall include any automatic conversion of the Shares to common stock pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, as amended from time to time (the "Certificate"). Subject to Section 1.6, the Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the amended Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, reorganizations, mergers, consolidations or other events.

2.3 Adjustments for Diluting Issuances. The number of shares of common stock or other securities issuable upon conversion of the Shares shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other Shares.

2.4 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the Fair Market Value of a full Share.

2.5 Certificate as to Adjustments. Upon each adjustment of the Warrant Price or the kind or number of securities issuable under this Warrant pursuant to this Article 2, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Executive Officer, Corporate Secretary or a senior financial officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price and the number and kind of securities issuable under this Warrant in effect upon the date thereof and the series of adjustments leading to such Warrant Price and such number and kind of securities.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants and covenants to Holder as of the Issue Date as follows:

(a) The Company has all requisite legal and corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant and the securities issuable upon conversion of the Shares, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, or to principles of equity.

(b) This Warrant has been validly issued and is free of restrictions on transfer other than restrictions on transfer set forth herein and under applicable state and federal securities laws. All Shares which may be issued upon the exercise of the purchase or conversion right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances (including preemptive or other similar rights) except for restrictions on transfer provided for herein and under applicable federal and state securities laws and the restrictions set forth in the Stockholders Agreements.

(c) The execution, delivery, and performance of this Warrant will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving of notice, any provision of the Certificate, the Stockholders Agreements or the Company's by-laws, any provision of any judgment, decree, or order to which the Company is a party, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge, or encumbrance upon any assets of the Company.

(d) The Company has provided Holder with a capitalization table of the Company, and such capitalization table is complete and accurate as of the date hereof and reflects all outstanding capital stock of the Company and all outstanding warrants, options, and other agreements (other than pursuant to the Stockholders Agreements) to purchase or otherwise acquire any equity or convertible securities of the Company. The Company has reserved a sufficient number of Shares for issuance upon the exercise of this Warrant and a sufficient number of shares of common stock issuable upon conversion of the Shares.

(e) The Warrant Price is no greater than the lowest price at which the Company has issued Series A Preferred Stock

3.2 Notice of Certain Events; Information. If the Company proposes at any time (a) to declare any dividend or distribution upon the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to effect any reclassification or recapitalization of the Shares; (c) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, (d) to approve or participate in any Acquisition or an IPO or, (e) to liquidate, dissolve or wind up or approve or consummate any Sale Transaction (as defined in the Certificate), then, in connection with each such event, the Company shall give Holder: (1) at least ten (10) business days prior written notice of the date on which a record will be taken for such dividend or distribution (and specifying the date on which the holders of stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; and (2) in the case of the matters referred to in (b), (c), (d) or (e) above, at least ten (10) business days prior written notice of the date when the same will take place (and, if applicable, specifying the date on which the holders of stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event). The Company will also provide such information in its possession as is requested by Holder and as is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements, including without limitation, a capitalization table, to be provided to Holder within thirty (30) days after the end of each fiscal quarter of the Company, including the per share price of the Company's equity securities most recently issued prior to the date such capitalization table and indication are so provided; provided, that the Company's obligations set forth in this sentence shall terminate immediately prior to the earlier of the Company's IPO, the exercise of this Warrant in full or the termination of this Warrant.

3.3 Stockholders Agreements; No Other Stockholder Rights. Holder will not have any rights as a stockholder of the Company until the exercise of this Warrant. Effective upon any exercise or conversion of this Warrant, Holder and any permitted transferee of the Warrant or the Shares shall be entitled to all of the rights and benefits provided to all other holders of the Shares pursuant to, and the Company and Holder agree that Holder (and any permitted transferee of the Warrant or the Shares) will execute a counterpart signature page and become a party to (a) the Investor Rights Agreement dated as of November 4, 2015 and the Right of First Refusal and Co-Sale Agreement, dated as of November 4, 2015, in each case by and among the Company and certain of its stockholders (as hereafter amended or restated, together, the "Stockholders Agreements"), provided that no such amendment or restatement shall in any respect restrict Holder's or such permitted transferee's right and ability to transfer this Warrant or the Shares to any affiliate and (b) any agreement reasonably acceptable to Holder to which holders of the Shares may hereafter become parties and the Shares may become bound (including, without limitation, any stockholders, investor rights, registration rights, right of refusal, voting and co-sale rights or similar agreement); and provided, that (v) Holder and any permitted transferee shall have all of the rights of each other holder of Shares under all such agreements (subject to any applicable minimum share ownership or other requirement on which such rights are conditioned), (w) with respect to Holder and its permitted transferees and assigns, notwithstanding any term or restriction on transfer contained in the Stockholders Agreements, Holder and its permitted transferees shall have the unrestricted right to transfer all or any portion of the Shares to any assignee of or purchaser from Holder or its affiliate of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and, in connection with such transfer, Holder and its permitted transferees may transfer its rights under the Stockholders Agreements to any affiliate of Holder or any assignee of or purchaser from Holder or its affiliates of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, and (y) in the event any term, restriction or condition of the Stockholders Agreements or any such agreement conflicts with, is inconsistent with or would otherwise prohibit or restrict the exercise of any right of Holder under this Warrant, the terms of this Warrant shall control and this Warrant and Holder shall not be subject to such term, restriction or condition. As an illustration and not by way of limitation as to the purpose and intent of this Section 3.3, the Company shall grant registration rights to Holder for any Shares acquired by Holder upon exercise or conversion of this Warrant or conversion of such Shares in parity to the registration rights granted to any other holder of the Shares.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act and Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption or any transfer contemplated by or permitted under Section 3.3. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Market Stand-Off. Holder hereby agrees that, in connection with the Company's IPO it shall not to the extent requested by the Company's underwriter(s) sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any permitted to be disposed of in the registration for up to one hundred eighty (180) days from the effective date of the registration statement filed in connection with the IPO; provided, however, that such one hundred eighty (180) day period may be extended to the extent necessary to permit any managing underwriter to comply with applicable law; provided further, however, that Holder shall not be bound by the restrictions set forth in this Section 4.6 unless all five percent (5%) or greater (in terms of ownership of the issued and outstanding capital stock of the Company) stockholders of the Company also agree to such restrictions; and provided, further, that any discretionary waiver or termination of the foregoing restrictions by the Company or the underwriters shall apply to all holders of the Company's equity securities subject to such restrictions pro rata based on the number of shares subject to such restrictions. Holder agrees to enter into the form of lock-up agreement as reasonably requested by the underwriter(s) in connection with this Section 4.6.

ARTICLE 5. MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date. The conditions under which the Warrant shall automatically convert on the Expiration Date are set forth in Section 5.8 below.

5.2 Legends.

(a) This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT PURSUANT TO THE PROVISIONS OF ARTICLE 5 OF THIS WARRANT, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall bear, and the Company hereby agrees to remove, within ten (10) days of any written request (together with such evidence or documentation described in the following provisions) by Holder, pursuant to the following provisions of this Section 5.2(b), or not to affix, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, in each case provided that Holder has provided reasonable evidence to the Company (including any customary broker's or transferring stockholder's letters but expressly excluding an opinion of counsel other than with respect to clause (C) below) that: (A) a transfer of this Warrant or the Shares, as applicable, has been made pursuant to SEC Rule 144 (assuming the transferor is not an "affiliate" (as defined in SEC Rule 144) of the Company); (B) the Warrant or the Shares, as applicable, are then eligible for transfer pursuant to SEC Rule 144; or (C) in connection with any other sale or transfer, provided that such Holder provides the Company with an opinion of counsel to such Holder, in a reasonably acceptable form to the Company, to the effect that such sale or transfer may be made without registration under the applicable requirements of the Act and that such a legend, notice or provision is not required by, and is not required in order to establish compliance with any provisions of, the Act.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon and effective immediately as of providing Company with written notice substantially in the form attached as Appendix 2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder promptly thereafter surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices, requests, documents and other communications (collectively, "Notices") from the Company to Holder, or vice versa, shall be in writing and deemed validly delivered effective as of the earliest to occur of (a) when actually received, (b) when transmitted by facsimile or electronic mail (PDF), (c) the first business day after mailing by first-class registered or certified mail, postage prepaid, or after deposit with a reputable overnight courier with all charges paid, in each case other than actual receipt at such mailing, facsimile or electronic mail address as may have been furnished to the Company or Holder, as the case may be. As used in this Warrant, "business days" shall refer to all days other than any Saturday, Sunday or day on which the Company's primary depository bank is closed. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

MIDCAP FUNDING XXVIII TRUST
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attention: Portfolio Management – Aziyo transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attn: Vice President, Finance
Fax: (510) 307-9896
E-Mail: [XXX]

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. Unless Holder notifies the Company in writing to the contrary prior to such automatic conversion, in the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the Fair Market Value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed as of immediately before such date to have been converted pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares issued upon such conversion to the Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its principles regarding conflicts of law.

5.11 Headings. The various headings in this Warrant are inserted for convenience only and shall not affect the meaning or interpretation of this Warrant or any provisions hereof.

5.12 Severability. In the event any one or more of the provisions of this Warrant shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision.

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"COMPANY"

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey D. Hamet

Name: Jeffrey D. Hamet
(Print)

Title: Vice President, Financial and Treasurer

"HOLDER"

MIDCAP FUNDING XXVII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the [Preferred/Common] Stock of Aziyo Biologics, Inc. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised for _____ of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, MIDCAP FUNDING XXVIII TRUST hereby sells, assigns and transfers unto

Name:

Address:

Tax ID:

that certain Warrant to Purchase Stock issued by Aziyo Biologics, Inc. (the "Company"), on May 31, 2017 (the "Warrant") together with all rights, title and interest therein.

MIDCAP FUNDING XXVIII TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: _____)

Name: _____
(Print)

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, _____ makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[NAME OF TRANSFEREE]

By: _____

Name: _____

Title: _____

Exhibit 10.1

FIRST AMENDMENT TO
AZIYO BIOLOGICS, INC.
2015 STOCK OPTION/STOCK ISSUANCE PLAN

This FIRST AMENDMENT TO AZIYO BIOLOGICS, INC. 2015 STOCK OPTION/STOCK ISSUANCE PLAN (this "***First Amendment***") is dated as of July 25, 2018.

WHEREAS, the Board of Directors and stockholders of Aziyo Biologics, Inc. (the **"*Company***") deem it to be in the best interests of the Company to amend the Aziyo Biologics, Inc. 2015 Stock Option/Stock Issuance Plan (the "***Plan***") in order to increase the aggregate number of the shares of the Company's Common Stock issuable under the Plan from 4,558,235 to 5,892,544.

NOW, THEREFORE, the Plan shall be amended as follows.

1. Amendment to Section V.A. of the Plan. The reference to "4,558,235" in Section V.A. of the Plan is hereby amended and replaced with "5,892,544".

2. Except as herein amended, the terms and provisions of the Plan shall remain in full force and effect as originally adopted and approved.

IN WITNESS WHEREOF, the undersigned hereby certifies that this First Amendment was duly adopted by the Company effective as of the date first set forth above.

AZIYO BIOLOGICS, INC

By: /s/ Jeffrey D. Hamet
Name: Jeffrey D. Hamet
Title: Vice President, Finance and Treasurer

AZIYO BIOLOGICS, INC.

2015 STOCK OPTION/STOCK ISSUANCE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 2015 Stock Option/Stock Issuance Plan is intended to promote the interests of Aziyo Biologics, Inc., a Delaware corporation (the "***Corporation***") by providing eligible persons with the opportunity to acquire an equity interest, or otherwise increase their equity interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms herein shall have the meanings assigned to such terms herein or in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into two (2) separate equity programs:

(1) the Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock; and

(2) the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock.

B. The provisions of Articles One and Four shall apply to both equity programs under the Plan and shall accordingly govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The Plan shall be administered by the Board. However, any or all administrative functions otherwise exercisable by the Board may be delegated to the Committee. Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

B. The Plan Administrator shall have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Plan and to make such determinations under, and issue such interpretations of, the Plan and any outstanding options or stock issuances thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator shall be final and binding on all parties who have an interest in the Plan or any option or stock issuance thereunder.

IV. ELIGIBILITY

A. The persons eligible to participate in the Plan are as follows:

(1) Employees;

(2) non-employee members of the Board or the non-employee members of the board of directors of any Subsidiary; and

(3) consultants and other independent advisors who provide services to the Corporation or any Subsidiary.

B. The Plan Administrator shall have full authority to determine, (i) with respect to the option grants under the Option Grant Program, which eligible persons are to receive option grants, the time or times when such option grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an Incentive Option or a Non-Statutory Option, the time or times at which each option is to become exercisable, the vesting schedule (if any) applicable to the option shares, the exercise price per share, and the maximum term for which the option is to remain outstanding and (ii) with respect to stock issuances under the Stock Issuance Program, which eligible persons are to receive stock issuances, the time or times when such issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares and the consideration to be paid by the Participant for such shares.

C. The Plan Administrator shall have the absolute discretion either to grant options in accordance with the Option Grant Program or to effect stock issuances in accordance with the Stock Issuance Program.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock. The maximum number of shares of Common Stock which may be issued over the term of the Plan shall not exceed 4,558,235.

B. Shares of Common Stock subject to outstanding options shall be available for subsequent issuance under the Plan to the extent (i) the options expire or terminate for any reason prior to exercise in full or (ii) the options are cancelled in accordance with the cancellation-regrant provisions of Article Two. Shares issued under the Plan and subsequently repurchased by the Corporation pursuant to the Corporation's repurchase rights under the Plan shall also be available for reissuance through one or more subsequent grants under the Plan.

C. Should any change be made to the Common Stock by reason of any stock split, stock dividend, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan and (ii) the number and/or class of securities and the exercise price per share in effect under each outstanding option. The adjustments determined by the Plan Administrator shall be final, binding and conclusive. In no event shall any such adjustments be made in connection with the conversion of one or more outstanding shares of the Corporation's preferred stock into shares of Common Stock.

ARTICLE TWO

OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. **Exercise Price.**

(1) The exercise price per share shall be fixed by the Plan Administrator and, subject to the special requirements of Section II of this Article Two applicable to Incentive Options, may be equal to, less than or greater than the Fair Market Value per share of Common Stock on the option grant date.

(2) The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section I of Article Four and the documents evidencing the option, be payable in cash or check made payable to the Corporation. Should the Common Stock be registered under Section 12(g) of the 1934 Act at the time the option is exercised, then the exercise price may also be paid in shares of Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date.

(3) The Plan Administrator, in its discretion, may provide for the payment of the exercise price for any option in other forms of consideration that are acceptable to the Plan Administrator from time to time.

B. **Exercise and Term of Options**. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator, subject to the special requirements of Section II of this Article Two applicable to Incentive Options, and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date. If no vesting schedule is specified by the Plan Administrator, the Optionee shall vest in (i) twenty-five percent (25%) of the shares of Common Stock issuable upon exercise of an option upon completion of the first one (1) year period of continuous Service from the vesting commencement date specified by the Plan Administrator, and (ii) the remaining seventy-five percent (75%) of the shares of Common Stock issuable upon exercise of an option, in thirty-six (36) equal monthly installments of two and eighty-three one hundredths percent (2.083%) of the shares of Common Stock issuable upon exercise of an option, each such installment to be vested upon completion of each successive month of continuous Service from the end of such initial one (1) year period (through the date that is four (4) years from such vesting commencement date).

C. **Effect of Termination of Service.**

(1) The following provisions shall govern the exercise of any options held by the Optionee at the time of cessation of Service, subject to the special requirements of Section II of this Article Two applicable to Incentive Options:

(a) Should the Optionee's Service terminate for any reason other than Disability, death or for cause while any option is outstanding, then the Optionee shall have a period of three (3) months commencing with the date of such cessation of Service, or such other period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, during which to exercise the option. In no event shall an option be exercisable at any time after the expiration of the option term.

(b) In the event of a cessation of Service for cause, as determined by the Plan Administrator, while any option is outstanding, then such option or options shall immediately terminate and be of no further force or effect as of the effective date of such cessation of Service. The Plan Administrator may, in its sole discretion and without any obligation to do so, waive the termination of an option which would otherwise occur upon the cessation of Service for cause and as a result such option term shall be subject to paragraph (a) immediately above.

(c) Should the Optionee's Service terminate by reason of Disability while any option is outstanding, then the Optionee shall have a period of twelve (12) months commencing with the date of such cessation of Service during which to exercise the option. In no event shall an option be exercisable at any time after the expiration of the option term.

(d) Should the Optionee die while holding one or more outstanding options, then the personal representative of the Optionee's estate or the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution shall have a period of twelve (12) months commencing with the date of the Optionee's death during which to exercise each such option. In no event shall an option be exercisable at any time after the expiration of the option term.

(e) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or, if earlier, upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

(2) The Plan Administrator shall have the discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

(a) extend the period of time for which the option is to remain exercisable following Optionee's cessation of Service from the limited period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(b) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Common Stock for which such option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested under the option had the Optionee continued in Service.

D. **Stockholder Rights**. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares and until such shares shall have vested.

E. **Repurchase Rights**. The Plan Administrator shall have the discretion to grant options which are exercisable for vested or unvested shares of Common Stock. Should the Optionee cease Service while holding such shares, the Corporation shall have the right to repurchase unvested shares at the lesser of the exercise price paid per share and the Fair Market Value per share. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

F. **Prohibited Transfer of Shares**. Until such time as the Common Stock is first registered under Section 12(g) of the 1934 Act, the Optionee shall not sell, transfer, assign, pledge, encumber or otherwise dispose of any shares of Common Stock issued under the Plan without the Plan Administrator's prior written consent. Any sale, transfer, assignment, pledge encumbrance or other disposition made in contravention of this Paragraph F shall be null and void.

G. **Prohibited Transfer of Options**. During the lifetime of the Optionee, the option shall be exercisable only by the Optionee and shall not be sold, transferred, assigned, pledged, encumbered or otherwise disposed of without the Plan Administrator's prior written consent. Any sale, transfer, assignment, pledge encumbrance or other disposition made in contravention of this Paragraph G shall be null and void.

H. **Withholding**. The Corporation's obligation to deliver shares of Common Stock upon the exercise of any options granted under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of the Plan shall be applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options shall not be subject to the terms of this Section II.

A. **Eligibility**. Incentive Options may only be granted to Employees.

B. **Exercise Price**. Subject to the special requirements of Paragraph D of this Section II, the exercise price per share shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

C. **Dollar Limitation**. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Subsidiary) may for the first time become exercisable as Incentive Options during any one (1) calendar year shall not exceed the sum of One Hundred Thousand Dollars ($100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

D. **10% Stockholders**. If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date and the option term shall not exceed five (5) years measured from the option grant date.

III. CORPORATE TRANSACTION

A. The following provisions shall apply to all options issued under the Plan in the event of a Corporate Transaction unless otherwise provided in the agreement evidencing the option issued under the Plan. Except as otherwise stated in the agreement evidencing the option issued under the Plan, in the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to the options issued under the Plan, contingent upon the closing or completion of the Corporate Transaction:

(1) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the options or to substitute a similar award for the options (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Corporation pursuant to the Corporate Transaction);

(2) arrange for the assignment of any reacquisition or repurchase rights held by the Corporation in respect of Common Stock issued or issuable upon exercise of the option to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(3) accelerate the vesting, in whole or in part, of the option or the shares of Common Stock issued or issuable upon exercise of the option (and, if applicable, the time at which the option may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board shall determine, with such option terminating if not exercised at or prior to the effective time of the Corporate Transaction;

(4) arrange for the lapse of any reacquisition or repurchase rights held by the Corporation with respect to the Common Stock issued or issuable upon exercise of the option;

(5) cancel or arrange for the cancellation of the option, to the extent not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(6) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the holder of the option would have received upon the exercise of the option over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action with respect to all options issued under the Plan or with respect to all Optionees.

B. The portion of any Incentive Option accelerated in connection with a Corporate Transaction shall remain exercisable as an Incentive Option only to the extent that the applicable One Hundred Thousand Dollar ($100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the Federal tax laws.

C. The grant of options under the Plan shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. CANCELLATION AND REGRANT OF OPTIONS

The Plan Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Plan and to grant in substitution therefor new options covering the same or different number of shares of Common Stock but with an exercise price per share based on the Fair Market Value per share of Common Stock on the new option grant date.

ARTICLE THREE

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below.

A. **Purchase Price.**

(1) The purchase price per share shall be fixed by the Plan Administrator and may be equal to, less than or more than the Fair Market Value of the Common Stock on the stock issuance date.

(2) Subject to the provisions of Section I of Article Four, shares of Common Stock may be issued under the Stock Issuance Program for one or more of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

(a) cash or check made payable to the Corporation; or

(b) past services rendered to the Corporation or any Subsidiary.

B. **Vesting Provisions.**

(1) Shares of Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. If no vesting schedule is specified by the Plan Administrator, the Participant shall vest in (i) twenty-five percent (25%) of the shares of Common Stock issued to such Participant under the Stock Issuance Program upon completion of the first one (1) year period of continuous Service from the vesting commencement date specified by the Plan Administrator, and (ii) the remaining seventy-five percent (75%) of the shares of Common Stock issued to such Participant under the Stock Issuance Program, in thirty-six (36) equal monthly installments of two and eighty-three one hundredths percent (2.083%) of the shares of Common Stock issued to such Participant under the Stock Issuance Program, each such installment to be vested upon completion of each successive month of continuous Service from the end of such initial one (1) year period (through the date that is four (4) years from such vesting commencement date). In all other cases, the elements of the vesting schedule applicable to any unvested shares of Common Stock issued under the Stock Issuance Program, namely:

(a) the Service period to be completed by the Participant or the performance objectives to be attained,

(b) the number of installments in which the shares are to vest,

(c) the interval or intervals (if any) which are to lapse between installments, and

(d) the effect which death, Disability or other event designated by the Plan Administrator is to have upon the vesting schedule,

shall be determined by the Plan Administrator and incorporated into the Stock Issuance Agreement.

(2) Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to the Participant's unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

(3) Should the Participant cease to remain in Service while holding one or more unvested shares of Common Stock issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more of such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money indebtedness), the Corporation shall repay to the Participant the lesser of (a) the cash consideration paid for the surrendered shares (and the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to such surrendered shares shall be cancelled) and (b) the Fair Market Value of such surrendered shares.

(4) The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested shares of Common Stock (or other assets attributable thereto) which would otherwise occur upon the non-completion of the vesting schedule applicable to such shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

C. **Prohibited Transfer of Shares**. Until such time as the Common Stock is first registered under Section 12(g) of the 1934 Act, the Participant shall not sell, transfer, assign, pledge, encumber or otherwise dispose of any shares of Common Stock issued under the Stock Issuance Program without the Plan Administrator's prior written consent. Any sale, transfer, assignment, pledge encumbrance or other disposition made in contravention of this Paragraph C shall be null and void.

D. **Compliance with Section 409A of the Code**. Notwithstanding anything to the contrary set forth herein, any shares of Common Stock issued under the Stock Issuance Program that are not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such shares of Common Stock will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Plan Administrator and shall be contained in the Stock Issuance Agreement evidencing such issuance. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the shares of Common Stock issued under the Stock Issuance Program vest must be issued in accordance with a fixed pre-determined schedule.

II. CORPORATE TRANSACTION

A. The following provisions shall apply to shares of Common Stock issued under the Stock Issuance Program in the event of a Corporate Transaction unless otherwise provided in the Stock Issuance Agreement evidencing such issuance. Except as otherwise stated in the Stock Issuance Agreement, in the event of a Corporate Transaction, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to shares of Common Stock issued under the Stock Issuance Program, contingent upon the closing or completion of the Corporate Transaction:

(1) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue any reacquisition or repurchase rights held by the Corporation as it relates to such shares of Common Stock or to substitute a similar stock award for such shares of Common Stock (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Corporation pursuant to the Corporate Transaction);

(2) arrange for the assignment of any reacquisition or repurchase rights held by the Corporation in respect of Common Stock issued pursuant to the Stock Issuance Program to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(3) accelerate the vesting, in whole or in part, of the shares of Common Stock subject to the Stock Issuance Program to a date prior to the effective time of such Corporate Transaction as the Board shall determine;

(4) arrange for the lapse of any reacquisition or repurchase rights held by the Corporation with respect to some or all of the shares of Common Stock subject to the Stock Issuance Program; and/or

(5) cancel or arrange for the cancellation of the shares of Common Stock subject to the Stock Issuance Program, to the extent not vested prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate.

The Board need not take the same action with respect to all shares of Common Stock subject to the Stock Issuance Program or with respect to all Participants.

III. SHARE ESCROW/LEGENDS

Shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation or may be issued directly to the Participant with restrictive legends on the certificates evidencing those shares.

ARTICLE FOUR

MISCELLANEOUS

I. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price or the purchase price for shares issued to such person under the Plan by delivering a promissory note that constitutes valid consideration under the applicable state law payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. Promissory notes may be authorized with or without security or collateral. In all events, the maximum credit available to the Optionee or Participant may not exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares (less the par value of such shares) and (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

II. EFFECTIVE DATE AND TERM OF PLAN

A. The Plan shall become effective when adopted by the Board, but no option granted under the Plan may be exercised, and no shares shall be issued under the Plan, until the Plan is approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's adoption of the Plan, then all options previously granted under the Plan shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan. Subject to such limitation, the Plan Administrator may grant options and issue shares under the Plan at any time after the effective date of the Plan and before the date fixed herein for termination of the Plan.

B. The Board may suspend or terminate the Plan at any time. Unless sooner terminated by the Board, the Plan shall automatically terminate on the expiration of the ten (10)-year period measured from the date the Plan is adopted by the Board. Upon such Plan termination, all options and stock issuances outstanding under the Plan shall continue to have full force and effect in accordance with the provisions of the documents evidencing such options or issuances.

III. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any and all respects. However, no such amendment or modification shall adversely affect the rights and obligations with respect to options or unvested stock issuances at the time outstanding under the Plan unless the Optionees and Participants that hold at least a majority of the aggregate number of shares of Common Stock that are subject to such outstanding options and unvested stock issuances approve of, or consent to, such amendment or modification. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Optionee's or Participant's consent, the Board may amend the terms of any one or more options or stock grants issued hereunder if necessary to maintain the qualified status of an Incentive Option or to bring such option or stock grant into compliance with Section 409A of the Code.

B. Options to purchase shares of Common Stock may be granted under the Plan and shares of Common Stock may be issued under the Plan that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under the Plan are held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock available for issuance under the Plan. If such approval is not obtained with twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable short-term Federal rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

IV. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

V. WITHHOLDING

The Corporation's obligation to deliver shares of Common Stock upon the exercise of any options or upon the issuance or vesting of any shares issued under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

VI. REGULATORY APPROVALS

The implementation of the Plan, the granting of any options under the Plan and the issuance of any shares of Common Stock (i) upon the exercise of any option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the options granted under it and the shares of Common Stock issued pursuant to it. To the extent that the Board determines that any award granted hereunder is subject to Section 409A of the Code, the agreement evidencing such award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and the applicable award agreement shall be interpreted in accordance with Section 409A of the Code.

All options and shares of Common Stock granted under the Plan are intended to be exempt from the requirements of Section 409A of the Code and applicable regulatory guidance issued thereunder ("***Section 409A***") or, if not exempt, to satisfy the requirements of Section 409A, and the provisions of the Plan and any options and shares of Common Stock granted under the Plan shall be construed in a manner consistent therewith. Although the Corporation may endeavor to qualify an option or issuance of shares of Common Stock under the Plan for favorable tax treatment or to avoid unfavorable tax treatment, the Corporation makes no representation that the desired tax treatment will be available and expressly disclaims any liability for the failure to maintain favorable or avoid unfavorable tax treatment No option or issuance of shares of Common Stock under the Plan shall permit an Optionee or a Participant to defer receipt of compensation beyond the date of exercise, unless the Committee determines that such option or issuance shall be subject to Section 409A. Notwithstanding any provision of the Plan or any option, award or agreement to the contrary, any amount that constitutes "deferred compensation" within the meaning of Section 409A and is payable under the Plan solely by reason of an Optionee's or a Participant's cessation of Service shall be payable only when the Optionee or Participant has experienced a "separation from service" within the meaning of Section 409A, provided, however, that if the Optionee or Participant is a "specified employee" within the meaning of Section 409A at the time of such separation from service, as determined by the Committee in accordance with Section 409A, payment shall be suspended until the six-month anniversary of the Optionee's or Participant's separation from service, at which time all payments that were suspended shall be paid to the Optionee or Participant in a lump sum.

VII. NO EMPLOYMENT OR SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

A. **Board** shall mean the Corporation's Board of Directors.

B. **Code** shall mean the Internal Revenue Code of 1986, as amended.

C. **Committee** shall mean a committee of two (2) or more Board members appointed by the Board to exercise one or more administrative functions under the Plan.

D. **Common Stock** shall mean the Corporation's Common Stock.

E. **Corporate Transaction** shall mean (1) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Corporation with or into any other entity but excluding any sale of capital stock by the Corporation for capital raising purposes) (x) in which the holders of the Corporation's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least fifty percent (50%) of the voting power of the surviving entity of such transaction or (y) in which at least fifty percent (50%) of the Corporation's outstanding capital stock is transferred (calculated on an as-converted to Common Stock basis); or (2) any sale, conveyance or disposition of all or substantially all of the assets of the Corporation.

F. **Corporation** shall mean Aziyo Biologics, Inc., a Delaware corporation.

G. **Disability** shall mean the inability of an Optionee or Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

H. **Employee** shall mean an individual who is in the employ of the Corporation or any Subsidiary, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

I. **Exercise Date** shall mean the date on which the Corporation shall have received written notice of the option exercise.

J. **Fair Market Value** per share of Common Stock on any relevant date shall be determined in accordance with the following provisions and in compliance with Section 409A of the Code or, in the case of an Incentive Option, in compliance with Section 422 of the Code:

(1) If the Common Stock is at the time listed on any United States stock exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on such stock exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(2) If the Common Stock is not at the time listed on any United States stock exchange, then the Fair Market Value shall be determined by the Plan Administrator after taking into account such factors as the Plan Administrator shall deem appropriate.

K. **Incentive Option** shall mean an option which satisfies the requirements of Code Section 422.

L. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

M. **Non-Statutory Option** shall mean an option that does not satisfy the requirements of Code Section 422.

N. **Option Grant Program** shall mean the option grant program in effect under the Plan.

O. **Optionee** shall mean any person to whom an option is granted under the Plan.

P. **Participant** shall mean any person who is issued shares of Common Stock under the Stock Issuance Program.

Q. **Plan** shall mean this 2015 Stock Option/Stock Issuance Plan, as amended from time to time.

R. **Plan Administrator** shall mean either the Board or the Committee, to the extent the Committee is at the time responsible for the administration of the Plan.

S. **Service** shall mean the provision of services to the Corporation (or any Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option or stock issuance grant.

T. **Stock Issuance Agreement** shall mean the agreement entered into by the Corporation and the Participant at the time of issuance of shares of Common Stock under the Stock Issuance Program.

U. **Stock Issuance Program** shall mean the stock issuance program in effect under the Plan.

V. **Subsidiary** shall mean any entity in which the Corporation holds, directly or through one or more intermediaries, the beneficial or record ownership of a majority of the voting or economic interests of such entity.

W. **10% Stockholders** shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation.

AZIYO BIOLOGICS, INC.

STOCK OPTION AGREEMENT

RECITALS

A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee members of the Board or the board of directors of any Subsidiary and consultants and other independent advisors who provide services to the Corporation or any Subsidiary.

B. Optionee is to render valuable services to the Corporation or a Subsidiary and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's grant of an option to Optionee.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix.

AGREEMENT

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Option.** The Corporation hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term specified in Paragraph 2 at the Exercise Price.

2. **Option Term.** This option shall expire at the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 17.

3. **Prohibited Transfers.** During the lifetime of Optionee, this option shall be exercisable only by Optionee and shall not be sold, transferred, assigned, pledged, encumbered or otherwise disposed of without the Plan Administrator's prior written consent. Any sale, transfer, assignment, pledge encumbrance or other disposition made in contravention of this Paragraph 3 shall be null and void.

4. **Dates of Exercise.** This option shall become exercisable for the Option Shares in one or more installments as specified in the Grant Notice. As the option becomes exercisable for such installments, those installments shall accumulate and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 17.

5. **Cessation of Service.** The following provisions shall govern the exercise of this option at the time of cessation of Optionee's Service, subject to Paragraph 17:

(a) Should the Optionee's Service terminate for any reason other than Disability, death, or for cause while this option is outstanding, then the Optionee shall have a period of three (3) months commencing with the date of such cessation of Service during which to exercise the option. In no event shall this option be exercisable at any time after the expiration of the option term.

(b) In the event of a cessation of Service for cause, as determined by the Plan Administrator, while this option is outstanding, then this option shall immediately terminate and be of no further force or effect as of the effective date of such cessation of Service.

(c) Should the Optionee's Service terminate by reason of Disability while this option is outstanding, then the Optionee shall have a period of twelve (12) months commencing with the date of such cessation of Service during which to exercise this option. In no event shall this option be exercisable at any time after the expiration of the option term.

(d) Should the Optionee die while holding this option, then the personal representative of the Optionee's estate or the person or persons to whom this option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution shall have a period of twelve (12) months commencing with the date of the Optionee's death during which to exercise each this option. In no event shall this option be exercisable at any time after the expiration of the option term.

(e) During the applicable post-Service exercise period, this option may not be exercised in the aggregate for more than the number of vested shares for which this option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or, if earlier, upon the expiration of the option term, this option shall terminate and cease to be outstanding for any vested shares for which this option has not been exercised. However, this option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent this option is not otherwise at that time exercisable for vested shares.

(f) In the event of a Corporate Transaction, the provisions of Paragraph 6 shall govern the period for which this option is to remain exercisable following the Optionee's cessation of Service and shall supersede any provisions to the contrary in this Paragraph.

6. **Corporate Transaction**.

(a) In the event of a Corporate Transaction, the Board shall take one or more of the following actions with respect to this option, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue this option or to substitute a similar award for this option (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Corporation pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Corporation in respect of Common Stock issued or issuable upon exercise of this option to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of this option or the shares of Common Stock issued or issuable upon exercise of this option (and, if applicable, the time at which this option may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board shall determine, with this option terminating if not exercised at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse of any reacquisition or repurchase rights held by the Corporation with respect to the Common Stock issued or issuable upon exercise of this option;

(v) cancel or arrange for the cancellation of this option, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the holder of this option would have received upon the exercise of this option over (B) any exercise price payable by such holder in connection with such exercise.

(c) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price in order to reflect such change.

8. **Stockholder Rights.** The holder of this option shall not have any stockholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares and until such Option Shares have vested.

9. **Manner of Exercising Option.**

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(vii) Execute and deliver to the Corporation a Purchase Agreement for the Option Shares for which the option is exercised.

(viii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(1) cash or check made payable to the Corporation; or

(2) a promissory note that constitutes valid consideration under applicable state law payable to the Corporation, but only to the extent authorized by the Plan Administrator in accordance with Paragraph 14.

(b) Should the Common Stock be registered under Section 12(g) of the 1934 Act at the time the option is exercised, then the Exercise Price may also be paid in shares of Common Stock held by Optionee (or any other person or persons exercising the option) for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date. The Optionee may also elect to receive Option Shares equal to the value of this option (or the portion thereof being canceled) by surrender of this Option to the President or Secretary of the Corporation at the principal office of the Corporation together with notice of such election, in which event the Corporation shall issue to the Optionee a number of Option Shares determined using the following formula:

$$X = \frac{Y\ (A - B)}{A}$$

Where

X -- The number of Option Shares to be issued to the Optionee.
Y -- The number of vested Option Shares purchasable under this Option at such time.
A -- The fair market value of one share of Common Stock at such time as determined in good faith by the Board.
B -- The Exercise Price.

(c) Payment of the Exercise Price must accompany the Purchase Agreement delivered to the Corporation in connection with the option exercise and the Optionee must:

(i) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option;

(ii) execute and deliver to the Corporation such written representations as may be requested by the Corporation in order for it to comply with the applicable requirements of Federal and state securities laws; and

(iii) make appropriate arrangements with the Corporation (or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state and local income and employment tax withholding requirements applicable to the option exercise.

(d) As soon as practical after the Exercise Date, the Corporation shall issue to or on behalf of Optionee (or any other person or persons exercising this option) a certificate for the purchased Option Shares, with the appropriate legends affixed thereto.

(e) In no event may this option be exercised for any fractional shares.

10. **REPURCHASE RIGHTS**. ALL OPTION SHARES ACQUIRED UPON THE EXERCISE OF THIS OPTION SHALL BE SUBJECT TO CERTAIN RIGHTS OF THE CORPORATION AND ITS ASSIGNS TO REPURCHASE THOSE SHARES IN ACCORDANCE WITH THE TERMS SPECIFIED IN THE PURCHASE AGREEMENT.

11. **Compliance with Laws and Regulations.**

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed for trading at the time of such exercise and issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its commercially reasonable efforts to obtain all such approvals.

12. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Optionee, Optionee's permitted assigns and the legal representatives, heirs and legatees of Optionee's estate.

13. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

14. **Financing.** The Plan Administrator may, in its absolute discretion and without any obligation to do so, permit Optionee to pay the Exercise Price for the purchased Option Shares by delivering a promissory note that constitutes valid consideration under applicable state law. The terms of any such promissory note (including the interest rate, the requirements for collateral and the terms of repayment) shall be established by the Plan Administrator in its sole discretion.

15. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

16. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State's conflict-of-laws rules.

17. **Stockholder Approval.**

(a) The grant of this option is subject to approval of the Plan by the Corporation's stockholders within twelve (12) months after the adoption of the Plan by the Board. Notwithstanding any provision of this Agreement to the contrary, this option may not be exercised in whole or in part until such stockholder approval is obtained. In the event that such stockholder approval is not obtained, then this option shall terminate in its entirety and Optionee shall have no further rights to acquire any Option Shares hereunder.

(b) If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to such excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan.

18. **Additional Terms Applicable to an Incentive Option.** In the event this option is designated an Incentive Option in the Grant Notice, the following terms and conditions shall also apply to the grant:

(a) This option shall cease to qualify for favorable tax treatment as an Incentive Option if (and to the extent) this option is exercised for one or more Option Shares: (i) more than three (3) months after the date Optionee ceases to be an Employee for any reason other than death or Disability or (ii) more than twelve (12) months after the date Optionee ceases to be an Employee by reason of Disability.

(b) This option shall not become exercisable in the calendar year in which granted if (and to the extent) the aggregate Fair Market Value (determined at the Grant Date) of the Common Stock for which this option would otherwise first become exercisable in such calendar year would, when added to the aggregate value (determined as of the respective date or dates of grant) of the Common Stock and any other securities for which one or more other Incentive Options granted to Optionee prior to the Grant Date (whether under the Plan or any other option plan of the Corporation or any Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand Dollars ($100,000) in the aggregate. To the extent the exercisability of this option is deferred by reason of the foregoing limitation, the deferred portion shall become exercisable in the first calendar year or years thereafter in which the One Hundred Thousand Dollar ($100,000) limitation of this Paragraph 18(b) would not be contravened, but such deferral shall in all events end immediately prior to the effective date of a Corporate Transaction in which this option is not to be assumed, whereupon the option shall become immediately exercisable as a Non-Statutory Option for the deferred portion of the Option Shares.

(c) Should Optionee hold, in addition to this option, one or more other options to purchase Common Stock which become exercisable for the first time in the same calendar year as this option, then the foregoing limitations on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

APPENDIX

The following definitions shall be effect under the Agreement:

A. **Agreement** shall mean this Stock Option Agreement.

B. **Board** shall mean the Corporation's Board of Directors.

C. **Code** shall mean the Internal Revenue Code of 1986, as amended.

D. **Common Stock** shall mean the Corporation's Common Stock.

E. **Corporate Transaction** shall mean (1) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Corporation with or into any other entity but excluding any sale of capital stock by the Corporation for capital raising purposes) (x) in which the holders of the Corporation's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least fifty percent (50%) of the voting power of the surviving entity of such transaction or (y) in which at least fifty percent (50%) of the Corporation's outstanding capital stock is transferred (calculated on an as-converted to Common Stock basis); or (2) any sale, conveyance or disposition of all or substantially all of the assets of the Corporation.

F. **Corporation** shall mean Aziyo Biologics, Inc., a Delaware corporation.

G. **Disability** shall mean the inability of an Optionee to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

H. **Employee** shall mean an individual who is in the employ of the Corporation or any Subsidiary, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

I. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

J. **Exercise Price** shall mean the exercise price per share as specified in the Grant Notice.

K. **Expiration Date** shall mean the date on which the option expires as specified in the Grant Notice.

L. **Fair Market Value** per share of Common Stock on any relevant date shall be determined in accordance with the following provisions and in compliance with Section 409A of the Code or, in the case of an Incentive Option, in compliance with Section 422 of the Code:

1. If the Common Stock is at the time listed on any United States stock exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on such stock exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

2. If the Common Stock is not at the time listed on any United States stock exchange, then the Fair Market Value shall be determined by the Plan Administrator after taking into account such factors as the Plan Administrator shall deem appropriate.

M. **Grant Date** shall mean the date of grant of the option as specified in the Grant Notice.

N. **Grant Notice** shall mean the Notice of Grant of Stock Option accompanying the Agreement.

O. **Incentive Option** shall mean an option which satisfies the requirements of Code Section 422.

P. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

Q. **Non-Statutory Option** shall mean an option that does not satisfy the requirements of Code Section 422.

R. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in the Grant Notice.

S. **Optionee** shall mean the person to whom the option is granted as specified in the Grant Notice.

T. **Plan** shall mean the Corporation's 2015 Stock Option/Stock Issuance Plan, as amended from time to time.

U. **Plan Administrator** shall mean either the Board or a committee of Board members, to the extent the committee is at the time responsible for the administration of the Plan.

V. **Purchase Agreement** shall mean the stock purchase agreement in substantially the form of Exhibit B to the Grant Notice.

W. **Service** shall mean the Optionee's performance of services for the Corporation (or any Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor.

X. **Subsidiary** shall mean any entity in which the Corporation holds, directly or through one or more intermediaries, the beneficial or record ownership of a majority of the voting or economic interests of such entity.

AZIYO BIOLOGICS, INC.

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "***Agreement***") is made as of this ____ day of _____, _____, by and between Aziyo Biologics, Inc., a Delaware corporation (the "***Corporation***") and _____, an individual ("***Optionee***").

All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement or in the attached Appendix.

A. **EXERCISE OF OPTION**

1. **Exercise**. Optionee hereby purchases _____ shares of Common Stock (the "***Purchased Shares***") pursuant to that certain option (the "***Option***") granted to Optionee on the _____day of _____, _____ (the "***Grant Date***") to purchase up to ___shares of Common Stock under the Plan (the "***Purchased Shares***") at the exercise price of $_____ per share (the "***Exercise Price***").

2. **Payment**. Concurrently with the delivery of this Agreement to the Corporation, Optionee shall pay the Exercise Price for the Purchased Shares in accordance with the provisions of the Option Agreement and shall deliver whatever additional documents may be required by the Option Agreement as a condition for exercise.

3. **Stockholder Rights**. Until such time as the Corporation exercises the Repurchase Right, Optionee (or any permitted successor in interest) shall have all the rights of a stockholder (including voting, dividend and liquidation rights) with respect to the Purchased Shares subject, however, to the transfer restrictions of Articles B and C. Optionee shall, if and when requested by the Corporation, execute a joinder to any right of first refusal and co-sale agreement, investor rights agreement or other stockholder agreement to which the Corporation is a party.

B. **SECURITIES LAW COMPLIANCE**

1. **Restricted Securities**. The Purchased Shares have not been registered under the 1933 Act and are being issued to Optionee in reliance upon the exemption from such registration provided by SEC Rule 701 for stock issuances under compensatory benefit plans such as the Plan. Optionee hereby confirms that Optionee has been informed that the Purchased Shares are restricted securities under the 1933 Act and may not be resold or transferred unless the Purchased Shares are first registered under the Federal securities laws or unless an exemption from such registration is available. Accordingly, Optionee hereby acknowledges that Optionee is prepared to hold the Purchased Shares for an indefinite period and that Optionee is aware that SEC Rule 144 issued under the 1933 Act which exempts certain resales of unrestricted securities is not presently available to exempt the resale of the Purchased Shares from the registration requirements of the 1933 Act.

2. **Restrictions on Disposition of Purchased Shares**. Optionee shall not make any sale, transfer, assignment, pledge, encumbrance or other disposition of the Purchased Shares unless and until there is compliance with all of the following requirements:

(a) Optionee shall have provided the Corporation with a written summary of the terms and conditions of the proposed sale, transfer, assignment, pledge, encumbrance or other disposition.

(b) Optionee shall have complied with all requirements of this Agreement applicable to the sale, transfer, assignment, pledge, encumbrance or other disposition of the Purchased Shares.

(c) Optionee shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation, that (i) the proposed sale, transfer, assignment, pledge, encumbrance or other disposition does not require registration of the Purchased Shares under the 1933 Act and (ii) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or any exemption from registration available under the 1933 Act (including Rule 144) has been taken.

The Corporation shall not be required (i) to transfer on its books any Purchased Shares which have been sold or transferred in violation of the provisions of this Agreement or (ii) to treat as the owner of the Purchased Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom the Purchased Shares have been transferred in contravention of this Agreement.

3. **Restrictive Legends**. The stock certificates for the Purchased Shares shall be endorsed with the following restrictive legends:

"The securities represented by this Certificate have not been registered under the Securities Act of 1933 or any other securities laws. These securities may not be sold, retransferred or otherwise disposed of in the absence of (1) an effective registration statement covering such securities under the Securities Act of 1933 and any other applicable securities laws or (2) an opinion of counsel reasonably satisfactory to the Corporation that registration is not required."

(a) "The voting and sale, transfer, hypothecation, negotiation, pledge, assignment, encumbrance, or other disposition of this Certificate and the securities represented hereby are restricted by and are subject to all of the terms, conditions and provisions of that certain Stock Purchase Agreement. The securities represented by this Certificate are also subject to vesting and repurchase obligations under such Agreement. A copy of such Agreement may be obtained by appropriate parties upon written request to the Secretary of the Corporation."

C. **TRANSFER RESTRICTIONS**

1. **Restriction on Transfer**. Except for any Permitted Transfer, Optionee shall not sell, transfer, assign, pledge, encumber or otherwise dispose of any of the Purchased Shares without the prior written consent of the Board (which may be granted or withheld in its absolute discretion).

2. **Transferee Obligations**. Each person (other than the Corporation) to whom the Purchased Shares are transferred by means of a Permitted Transfer must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Corporation that such person is bound by the provisions of this Agreement and that the transferred shares are subject to (i) the Repurchase Right and (ii) the transfer restrictions contained in this Article C (including the Market Stand-Off), to the same extent such shares would be so subject if retained by Optionee.

3. **Market Stand-Off**.

(a) In connection with any underwritten public offering by the Corporation of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Corporation's initial public offering, Owner shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Corporation or its underwriters. Such restriction (the "***Market Stand-Off***") shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Corporation or such underwriters. In no event, however, shall such period exceed one hundred eighty (180) days (or such additional period as may be requested by the Corporation or an underwriter to accommodate regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, including, but not limited to, the restrictions contained in the Financial Industry Regulatory Authority, Inc. Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto but in no event shall the total period exceed two hundred ten (210) days).

(b) Any new, substituted or additional securities which are by reason of any Recapitalization or Reorganization distributed with respect to the Purchased Shares shall be immediately subject to the Market Stand-Off, to the same extent the Purchased Shares are at such time covered by such provisions.

(c) In order to enforce the Market Stand-Off, the Corporation may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period.

D. **REPURCHASE RIGHT**

1. **Grant**. The Corporation is hereby granted the right (the "***Repurchase Right***"), exercisable at any time during the ninety (90) day period following the date Optionee ceases for any reason to remain in Service or, if later, during the ninety (90) day period following the execution date of this Agreement, to repurchase at the lesser of (i) the Exercise Price and (ii) the Fair Market Value all or any portion of the Purchased Shares in which Optionee is not, at the time of his or her cessation of Service, vested in accordance with the Vesting Schedule (such shares to be hereinafter referred to as the "***Unvested Shares***").

2. **Exercise of the Repurchase Right**. The Repurchase Right shall be exercisable by written notice delivered to each Owner of the Purchased Shares prior to the expiration of the ninety (90) day exercise period. The notice shall indicate the number of Unvested Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice. The certificates representing the Unvested Shares to be repurchased shall be delivered to the Corporation prior to the close of business on the date specified for the repurchase. Concurrently with the receipt of such stock certificates, the Corporation shall pay to Owner, in cash or cash equivalents (including the cancellation of any purchase-money indebtedness), an amount equal to the lesser of (i) the Exercise Price and (ii) the Fair Market Value of any Unvested Shares which are to be repurchased from Owner.

3. **Termination of the Repurchase Right**. The Repurchase Right shall terminate with respect to any Purchased Shares for which it is not timely exercised under Article D.2. All Purchased Shares as to which the Repurchase Right lapses shall, however, remain subject to the transfer restrictions contained in Article C (including the Market Stand-Off).

4. **Aggregate Vesting Limitation**. If the Option is exercised in more than one increment so that Optionee is a party to one or more other Stock Purchase Agreements (the "***Prior Purchase Agreements***") which are executed prior to the date of this Agreement, then the total number of Purchased Shares as to which Optionee shall be deemed to have a fully-vested interest under this Agreement and all Prior Purchase Agreements shall not exceed in the aggregate the number of Purchased Shares in which Optionee would otherwise at the time be vested, in accordance with the Vesting Schedule, had all the Purchased Shares (including those acquired under the Prior Purchase Agreements) been acquired exclusively under this Agreement.

5. **Recapitalization**. Any new, substituted or additional securities or other property (including cash paid other than as a regular cash dividend) which is by reason of any Recapitalization distributed with respect to any Purchased Shares shall be immediately subject to the Repurchase Right, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments to reflect such distribution shall be made to the number and/or class of Purchased Shares subject to this Agreement and to the price per share to be paid upon the exercise of the Repurchase Right in order to reflect the effect of any such Recapitalization upon the Corporation's capital structure; provided, however, that the aggregate purchase price shall remain the same.

6. **Corporate Transaction**.

(a) The Repurchase Right shall be assignable to the successor entity in any Corporate Transaction.

(b) To the extent the Repurchase Right remains in effect following a Corporate Transaction, such right shall apply to the new capital stock or other property (including any cash payments) received in exchange for the Purchased Shares in consummation of the Corporate Transaction, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Right to reflect the effect of the Corporate Transaction upon the Corporation's capital structure; provided, however, that the aggregate purchase price shall remain the same.

E. **SPECIAL TAX ELECTION**

The acquisition of the Purchased Shares may result in adverse tax consequences which may be avoided or mitigated by filing an election under Code Section 83(b). Such election must be filed within thirty (30) days after the date of this Agreement. A description of the tax consequences applicable to the acquisition of the Purchased Shares and the form for making the Code Section 83(b) election are set forth in Exhibit I. **OPTIONEE SHOULD CONSULT WITH HIS OR HER TAX ADVISOR TO DETERMINE THE TAX CONSEQUENCES OF ACQUIRING THE PURCHASED SHARES AND THE ADVANTAGES AND DISADVANTAGES OF FILING THE CODE SECTION 83(b) ELECTION. OPTIONEE ACKNOWLEDGES THAT IT IS OPTIONEE'S SOLE RESPONSIBILITY, AND NOT THE CORPORATION'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(b), EVEN IF OPTIONEE REQUESTS THE CORPORATION OR ITS REPRESENTATIVES TO MAKE THIS FILING ON HIS OR HER BEHALF.**

F. **GENERAL PROVISIONS**

1. **Assignment**. The Corporation may assign the Repurchase Right to any person or entity selected by the Board including, without limitation, one or more stockholders of the Corporation.

2. **No Employment or Service Contract.** Nothing in this Agreement or in the Plan shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Subsidiary employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause.

3. **Notices**. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days advance written notice under this Paragraph to all other parties to this Agreement.

4. **No Waiver**. The failure of the Corporation in any instance to exercise the Repurchase Right shall not constitute a waiver of any other repurchase rights that may subsequently arise under the provisions of this Agreement or any other agreement between the Corporation and Optionee or Optionee's spouse. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

5. **Cancellation of Shares**. If the Corporation shall make available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Purchased Shares to be repurchased in accordance with the provisions of this Agreement, then from and after such time, the person from whom such shares are to be repurchased shall no longer have any rights as a holder of such shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such shares shall be deemed purchased in accordance with the applicable provisions hereof, and the Corporation shall be deemed the owner and holder of such shares, whether or not the certificates therefor have been delivered as required by this Agreement.

G. **MISCELLANEOUS PROVISIONS**

1. **Optionee Undertaking**. Optionee hereby agrees to take whatever additional action and execute whatever additional documents the Corporation may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either Optionee or the Purchased Shares pursuant to the provisions of this Agreement.

2. **Agreement is Entire Contract**. This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan.

3. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without resort to that State's conflict-of-laws rules.

4. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

5. **Successors and Assigns**. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and upon Optionee, Optionee's permitted assigns and the legal representatives, heirs and legatees of Optionee's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

AZIYO BIOLOGICS, INC.

By: _____
Name:
Title:

OPTIONEE

_____
Name:
Title:

EXHIBIT I

FEDERAL INCOME TAX CONSEQUENCES AND SECTION 83(b) TAX ELECTION

I. **Federal Income Tax Consequences and Section 83(b) Election For Exercise of Non-Statutory Option**. If the Purchased Shares are acquired pursuant to the exercise of a Non-Statutory Option, as specified in the Grant Notice, then under Code Section 83, the excess of the Fair Market Value of the Purchased Shares on the date any forfeiture restrictions applicable to such shares lapse over the Exercise Price paid for such shares will be reportable as ordinary income on the lapse date. For this purpose, the term "forfeiture restrictions" includes the right of the Corporation to repurchase the Purchased Shares pursuant to the Repurchase Right. However, Optionee may elect under Code Section 83(b) to be taxed at the time the Purchased Shares are acquired, rather than when and as such Purchased Shares cease to be subject to such forfeiture restrictions. Such election must be filed with the Internal Revenue Service within thirty (30) days after the date of the Agreement. Even if the Fair Market Value of the Purchased Shares on the date of the Agreement equals the Exercise Price paid (and thus no tax is payable), the election must be made to avoid adverse tax consequences in the future. The form for making this election is attached as part of this exhibit. **FAILURE TO MAKE THIS FILING WITHIN THE APPLICABLE THIRTY (30) DAY PERIOD WILL RESULT IN THE RECOGNITION OF ORDINARY INCOME BY OPTIONEE AS THE FORFEITURE RESTRICTIONS LAPSE.**

II. **Federal Income Tax Consequences and Conditional Section 83(b) Election For Exercise of Incentive Option**. If the Purchased Shares are acquired pursuant to the exercise of an Incentive Option, as specified in the Grant Notice, then the following tax principles shall be applicable to the Purchased Shares:

(i) For regular tax purposes, no taxable income will be recognized at the time the Option is exercised.

(ii) The excess of (a) the Fair Market Value of the Purchased Shares on the date the Option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares will be included in Optionee's taxable income for alternative minimum tax purposes.

(iii) If Optionee makes a disqualifying disposition of the Purchased Shares, then Optionee will recognize ordinary income in the year of such disposition equal in amount to the excess of (a) the Fair Market Value of the Purchased Shares on the date the Option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares. Any additional gain recognized upon the disqualifying disposition will be either short-term or long-term capital gain depending upon the period for which the Purchased Shares are held prior to the disposition.

(iv) For purposes of the foregoing, the term "forfeiture restrictions" will include the right of the Corporation to repurchase the Purchased Shares pursuant to the Repurchase Right. The term "disqualifying disposition" means any sale or other disposition[1] of the Purchased Shares within two (2) years after the Grant Date or within one (1) year after the exercise date of the Option.

(v) In the absence of final Treasury Regulations relating to Incentive Options, it is not certain whether Optionee may, in connection with the exercise of the Option for any Purchased Shares at the time subject to forfeiture restrictions, file a protective election under Code Section 83(b) which would limit (a) Optionee's alternative minimum taxable income upon exercise and (b) Optionee's ordinary income upon a disqualifying disposition to the excess of the Fair Market Value of the Purchased Shares on the date the Option is exercised over the Exercise Price paid for the Purchased Shares. Accordingly, such election if properly filed will only be allowed to the extent the final Treasury Regulations permit such a protective election. Page 2 of the attached form for making the election should be filed with any election made in connection with the exercise of an Incentive Option.

[1] Generally, a disposition of shares purchased under an Incentive Option includes any transfer of legal title, including a transfer by sale, exchange or gift, but does not include a transfer to the Optionee's spouse, a transfer into joint ownership with right of survivorship if Optionee remains one of the joint owners, a pledge, a transfer by bequest or inheritance or certain tax free exchanges permitted under the Code.

SECTION 83(b) ELECTION

This statement is being made under Section 83(b) of the Internal Revenue Code, pursuant to Treas. Reg. Section 1.83-2.

(1) The taxpayer who performed the services is:

Name:
Address:
Taxpayer Ident. No.:

(2) The property with respect to which the election is being made is _____shares of the common stock of Aziyo Biologics, Inc.

(3) The property was issued on _____ ____, _____.

(4) The taxable year in which the election is being made is the calendar year _____.

(5) The property is non-transferable and is subject to a risk of forfeiture unless and until certain service requirements are met.

(6) The fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is $_____ per share.

(7) The amount paid for such property is $_____ per share.

(8) A copy of this statement was furnished to Aziyo Biologics, Inc. for whom taxpayer rendered the services underlying the transfer of property.

(9) This statement is executed on _____ ____, _____.

Spouse (if any) Taxpayer

This election must be filed with the Internal Revenue Service Center with which taxpayer files or her Federal income tax returns and must be made within thirty (30) days after the execution date of the Stock Purchase Agreement. This filing should be made by registered or certified mail, return receipt requested. Optionee must retain two (2) copies of the completed form for filing with his or her Federal and state tax returns for the current tax year and an additional copy for his or her records.

The property described in the above Section 83(b) election is comprised of shares of common stock acquired pursuant to the exercise of an incentive stock option under Section 422 of the Internal Revenue Code (the "***Code***"). Accordingly, it is the intent of the Taxpayer to utilize this election to achieve the following tax results:

1. The purpose of this election is to have the alternative minimum taxable income attributable to the purchased shares measured by the amount by which the fair market value of such shares at the time of their transfer to the Taxpayer exceeds the purchase price paid for the shares. In the absence of this election, such alternative minimum taxable income would be measured by the spread between the fair market value of the purchased shares and the purchase price which exists on the various lapse dates in effect for the forfeiture restrictions applicable to such shares. The election is to be effective to the full extent permitted under the Code.

2. Section 421(a)(1) of the Code expressly excludes from income any excess of the fair market value of the purchased shares over the amount paid for such shares. Accordingly, this election is also intended to be effective in the event there is a "disqualifying disposition" of the shares, within the meaning of Section 421(b) of the Code, which would otherwise render the provisions of Section 83(a) of the Code applicable at that time. Consequently, the Taxpayer hereby elects to have the amount of disqualifying disposition income measured by the excess of the fair market value of the purchased shares on the date of transfer to the Taxpayer over the amount paid for such shares. Since Section 421(a) presently applies to the shares which are the subject of this Section 83(b) election, no taxable income is actually recognized for regular tax purposes at this time, and no income taxes are payable, by the Taxpayer as a result of this election.

[THIS PAGE 2 IS TO BE ATTACHED TO ANY SECTION 83(b) ELECTION FILED IN CONNECTION WITH THE EXERCISE OF AN INCENTIVE STOCK OPTION UNDER THE FEERAL TAX LAWS.]

APPENDIX

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Stock Purchase Agreement.

B. **Board** shall mean the Corporation's Board of Directors.

C. **Code** shall mean the Internal Revenue Code of 1986, as amended.

D. **Common Stock** shall mean the Corporation's Common Stock.

E. **Corporate Transaction** shall mean(1) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Corporation with or into any other entity but excluding any sale of capital stock by the Corporation for capital raising purposes) (x) in which the holders of the Corporation's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least fifty percent (50%) of the voting power of the surviving entity of such transaction or (y) in which at least fifty percent (50%) of the Corporation's outstanding capital stock is transferred (calculated on an as-converted to Common Stock basis); or (2) any sale, conveyance or disposition of all or substantially all of the assets of the Corporation.

F. **Corporation** shall mean Aziyo Biologics, Inc., a Delaware corporation.

G. **Disability** shall mean the inability of Optionee to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

H. **Fair Market Value** per share of Common Stock on any relevant date shall be determined in accordance with the following provisions and in compliance with Section 409A of the Code or, in the case of an Incentive Option, in compliance with Section 422 of the Code:

1. If the Common Stock is at the time listed on any United States stock exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on such stock exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

2. If the Common Stock is not at the time listed on any United States stock exchange, then the Fair Market Value shall be determined by the Plan Administrator after taking into account such factors as the Plan Administrator shall deem appropriate.

I. **Grant Notice** shall mean the Notice of Grant of Stock Option accompanying the Option Agreement.

J. **Incentive Option** shall mean an option which satisfies the requirements of Code Section 422.

K. **1933 Act** shall mean the Securities Act of 1933, as amended.

L. **Non-Statutory Option** shall mean an option that does not satisfy the requirements of Code Section 422.

M. **Option Agreement** shall mean the Stock Option Agreement between the Corporation and the Optionee evidencing the Option and the other documents and agreements related thereto.

N. **Owner** shall mean Optionee and all subsequent holders of the Purchased Shares who derive their claim of ownership through a Permitted Transfer from Optionee.

O. **Permitted Transfer** shall mean (i) a gratuitous transfer of the Purchased Shares, provided and only if (A) Optionee obtains the Corporation's prior written consent to such transfer, (B) prior to the completion of the transfer the transferee shall have executed documents assuming the obligations of the Optionee under this Agreement with respect to the transferred securities and (C) prior to the completion of the transfer the transferee shall have executed an irrevocable proxy appointing the transferring Optionee as the transferee's proxy and giving the transferring Optionee full power of substitution to vote all of the shares of capital stock transferred pursuant to a gratuitous transfer, (ii) a transfer of title to the Purchased Shares effected pursuant to Optionee's will or the laws of intestate succession following Optionee's death or (iii) a transfer to the Corporation in pledge as security for any purchase-money indebtedness incurred by Optionee in connection with the acquisition of the Purchased Shares.

P. **Plan** shall mean the Corporation's 2015 Stock Option/Stock Issuance Plan, as amended from time to time.

Q. **Plan Administrator** shall mean either the Board or a committee of Board members, to the extent the committee is at the time responsible for administration of the Plan.

R. **Recapitalization** shall mean any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration.

S. **Reorganization** shall mean any of the following transactions:

1. a merger or consolidation in which the Corporation is not the surviving entity,

2. a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

3. a reverse merger in which the Corporation is the surviving entity but in which the Corporation's outstanding voting securities are transferred in whole or in part to a person or persons different from the persons holding those securities immediately prior to the merger, or

4. any transaction effected primarily to change the state in which the Corporation is incorporated or to create a holding company structure.

T. **Repurchase Right** shall mean the right granted to the Corporation in accordance with Article D.

U. **SEC** shall mean the Securities and Exchange Commission.

V. **Service** shall mean the provision of services to the Corporation (or any Subsidiary) by a person in the capacity of an employee, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance, a non-employee member of the board of directors or a consultant or independent advisor.

W. **Subsidiary** shall mean any entity in which the Corporation holds, directly or through one or more intermediaries, the beneficial or record ownership of a majority of the voting or economic interests of such entity.

X. **Vesting Schedule** shall mean the vesting schedule specified in the Plan or in the Grant Notice.

AZIYO BIOLOGICS, INC.

STOCK ISSUANCE AGREEMENT

This STOCK ISSUANCE AGREEMENT (this "***Agreement***") is made as of this _____ day of _____, ____, by and between Aziyo Biologics, Inc., a Delaware corporation (the "***Corporation***") and _____, a participant ("***Participant***") in the Corporation's 2015 Stock Option/Stock Issuance Plan (as amended from time to time, the "***Plan***").

A. **PURCHASE OF SHARES**

1. **Purchase**. Participant hereby purchases, and the Corporation hereby sells to Participant, _____shares of the Corporation's Common Stock (the "***Purchased Shares***") at a purchase price of $_____ per share (the "***Purchase Price***") pursuant to the provisions of the Stock Issuance Program of the Plan.

2. **Payment**. Concurrently with the execution of this Agreement, Participant shall deliver to the Secretary of the Corporation: (i) the aggregate Purchase Price payable for the Purchased Shares in cash or check payable to the Corporation's order and (ii) a duly-executed Assignment Separate from Certificate (in the form attached hereto as Exhibit I).

3. **Delivery of Certificates**. The certificates representing the Purchased Shares shall be held in escrow by the Secretary of the Corporation as provided in Article F.

4. **Stockholder Rights**. Until such time as the Corporation exercises the Repurchase Right, Participant (or any successor in interest) shall have all the rights of a stockholder (including voting, dividend and liquidation rights) with respect to the Purchased Shares subject, however, to the transfer restrictions of Articles B and D. Participant shall, if and when requested by the Corporation, execute a joinder to any right of first refusal and co-sale agreement, investor rights agreement or other stockholder agreement to which the Corporation is a party.

5. **Confidentiality and Proprietary Rights Assignment Agreement**. As a condition precedent to the accrual of Participant's rights under the Plan and this Agreement, Participant shall execute and deliver to the Corporation the Confidentiality and Proprietary Rights Assignment Agreement in the form attached hereto as Exhibit II. Participant acknowledges and agrees that Participant's receipt of the rights under the Plan and this Agreement constitute good and valuable consideration for Participant's execution and delivery of such Confidentiality and Proprietary Rights Assignment Agreement.

B. **SECURITIES LAW COMPLIANCE**

1. **Restricted Securities**. The Purchased Shares have not been registered under the 1933 Act and are being issued to Participant in reliance upon the exemption from such registration provided by SEC Rule 701 for stock issuances under compensatory benefit plans such as the Plan. Participant hereby confirms that Participant has been informed that the Purchased Shares are restricted securities under the 1933 Act and may not be resold or transferred unless the Purchased Shares are first registered under the Federal securities laws or unless an exemption from such registration is available. Accordingly, Participant hereby acknowledges that Participant is prepared to hold the Purchased Shares for an indefinite period and that Participant is aware that SEC Rule 144 issued under the 1933 Act which exempts certain resales of unrestricted securities is not presently available to exempt the resale of the Purchased Shares from the registration requirements of the 1933 Act.

2. **Disposition of Purchased Shares.** Participant shall not make any sale, transfer, assignment, pledge, encumbrance or other disposition of the Purchased Shares unless and until there is compliance with all of the following requirements:

(a) Participant shall have provided the Corporation with a written summary of the terms and conditions of the proposed sale, transfer, assignment, pledge, encumbrance or other disposition.

(b) Participant shall have complied with all requirements of this Agreement applicable to the sale, transfer, assignment, pledge, encumbrance or other disposition of the Purchased Shares.

(c) Participant shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation, that (i) the proposed sale, transfer, assignment, pledge, encumbrance or other disposition does not require registration of the Purchased Shares under the 1933 Act and (ii) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or any exemption from registration available under the 1933 Act (including Rule 144) has been taken.

The Corporation shall not be required (i) to transfer on its books any Purchased Shares which have been sold or transferred in violation of the provisions of this Agreement or (ii) to treat as the owner of the Purchased Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom the Purchased Shares have been transferred in contravention of this Agreement.

3. **Restrictive Legends.** The stock certificates for the Purchased Shares shall be endorsed with the following restrictive legends:

(a) "The securities represented by this Certificate have not been registered under the Securities Act of 1933 or any other securities laws. These securities may not be sold, retransferred or otherwise disposed of in the absence of (1) an effective registration statement covering such securities under the Securities Act of 1933 and any other applicable securities laws or (2) an opinion of counsel reasonably satisfactory to the Corporation that registration is not required."

(b) "The voting and sale, transfer, hypothecation, negotiation, pledge, assignment, encumbrance, or other disposition of this Certificate and the securities represented hereby are restricted by and are subject to all of the terms, conditions and provisions of that certain Stock Issuance Agreement. The securities represented by this Certificate are also subject to vesting and repurchase obligations under such Agreement. A copy of such Agreement may be obtained by appropriate parties upon written request to the Secretary of the Corporation."

C. **VESTING SCHEDULE**

The Participant shall vest in the Purchased Shares in accordance with the following vesting schedule:

(a) ***[ADD VESTING SCHEDULE]***.

(b) In no event shall any Unvested Shares vest following the Participant's cessation of Service for any reason.

D. **TRANSFER RESTRICTIONS**

1. **Restriction on Transfer.** Except for any Permitted Transfer, Participant shall not sell, transfer, assign, pledge, encumber or otherwise dispose of any of the Purchased Shares without the prior written consent of the Board (which may be granted or withheld in its absolute discretion).

2. **Transferee Obligations.** Each person (other than the Corporation) to whom the Purchased Shares are transferred by means of a Permitted Transfer must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Corporation that such person is bound by the provisions of this Agreement and that the transferred shares are subject to (i) the Repurchase Right and (ii) the transfer restrictions contained in this Article D (including the Market Stand-Off), to the same extent such shares would be so subject if retained by Participant.

3. **Market Stand-Off.**

(a) In connection with any underwritten public offering by the Corporation of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Corporation's initial public offering, Owner shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Corporation or its underwriters. Such restriction (the "***Market Stand-Off***") shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Corporation or such underwriters. In no event, however, shall such period exceed one hundred eighty (180) days (or such additional period as may be requested by the Corporation or an underwriter to accommodate regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, including, but not limited to, the restrictions contained in the Financial Industry Regulatory Authority, Inc. Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto but in no event shall the total period exceed two hundred ten (210) days).

(b) Any new, substituted or additional securities which are by reason of any Recapitalization or Reorganization distributed with respect to the Purchased Shares shall be immediately subject to the Market Stand-Off, to the same extent the Purchased Shares are at such time covered by such provisions.

(c) In order to enforce the Market Stand-Off, the Corporation may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period.

E. **REPURCHASE RIGHT**

1. **Grant.** The Corporation is hereby granted the right (the "***Repurchase Right***"), exercisable at any time during the ninety (90) day period following the date Participant ceases for any reason to remain in Service, to repurchase at the lesser of (i) the Purchase Price and (ii) the Fair Market Value all or any portion of the Purchased Shares in which Participant is not, at the time of his or her cessation of Service, vested in accordance with the Vesting Schedule (such shares to be hereinafter referred to as the "***Unvested Shares***").

2. **Exercise of the Repurchase Right.** The Repurchase Right shall be exercisable by written notice delivered to each Owner of the Purchased Shares prior to the expiration of the ninety (90) day exercise period. The notice shall indicate the number of Unvested Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice. The certificates representing the Purchased Shares to be repurchased shall be delivered to the Corporation prior to the close of business on the date specified for the repurchase. Concurrently with the receipt of such stock certificates, the Corporation shall pay to Owner, in cash or cash equivalents (including the cancellation of any purchase-money indebtedness), an amount equal to the lesser of (i) the Purchase Price and (ii) the Fair Market Value of the Unvested Shares which are to be repurchased from Owner.

3. **Termination of the Repurchase Right.** The Repurchase Right shall terminate with respect to any Purchased Shares for which it is not timely exercised under Paragraph E.2. All Purchased Shares as to which the Repurchase Rights lapse shall, however, remain subject to the transfer restrictions contained in Article D (including the Market Stand-Off).

4. **Recapitalization.** Any new, substituted or additional securities or other property (including cash paid other than as a regular cash dividend) which is by reason of any Recapitalization distributed with respect to any Purchased Shares shall be immediately subject to such right. Appropriate adjustments to reflect such distribution shall be made to the number and/or class of Purchased Shares subject to this Agreement and to the price per share to be paid upon the exercise of the Repurchase Right in order to reflect the effect of any such Recapitalization upon the Corporation's capital structure; provided, however, that the aggregate purchase price shall remain the same.

5. **Corporate Transaction**.

In the event of a Corporate Transaction, the Board shall take one or more of the following actions with respect to the Purchased Shares, contingent upon the closing or completion of the Corporate Transaction:

(a) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Repurchase Right as it relates to the Purchased Shares or to substitute a similar stock award for such Purchased Shares (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Corporation pursuant to the Corporate Transaction);

(b) arrange for the assignment of the Repurchase Right held by the Corporation in respect of the Purchased Shares to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(c) accelerate the vesting, in whole or in part, of the Purchased Shares to a date prior to the effective time of such Corporate Transaction as the Board shall determine;

(d) arrange for the lapse of the Repurchase Rights with respect to some or all of the Purchased Shares; and/or

(e) cancel or arrange for the cancellation of the Purchased Shares to the extent not vested prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate.

To the extent the Repurchase Right remains in effect following a Corporate Transaction, such Repurchase Right shall apply to the new capital stock or other property (including any cash payments) received in exchange for the Purchased Shares in consummation of the Corporate Transaction, but only to the extent the Purchased Shares are at the time covered by such right and appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Right to reflect the effect of the Corporate Transaction upon the Corporation's capital structure; provided, however, that the aggregate purchase price shall remain the same.

F. **ESCROW**

1. **Deposit.** Upon issuance, the certificates for the Purchased Shares shall be deposited in escrow with the Corporation to be held in accordance with the provisions of this Article F. Each deposited certificate shall be accompanied by a duly-executed Assignment Separate from Certificate in the form of Exhibit I. The deposited certificates, together with any other assets or securities from time to time deposited with the Corporation pursuant to the requirements of this Agreement, shall remain in escrow until such time or times as the certificates (or other assets and securities) are to be released or otherwise surrendered for cancellation in accordance with Paragraph F.3. Upon delivery of the certificates (or other assets and securities) to the Corporation, Owner shall be issued a receipt acknowledging the number of Purchased Shares (or other assets and securities) delivered in escrow.

2. **Recapitalization/Reorganization.** Any new, substituted or additional securities or other property which is by reason of any Recapitalization or Reorganization distributed with respect to the Purchased Shares shall be immediately delivered to the Corporation to be held in escrow under this Article F, but only to the extent the Purchased Shares are at the time subject to the escrow requirements hereunder. However, all regular cash dividends on the Purchased Shares (or other securities at the time held in escrow) shall be paid directly to Owner and shall not be held in escrow.

3. **Release/Surrender.** The Purchased Shares, together with any other assets or securities held in escrow hereunder, shall be subject to the following terms relating to their release from escrow or their surrender to the Corporation for repurchase and cancellation:

(a) Should the Corporation elect to exercise the Repurchase Right with respect to any Purchased Shares, then the escrowed certificates for those Purchased Shares (together with any other assets or securities attributable thereto) shall be surrendered to the Corporation concurrently with the payment to Owner of any amount equal to the aggregate Purchase Price or Fair Market Value, as applicable, paid for those Purchased Shares, and Owner shall cease to have any further rights or claims with respect to such Purchased Shares (or other assets or securities attributable thereto.)

(b) All Purchased Shares which vest (and any other vested assets and securities attributable thereto) shall be released within thirty (30) days after the dated of the termination of the Repurchase Right.

(c) All Purchased Shares (or other assets or securities) released from escrow shall nevertheless remain subject to the transfer restrictions contained in Article D (including the Market Stand-Off), until such restriction terminates.

G. **SPECIAL TAX ELECTION**

1. **Section 83(b) Election.** Under Code Section 83, the excess of the fair market value of the Purchased Shares on the date any forfeiture restrictions applicable to such shares lapse over the Purchase Price paid for such shares will be reportable as ordinary income on the lapse date. For this purpose, the term "forfeiture restrictions" includes the right of the Corporation to repurchase the Purchased Shares pursuant to the Repurchase Right. Participant may elect under Code Section 83(b) to be taxed at the time the Purchased Shares are acquired, rather than when and as such Purchased Shares cease to be subject to such forfeiture restrictions. Such election must be filed with the Internal Revenue Service within thirty (30) days after the date of this Agreement. Even if the fair market value of the Purchased Shares on the date of this Agreement equals the Purchase Price paid (and thus no tax is payable), the election must be made to avoid adverse tax consequences in the future. **THE FORM FOR MAKING THIS ELECTION IS ATTACHED AS EXHIBIT III HERETO. PARTICIPANT UNDERSTANDS THAT THE FAILURE TO MAKE THIS FILING WITHIN THE APPLICABLE THIRTY (30)-DAY PERIOD WILL RESULT IN THE RECOGNITION OF ORDINARY INCOME AS THE FORFEITURE RESTRICTIONS LAPSE.**

2. FILING RESPONSIBILITY. PARTICIPANT ACKNOWLEDGES THAT IT IS PARTICIPANT'S SOLE RESPONSIBILITY, AND NOT THE CORPORATION'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(b), EVEN IF PARTICIPANT REQUESTS THE CORPORATION OR ITS REPRESENTATIVES TO MAKE THIS FILING ON HIS OR HER BEHALF.

H. **GENERAL PROVISIONS**

1. **Assignment.** The Corporation may assign the Repurchase Right to any person or entity selected by the Board including, without limitation, one or more stockholders of the Corporation.

2. **No Employment or Service Contract.** Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

3. **Notices**. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days advance written notice under this Paragraph to all other parties to this Agreement.

4. **No Waiver**. The failure of the Corporation in any instance to exercise the Repurchase Right shall not constitute a waiver of any other repurchase rights and/or rights of first refusal that may subsequently arise under the provisions of this Agreement or any other agreement between the Corporation and Participant. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

5. **Cancellation of Purchased Shares**. If the Corporation shall make available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Purchased Shares to be repurchased in accordance with the provisions of this Agreement, then from and after such time, the person from whom such shares are to be repurchased shall no longer have any rights as a holder of such shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such shares shall be deemed purchased in accordance with the applicable provisions hereof, and the Corporation shall be deemed the owner and holder of such shares, whether or not the certificates therefor have been delivered as required by this Agreement.

6. **Participant Undertaking.** Participant hereby agrees to take whatever additional action and execute whatever additional documents the Corporation may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either Participant or the Purchased Shares pursuant to the provisions of this Agreement.

7. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State without resort to that State's conflict-of-laws provisions.

8. **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant and Participant's permitted assigns, legal representatives, heirs and legatees of Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms and conditions hereof.

9. **Counterparts.** This Agreement may be executed in one or more counterparts. Each such counterpart shall be deemed to be an original and all such counterparts shall together constitute one and the same instrument.

10. **Agreement is Entire Contract.** This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. A copy of the Plan as in effect on the date hereof is attached hereto as Exhibit IV.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

AZIYO BIOLOGICS, INC.

By: _____
Name:
Title:

PARTICIPANT

_____
Name:
Title:
Address:

EXHIBIT I

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED _____ hereby sell(s), assign(s) and transfer(s) unto Aziyo Biologics, Inc. (the "Corporation"), _____ (_____) shares of the Common Stock of the Corporation standing in his/her name on the books of the Corporation represented by Certificate No. _____ herewith and do(es) hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the Corporation with full power of substitution in the premises.

Dated: _____

Signature: _____

Instruction: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Corporation to exercise it Repurchase Right set forth in the Agreement without requiring additional signatures on the part of Participant.

EXHIBIT II

FORM OF CONFIDENTIALITY AND PROPRIETARY RIGHTS ASSIGNMENT AGREEMENT

(Attached)

EXHIBIT III

SECTION 83(b) TAX ELECTION

This statement is being made under Section 83(b) of the Internal Revenue Code, pursuant to Treas. Reg. Section 1.83-2.

(1) The taxpayer who performed the services is:

Name:
Address:
Taxpayer Ident. No.:

(2) The property with respect to which the election is being made is _____ shares of the common stock of Aziyo Biologics, Inc.

(3) The property was issued on _____, _____.

(4) The taxable year in which the election is being made is the calendar year _____.

(5) The property is non-transferable and is subject to a risk of forfeiture unless and until certain service requirements are met.

(6) The fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is $_____ per share.

(7) The amount paid for such property is $_____ per share.

(8) A copy of this statement was furnished to Aziyo Biologics, Inc. for whom taxpayer rendered the services underlying the transfer of property.

(9) This statement is executed as of: _____.

Spouse (if any)

Taxpayer

This form must be filed with the Internal Revenue Service Center with which taxpayer files his or her Federal income tax returns. The filing must be made within thirty (30) days after the execution date of the Stock Issuance Agreement and should be made by registered or certified mail, return receipt requested. Participant must retain two (2) copies of the completed form for filing with his or her Federal and state tax returns for the current tax year and an additional copy for his or her records.

EXHIBIT IV

2015 STOCK OPTION/STOCK ISSUANCE PLAN

(Attached)

Exhibit 10.4

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), effective as of June 1, 2018, is by and between Aziyo Biologics, Inc., a Delaware corporation (the "Company") and Ronald Lloyd (the "Executive").

Section 1. Employment.

The Company shall employ Executive, and Executive accepts employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the date of this Agreement (such initial date of employment shall be referred to herein as the "Commencement Date") and ending as provided in Section 4 (the "Employment Period").

Section 2. Position and Duties.

(a) During the Employment Period, (i) Executive shall serve as the Company's President and Chief Executive Officer subject to supervision by the board of directors of the Company (the "Board") and the Executive Chairman (the "Chairman") of the Company and (ii) Executive shall be a member of the Board. Executive agrees to perform such duties as well as such other duties as the Chairman or Board may assign from time to time consistent with his position as the Company's President and Chief Executive Officer. Executive shall, if so requested by the Company, also serve without additional compensation, as an officer or director of the Company and/or other entities from time to time directly or indirectly controlled by, under common control with, or controlling, the Company (each, an "Affiliate").

(b) Executive shall report to the Chairman and shall devote substantially all of his active business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company and the Affiliates. Executive shall perform his duties and responsibilities to the best of his abilities in a diligent and professional manner. During the Employment Period, without the Board's approval, Executive shall not engage in any business activity which, in the reasonable judgment of the Board, conflicts with the duties of Executive hereunder, whether or not such activity is pursued for gain, profit or other pecuniary benefit. Executive may serve on the governing boards of other companies if Executive provides the Board with all information related to the proposed service (including the company's name, business activity and compensation) and the Board provides express written consent to such service prior to Executive accepting or serving in such capacity.

Section 3. Base Salary and Benefits.

(a) During the Employment Period, Executive's base salary shall be $450,000 per annum (the "Base Salary"), which Base Salary shall be payable in regular installments in accordance with the Company's general payroll practices and shall be subject to withholding and other payroll taxes and obligations. The Base Salary shall be reviewed at least annually by the Board and is subject to adjustment, in the Board's sole discretion, in connection therewith.

(b) During the Employment Period, Executive shall be eligible to receive an annual target bonus of fifty percent (50%) of the Base Salary, which shall be conditioned upon, among other things, Executive's performance and the performance of the Company. The Board, after consultation with Executive, shall establish objectives and goals for Executive and the Company to achieve in order for Executive to earn such annual bonus and such bonus shall also be subject to the Company's standard eligibility requirements (including the requirement that Executive be employed by the Company through the end of the calendar year and at the time that the bonus amount is paid). The amount of any bonus payable to Executive shall be determined by the Board in its discretion (and may be more or less than the target amount). Any bonus payable to Executive in respect of the 2018 calendar year shall be prorated based on the portion of such calendar year that Executive was employed by the Company. The Company will pay any such bonus that has been duly earned and awarded by the Board as soon as administratively possible following its approval by the Board and, in any event, no later than the later of (i) the fifteenth day of the third month after the end of the Company's fiscal year in which such bonus is earned or (ii) March 15 following the calendar year in which such bonus is earned.

(c) Beginning on June 1, 2018, during the Employment Period and subject to eligibility requirements and Company policy, Executive shall have the right, on the same basis as other employees of the Company, to participate in, and to receive benefits under, any medical and dental insurance policy maintained by the Company and the Company shall, at its expense, pay a portion of the cost of the premiums for such medical and dental insurance that is consistent with the Company's then current employee benefit policy if Executive elects to participate in such plans.

(d) Executive will be entitled to twenty (20) days of paid time off each calendar year (allocated ratably for any partial year worked by Executive) that must be used by Executive in accordance with the Company's paid time off policies as in effect from time to time.

(e) Following the Commencement Date, subject to approval by the Board, the Company shall grant Executive a non-qualified option under the Company's 2015 Stock Option/Stock Issuance Plan (the "Option") to purchase 1,920,500 shares of the Company's Common Stock. The exercise price per share of Common Stock under the Option shall be equal to fair market value of a share of Common Stock on the date that the Option is granted to Executive and the Option shall vest according to the following schedule: 25% of the shares issuable upon exercise of the Option shall vest on the twelve (12) month anniversary of such grant date provided that Executive continues to be employed by the Company on such date and the remaining 75% of the shares issuable upon exercise of the Option shall vest in twelve (12) equal quarterly installments commencing at the end of the quarter following such twelve (12) month anniversary date provided that Executive continues to be employed by the Company at the end of each such quarter; provided that all of such shares shall vest if a "Sale Transaction" (as defined below) is consummated while Executive is employed by the Company and Executive's employment with the Company is terminated without Cause (as defined below) within six (6) months after such Sale Transaction is consummated or Executive resigns with Good Reason (as defined below) within six (6) months after such Sale Transaction is consummated. The Company will use commercially reasonable efforts to obtain the fair market value of a share of Common Stock and obtain the Board's approval of the Option within sixty (60) days of the Commencement Date.

(f) The Company shall make a one-time payment of $50,000 to Executive on the last regularly scheduled payroll date in July, 2018 as long as Executive continues to be employed by the Company at such time.

(g) The Company shall reimburse Executive for up to $15,000 of reasonable out-of-pocket expenses incurred by Executive to move his household goods from his current residence in New Jersey to the Silver Spring, Maryland vicinity subject to Executive's compliance with the Company's requirements with respect to documentation of such expenses. If the reimbursement amount payable to Executive under this Section 3(g) is included in Executive's income by the Company, then the Company shall provide a tax gross-up payment to Executive in an amount equal to thirty-five percent (35%) of such reimbursement amount.

Section 4. Employment Period.

(a) Notwithstanding any other provision set forth in this Agreement or otherwise, Executive's employment with the Company is at-will and may be terminated by the Company at any time and for any reason. The Employment Period shall terminate upon the earliest to occur of Executive's resignation with or without Good Reason (as defined below), death or Disability (as defined below) and the Company's termination of Executive's employment with or without Cause (as defined below). The last day on which Executive is employed by the Company, whether termination is voluntary or involuntary, as a result of death or Disability, is with or without Cause or by reason of Executive's resignation with or without Good Reason, is referred to as the "Termination Date."

(b) If a Sale Transaction (as defined below) is consummated and within six (6) months thereafter either Executive's employment with the Company is terminated by the Company without Cause or Executive resigns from his employment with the Company for Good Reason, then, so long as (i) Executive executes and delivers a general release of all claims in a form provided by the Company (a "Release"), (ii) such Release becomes effective in accordance with the terms thereof and (iii) Executive does not revoke or seek to revoke or nullify the Release, Executive shall be entitled to receive Base Salary for the period beginning on such Termination Date and ending on the twelve (12) month anniversary of the Termination Date, in regular periodic installments in accordance with the Company's general payroll practices unless Executive has breached the provisions of Section 5, Section 6 or Section 7 of this Agreement or his Release, in which case the provisions of Section 10 shall apply. If Executive's employment with the Company is terminated by the Company without Cause or Executive resigns from his employment with the Company for Good Reason at any time prior to the consummation of a Sale Transaction, then, so long as (A) Executive executes and delivers a Release, (B) such Release becomes effective in accordance with the terms thereof and (C) Executive does not revoke or seek to revoke or nullify the Release, Executive shall be entitled to receive Base Salary for the period beginning on such Termination Date and ending on the six (6) month anniversary of the Termination Date, in regular periodic installments in accordance with the Company's general payroll practices unless Executive has breached the provisions of Section 5, Section 6 or Section 7 of this Agreement or his Release, in which case the provisions of Section 10 shall apply. Such severance payments shall be subject to withholding and other payroll taxes and obligations. If the date that the Release becomes effective and irrevocable (the "Release Effective Date") is on or before December 10 of the calendar year of Executive's "separation from service" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the final regulations and any other guidance promulgated thereunder ("Section 409A")), any portion of the severance payments provided under this Section 4(b) that would be considered Deferred Compensation Separation Benefits (as defined in Section 4(e) below) will be made to Executive on or before December 31 of that calendar year or, if later, (1) such time as required by the payment schedule applicable to each payment as set forth in this Section 4(b) or (2) such time as required by Section 4(e). If the Release Effective Date is after December 10 of the calendar year of Executive's "separation from service" (within the meaning of Section 409A), any portion of the severance payments provided under this Section 4(b) that would be considered Deferred Compensation Separation Benefits will be made to Executive on the first payroll date to occur during the calendar year following the calendar year in which such separation from service occurs, or, if later, (I) the first payroll date following the Release Effective Date, (II) such time as required by the payment schedule applicable to each payment as set forth in this Section 4(b) or (III) such time as required by Section 4(e).

(c) Except as specifically provided in Section 4(b), if the Employment Period is terminated by the Company with or without Cause, by reason of Executive's resignation with or without Good Reason or by reason of Executive's death or Disability, Executive shall be entitled to receive his Base Salary only to the extent that such amount has accrued through the Termination Date. Except as otherwise required by law or as specifically provided in Section 4(b), all of Executive's rights to salary, severance and other benefits hereunder, if any, accruing or payable after the Termination Date shall cease upon the Termination Date.

(d) Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Cause" means: (A) Executive performing his duties, in the good faith opinion of the Board, in a grossly negligent or reckless manner or with willful malfeasance; (B) Executive exhibiting habitual drunkenness or engaging in substance abuse; (C) Executive committing any material violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) or any material violation of any Company policy; (D) Executive willfully failing or refusing to perform in the usual manner at the usual time those duties which he regularly and routinely performs in connection with the business of the Company or such other duties reasonably related to the capacity in which he is employed hereunder which may be assigned to him by the Board; (E) Executive performing any material action when specifically and reasonably instructed not to do so by the Chairman or the Board; (F) Executive breaching Section 5, Section 6 or Section 7 hereof; (G) Executive committing any fraud or using or appropriating for his personal use or benefit any funds, properties or opportunities of the Company not authorized by the Board to be so used or appropriated; or (H) Executive being convicted of any felony or any other crime related to his employment or involving moral turpitude. The Company shall not be entitled to terminate Executive for Cause pursuant to clause (C), (D), (E) or (F) unless the Company provides written notice stating in reasonable detail the basis for termination and a fifteen (15) day opportunity to cure to Executive (unless (1) the Company reasonably determines that providing such opportunity to cure to Executive is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, (2) the facts and circumstances underlying such termination are not able to be cured or (3) the Company has previously provided Executive an opportunity to cure the applicable issue; in the case of (1), (2) or (3), the Company may terminate Executive without providing an opportunity to cure).

(ii) "Disability" means any disability or incapacity that (A) renders Executive unable to substantially perform his duties hereunder for ninety (90) days during any 12-month period or (B) would reasonably be expected to render Executive unable to substantially perform his duties for ninety (90) days during any 12-month period, in each case as determined by the Board in its good faith judgment.

(iii) "Good Reason" means: (A) Executive failing to be the Chief Executive Officer of the surviving company in a Sale Transaction (or, if there is a parent of the surviving company in a Sale Transaction, Executive failing to be the Chief Executive Officer of such parent); (B) a material reduction in Executive's job responsibilities and duties for the Company that is not cured by the Company within fifteen (15) days after the Company's receipt of written notice from Executive of such event; (C) a material reduction in Executive's Base Salary; or (D) a requirement imposed by the Company on Executive that Executive's principal place of employment be anywhere other than within a 50 mile radius of the Company's current office location in Silver Spring, Maryland, except for required travel on Company business to an extent substantially consistent with Executive's business travel obligations, that, in any such case, is not cured by the Company within fifteen (15) days after the Company's receipt of written notice from Executive of such event.

(iv) "Sale Transaction" means (A) any transaction or series of related transactions (including, without limitation, any reorganization, share exchange, consolidation or merger of the Company with or into any other entity but excluding any sale of capital stock by the Company for capital raising purposes) (x) in which the holders of the Company's outstanding capital stock immediately before the first such transaction do not, immediately after any other such transaction, retain stock or other equity interests representing at least sixty percent (60%) of the voting power of the surviving entity of such transaction or (y) in which at least sixty percent (60%) of the Company's outstanding capital stock is transferred (calculated on an as-converted to Common Stock basis); or (B) any sale, conveyance, exclusive license or other disposition of all or substantially all of the assets of the Company.

(e) Notwithstanding anything to the contrary in this Agreement, no severance pay to be paid or provided to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits") will be paid or otherwise provided to Executive until Executive has a "separation from service" within the meaning of Section 409A. Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination, then the Deferred Compensation Separation Benefits that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this Section will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Compensation Separation Benefits for purposes of this Section. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit will not constitute Deferred Compensation Separation Benefits for purposes of this Section. For purposes of this Agreement, "Section 409A Limit" means two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during Executive's taxable year preceding Executive's taxable year of Executive's termination of employment as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

Section 5. Nondisclosure and Nonuse of Confidential Information.

(a) Executive's employment creates a relationship of confidence and trust between the Company and Executive with respect to any information that is applicable to the business of the Company or the Affiliates, any information that is otherwise used, developed or obtained by the Company or any Affiliate in connection with its business and any information that is applicable to the business of any client, customer or other commercial partner of the Company or the Affiliates, which may be made known to Executive or learned by Executive in such context during the period of his employment with the Company. All such information, whether oral or written, has commercial value in the business in which the Company is engaged and is referred to herein as "Confidential Information".

(b) The Company owns all right, title and interest in and to all Confidential Information. Executive hereby assigns to the Company all right, title and interest that he may have acquired or hereafter may acquire in all Confidential Information. Executive shall, at all times, both during the Employment Period and after the termination of the Employment Period, keep in confidence and trust all Confidential Information and Executive shall not use or disclose any Confidential Information except as may be necessary in the ordinary course of performing his duties as an employee of the Company. Upon termination of the Employment Period, or at any time upon the request of the Company before such termination, Executive shall promptly (but no later than five (5) days after the earlier of such termination or such request) destroy or deliver to the Company, at the Company's option, all Confidential Information in Executive's control or possession and a written certification of Executive's compliance with such obligations.

(c) Executive hereby represents and warrants to the Company that neither his performance of the terms of this Agreement nor his employment with the Company will breach or conflict with any agreement, understanding, policy or other arrangement that he is a party to or otherwise subject to or bound by (including, without limitation, any such agreement, understanding, policy or arrangement (i) relating to nondisclosure or nonuse of proprietary information, knowledge or data or (ii) that otherwise assigns, licenses or otherwise transfers any interest in or to any Company Innovation (as defined below) to person or entity other than the Company). Executive shall not disclose to the Company or otherwise use any confidential or proprietary information or material belonging to any other person or entity.

(d) Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA"). Notwithstanding any other provision of this Agreement:

(i) Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (A) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

(e) Executive shall (i) comply with all Company security policies and procedures as in force from time to time including, without limitation, those regarding computer equipment, telephone systems, voicemail systems, facilities access, monitoring, key cards, access codes, Company intranet, internet, social media and instant messaging systems, e-mail systems, document storage systems, software licenses, data security, encryption, firewalls and passwords (the "Facilities and Information Technology Resources"); (ii) not access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary.

Section 6. Inventions and Proprietary Rights.

(a) Executive represents and warrants to the Company that he does not have any right, title or interest in or to any Innovation (as defined below) applicable to the business of the Company or relating in any way to the Company's business or demonstrably anticipated research and development or business that were conceived, reduced to practice, created, derived, developed or made by Executive prior to the date hereof.

(b) Executive hereby agrees promptly to disclose and describe to the Company, and Executive hereby assigns to the Company all right, title and interest in and to, each of the Innovations and all associated intellectual property rights that Executive may solely or jointly conceive, reduce to practice, create, derive, develop or make during the period of his employment with the Company that (i) relate to the Company's or any Affiliate's business or actual or demonstrably anticipated research or development, (ii) were developed on any amount of the Company's or any Affiliate's time or with the use of any of the Company's or any Affiliate's materials, equipment, supplies, facilities or information or (iii) resulted from any work that Executive performed for the Company or any Affiliate (collectively, the "Company Innovations"). Executive further acknowledges and agrees that all Company Innovations, including, without limitation, any computer programs, programming documentation, and other works of authorship, are "works made for hire" for purposes of the Company's rights under copyright laws and Executive hereby assigns to the Company any and all right, title and interest that Executive may have acquired or may hereafter acquire in such Company Innovations. Any assignment of copyright hereunder includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "Moral Rights"). To the extent that such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, Executive hereby waives such Moral Rights and consents to any action of the Company and the Affiliates that would violate such Moral Rights in the absence of such consent. Executive shall confirm any such waivers and consents from time to time as requested by the Company. To the extent that any right, title or interest in or to any Company Innovation cannot be assigned by Executive to the Company, Executive hereby grants to the Company an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable right, title or interest. To the extent that any right, title or interest in or to any Company Innovation can be neither assigned nor licensed by Executive to the Company, Executive hereby irrevocably waives and agrees never to assert such non-assignable and non-licensable right, title or interest against the Company, any Affiliate or any of their successors in interest to such non-assignable and non-licensable rights.

(c) Executive recognizes that Innovations and Confidential Information relating to his activities while working for the Company and conceived, reduced to practice, created, derived, developed or made by Executive, alone or with others, within six (6) months after termination of his employment with the Company may have been conceived, reduced to practice, created, derived, developed or made, as applicable, in significant part while employed by the Company. Accordingly, Executive agrees that such Innovations and Confidential Information shall be presumed to have been conceived, reduced to practice, created, derived, developed or made, as applicable, during his employment with the Company and shall be assigned to the Company unless and until Executive has established the contrary by written evidence satisfying the clear and convincing standard of proof.

(d) Executive shall perform, during and after his employment with the Company, all acts deemed necessary or desirable by the Company to permit and assist the Company, at the Company's expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Confidential Information and Innovations assigned or licensed to, or whose rights are irrevocably waived and shall not be asserted against, the Company and the Affiliates under this Agreement. Such acts may include, but are not limited to, execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask works or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask works, Moral Rights, trade secrets or other rights, and (iii) in other legal proceedings related to the Confidential Information or Innovations.

(e) In the event that the Company is unable for any reason to secure Executive's signature to any document required to file, prosecute, register, or memorialize the assignment of any patent, copyright, mask work or other applications or to enforce any patent, copyright, mask work, Moral Right, trade secret or other right under any Confidential Information (including improvements thereof) or any Innovations (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, continuing patent applications, reissues, and reexaminations thereof), Executive hereby irrevocably designates and appoints the Company and the Company's duly authorized officers and agents as his agents and attorneys-in-fact to act for and on his behalf and instead of Executive (i) to execute, file, prosecute, register and memorialize the assignment of any such application, (ii) to execute and file any documentation required for such enforcement and (iii) to do all other lawfully permitted acts to further the filing, prosecution, registration, memorialization of assignment, issuance, and enforcement of patents, copyrights, mask works, Moral Rights, trade secrets or other rights under the Confidential Information or Innovations, all with the same legal force and effect as if executed by Executive.

(f) The term "Innovations" means all processes, improvements, inventions (whether or not protectable under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protectable under copyright laws), moral rights, mask works, trademarks, trade names, trade dress, trade secrets, know-how, ideas (whether or not protectable under trade secret laws) and all other subject matter protectable under patent, copyright, moral right, mask work, trademark, trade secret or other laws and includes, without limitation, all new or useful art, combinations, designs, developments, modifications, derivative works, discoveries, formulae, techniques and all goodwill associated with any of the foregoing.

(g) Executive hereby irrevocably consents to any and all uses and displays, by the Company and its Affiliates, agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment, or other compensation to the Executive. Executive hereby forever waives and releases the Company and its directors, managing members, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company's and its Affiliates', agents', representatives' and licensees' exercise of their rights in connection with any Permitted Uses.

Section 7. Non-Compete, Non-Solicitation.

(a) Executive acknowledges that, in the course of his employment with the Company and/or the Restricted Affiliates (as defined below), he has become familiar, or will become familiar, with trade secrets and with other confidential information concerning the Company and the Restricted Affiliates and that his services have been and will be of special, unique and extraordinary value to the Company and the Restricted Affiliates. Executive understands that the following restrictions may limit his ability to earn a livelihood in a business similar to the business of the Company or any of the Restricted Affiliates, but he nevertheless believes that he will receive sufficient consideration and other benefits as an equityholder and an employee of the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his education, skills and ability), Executive does not believe would prevent him from otherwise earning a living. Executive further understands that the provisions of Sections 5 through 7, inclusive, are reasonable and necessary to preserve the business of the Company and the Restricted Affiliates. "Restricted Affiliate" means any Affiliate for which, during the twenty-four (24) month period preceding the Termination Date, Executive served as an officer or director or Executive provided any material services.

(b) In light of Section 7(a), Executive agrees that while Executive is employed by the Company and for twelve (12) months thereafter (such period, subject to automatic extension for an additional period equal to the period of any breach of the covenants in this Section 7, shall be referred to herein as the "Non-Compete Period"), he shall not directly or indirectly own, manage, operate, control, finance or invest in, participate in, consult with, render services for, act as an officer, director, manager, partner, principal, agent, representative, contractor or advisor of or to, or in any manner engage in or be associated with, hold any interest in, be employed by or represent any other business competing with the businesses or the services or products of the Company or the Restricted Affiliates as such businesses and/or services or products exist or are in the process of being formed, developed or acquired as of the Termination Date. Nothing herein shall prohibit Executive from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(c) Furthermore, in light of Section 7(a), during the Non-Compete Period, Executive shall not directly or indirectly through another person or entity: (i) induce or attempt to induce any employee or independent contractor of the Company or any Restricted Affiliate to leave the employ of or engagement with the Company or such Restricted Affiliate, or in any way interfere with the relationship between the Company or any such Restricted Affiliate, on the one hand, and any employee or independent contractor thereof, on the other hand; (ii) hire or engage any person who was an employee or independent contractor of the Company until twelve months after such individual's relationship with the Company or any Restricted Affiliate has been terminated; (iii) induce or attempt to induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any person or entity (x) that is receiving services from the Company or any Restricted Affiliate or (y) that is directly or indirectly providing or referring business for the Company or any Restricted Affiliate), supplier, independent contractor, licensee or other business relation of the Company or any Restricted Affiliate to cease doing business with the Company or any Restricted Affiliate, or in any way interfere with the relationship between any such customer, supplier, independent contractor, licensee or business relation, on the one hand, and the Company or any Restricted Affiliate, on the other hand; or (iv) solicit any customer of the Company or any Restricted Affiliate in order to offer products or services similar to those offered by the Company or any Restricted Affiliate.

(d) Executive shall inform any prospective or future employer of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement) prior to the commencement of that employment.

(e) If, at the time of enforcement of Section 7, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, Executive and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law from improper competition.

(f) In the event of any breach or violation by Executive of any of the restrictions contained in Section 7, any time period specified herein shall abate during the time of any such breach or violation thereof and that portion remaining at the time of commencement of any such breach or violation shall not begin to run until such breach or violation has been cured in all respects.

Section 8. Enforcement.

Because Executive's services are unique and because Executive has access to Confidential Information and Company Innovations, the parties hereto agree that monetary damages alone would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) or require Executive to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained in this Agreement, if and when final judgment of a count of competent jurisdiction is so entered against Executive. The rights and remedies of the Company under this Agreement are not exclusive of or limited by any other rights or remedies which they may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative (and not alternative). Without limiting the generality of the foregoing, the rights and remedies of the Company under this Agreement, and the obligations and liabilities of Executive under this Agreement, are in addition to their respective rights, remedies, obligations and liabilities under the laws of unfair competition, laws relating to misappropriation of trade secrets and all other laws, rules and regulations. No failure on the part of any person or entity to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any person or entity in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No person or entity shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such person or entity; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

Section 9. Insurance.

The Company or any of the Affiliates may, for its own benefit or for the benefit of its financing sources, maintain "keyman" life and disability insurance policies covering Executive. Executive shall cooperate with the Company and/or the Affiliates and provide such information or other assistance as the Company and/or the Affiliates and reasonably may request in connection with obtaining and maintaining such policies.

Section 10. Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof, or in limitation of any right or remedy otherwise available to the Company, if Executive violates any provision of Section 5, Section 6 or Section 7 or his Release, any severance payment then or thereafter due from the Company to Executive shall be terminated forthwith and the Company's obligation to pay and Executive's right to receive such severance payments shall terminate and be of no further force or effect, in each case without limiting or affecting Executive's obligations under such Section 5, Section 6 and Section 7 and his Release or the Company's other rights and remedies available at law or equity.

Section 11. Representations and Warranties of Executive.

Executive hereby represents and warrants to the Company that (a) he has the full capacity to execute and deliver, and to perform all of his obligations under, this Agreement; (b) neither the execution and delivery of this Agreement or his employment with the Company nor the performance of his obligations under this Agreement will result directly or indirectly in a violation or breach of: (i) any agreement or obligation to which he or any of his affiliates is or may be bound (including, without limitation, any employment agreement, consulting agreement, non-competition or non-solicitation agreement, confidentiality agreement or other similar agreement with any other person or entity); or (ii) any law, rule or regulation; (c) the terms and conditions of this Agreement are fair and reasonable to him in all respects and the restraints imposed herein and the enforcement of the terms and conditions hereof will not lead to any hardship or inconvenience or cause him to be unable to engage in lawful professions, trades or businesses; (d) he has never been charged with, or convicted of, any criminal offense (including, without limitation, any crime related to health care and/or the provision of services paid for by Medicare, Medicaid or any other state or federal health care program) and he has never been excluded, debarred or suspended from participation, or has otherwise become ineligible to participate, in any state or federal health care program, including Medicare or Medicaid, or any state or federal procurement or non-procurement program; and (e) this Agreement constitutes the legal, valid and binding obligation of Executive, and is enforceable against Executive in accordance with its terms.

Section 12. Notices.

Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent by registered, certified or first class mail, the third business day after being sent; and (c) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address set forth beneath the name of such party below (or to such other address as such party shall have specified in a written notice given to the other party hereto in accordance with this Section):

If to the Company, to:

Azyio Biologics, Inc.
12510 Prosperity Drive
Suite 1-370
Silver Spring, MD 20904
Attention: Board of Directors

If to Executive, to:

Ronald Lloyd
[XXX]
[XXX]

Section 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Complete Agreement. This Agreement embodies the complete agreement and understanding among the parties and supersedes and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof including, without limitation, any summaries of terms or offer letters but expressly excluding any Confidentiality and Proprietary Rights Assignment Agreement between Executive and the Company, which shall continue in full force and effect.

(c) Right of Set Off. In the event of a breach by Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all amounts at any time owing by the Company or the Affiliates to Executive against any and all of the obligations of Executive to the Company or the Affiliates now or hereafter existing.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by Executive and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of Executive under this Agreement shall not be assigned without the prior written consent of the Company. The Company may assign this Agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise, including a merger of the Company. The rights of the Company hereunder are enforceable by the Affiliates, who are the intended third party beneficiaries hereof. Any assignment made in violation of this Agreement is null and void.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF MARYLAND WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER MARYLAND OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MARYLAND TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and Executive hereby irrevocably and unconditionally submit, for themselves and their property, to the exclusive jurisdiction of any State of Maryland court or federal court in the State of Maryland and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and Executive hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such State of Maryland court or, to the extent permitted by law, in such federal court. The Company and Executive irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and Executive agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Company and Executive agree that in the event of any action or proceeding arising out of or relating to the enforcement of this Agreement, the non-prevailing party shall pay all costs and expenses (including reasonable legal fees and expenses) of the prevailing party incurred in connection with such action or proceeding.

(ii) The Company and Executive irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any State of Maryland court or federal court in the State of Maryland and any appellate court of such court.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Section 7 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(g) Amendment. The provisions of this Agreement may be amended only with the prior written consent of the Company and Executive and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) Survival. The obligations and undertakings set forth in Section 4 through Section 8, inclusive, and Section 10 through Section 13, inclusive, and any Release that Executive executes shall survive the termination of this Agreement or termination of Executive's employment with the Company for any reason whatsoever.

(k) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

COMPANY:

AZIYO BIOLOGICS, INC.

By: /s/ Kevin Rakin
Name: Kevin Rakin
Title: Executive Chairman

EXECUTIVE:

/s/ Ronald Lloyd
RONALD LLOYD

Exhibit 10.5

June 25, 2019

Thomas Englese
[XXX]
[XXX]

Dear Tom,

I would like to formally extend an offer of employment to you as Chief Commercial Officer for Aziyo Biologics, Inc. (the "Company"). We believe that your skills, talent, and motivation will complement our team as we look to be the premier partner of regenerative medicine solutions. The basic terms and conditions of employment are set forth below.

Duties and Responsibilities

In your position as Chief Commercial Officer you will report directly to me. In this position, you will be a key member of the Company's leadership team and as such will be involved in setting the Company's long-term vision and short- term goals and objectives. This position is responsible for successfully commercializing globally the Company's current and future product offerings that span several therapeutic areas, including cardiovascular other medical specialties. This position has direct responsibility for leading the Company's sales, marketing and market access teams to include setting the strategic direction to tactical execution of sales and marketing efforts. This position will also work closely with the Company's commercial business partners to ensure our product offerings are successfully sold and that maximum volume levels are achieved.

Your employment is subject to all Company personnel policies and procedures as they may be promulgated, adopted, revised, interpreted or deleted from time to time by the Company in its sole discretion.

Compensation

The salary for this exempt position is at the annual rate of $375,000 paid at the rate of $14,423.08 bi-weekly less deductions and withholdings as required by law, in accordance with the Company's standard payroll procedures ("Annual Base Compensation").

Aziyo Biologics, Inc.
880 Harbour Way S, Suite 100
Richmond, CA 94804

T: 855-416-0596
F: 510-307-9896

www.aziyobio.com

Bonus

You will be eligible to receive a performance- based bonus, the target of which is set at 40% of your base salary. Please keep in mind for calendar year 2019 your bonus will be prorated based on your actual start date with the Company. The exact amount of the bonus will be based on the achievement of overall company milestones and individual performance goals mutually agreed to at the start of your employment. This annual bonus will be paid out as soon as administratively possible following the end of the calendar year.

Stock Options

Pending Board of Directors approval, the Company will grant you stock options to purchase 300,000 shares of the Company's common stock ("Stock Options") with an exercise price equal to the fair market value of the Company's common stock on the date of such grant.

The definitive terms of the Company's Equity Incentive Plan and the terms and conditions related to your stock option grant (including the number of options, exercise price for such options, the vesting schedule and eligibility criteria) are subject to Board of Director's approval and will be communicated to you formally in a Equity Incentive Plan Document, which you should expect to receive as soon as administratively possible following your start date with the Company and Board of Directors approval.

Employee Benefits

You will be eligible to participate on the same basis as similarly situated employees in the Company's benefit plans in effect from time to time during your employment. At this time, the Company provides medical, dental and vision benefit plans, a 401(k) retirement plan with a company match after a year of service, life insurance and short and long-term disability insurance coverage. Specific information on the Company's benefits programs will be provided to you separately. Enrollment in the Company's benefits programs for which you are eligible must be completed within the first 30 days of your employment.

You will also be eligible to receive vacation and sick time as defined by the Company's time off policy. In addition, the Company offers 7 paid Company- designated holidays per year.

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Employment

Your employment with the Company will be "at will" which means that either you or the Company may terminate your employment at any time for any reason with or without cause. The "at will" nature of your employment may not be changed, except as put in writing by the Company's CEO. You agree and understand that you are not entitled to, and have not been promised, any employment, position, compensation, benefits or payments of any kind, or any other terms of employment, that are not specifically stated in this offer letter or the documents referred to herein.

Contingencies and Conditions Precedent

Your employment is contingent upon:

- Accepting and returning a signed original of this Offer Letter within three (3) days of receipt.
- Verifying your legal authorization to work in the United States pursuant to the Immigration Reform and Control Act. In order to comply with this legal obligation, we must complete an Employment Eligibility Verification Form I-9 within three days of your start date.
- The successful completion of required onboarding documents and pre-employment background and drug screening (if applicable).
- Your review, execution and delivery of a Confidentiality and Proprietary Rights Assignment Agreement prior to your first day of employment.

By signing this letter, you acknowledge that the terms described in this letter, together with the necessary Confidentiality and Proprietary Rights Assignment Agreement, set forth the entire understanding between us and supersede any prior representations or agreements, whether written or oral; there are no terms, conditions, representations, warranties or covenants other than those contained therein. No term or provision of this letter may be amended waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company, except that the Company may, in its sole discretion, adjust salaries and bonuses, incentive compensation, equity incentive plans, benefits, job titles, locations, duties, responsibilities and reporting relationships. By signing this letter, you represent that (a) you have never been convicted of any criminal offense; (b) you are not subject to any legal or contractual obligation that could prevent you from undertaking or performing the functions described herein; (c) you will not, in connection with your employment by the Company, use or disclose to any employee or representative of the Company any confidential, proprietary and/or trade secret information that you obtained during any prior employment; and (d) you will fully abide by all ongoing obligations (of confidentiality or otherwise) to all prior employers.

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If these terms are acceptable to you, please sign below and return to Jennifer Barretta, Human Resources by Thursday, June 27, 2019. Upon acceptance of our offer, we will discuss a mutually agreeable start date.

We look forward to welcoming you to the Aziyo Biologics team!

Sincerely,

/s/ Ronald Lloyd

Ronald Lloyd
President & CEO

My signature below denotes my acceptance of the offer of employment with the terms and conditions as described above.

/s/ Thomas Englese	6/25/19
Thomas Englese	Date

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Exhibit 10.6

April 25, 2016

Darryl Roberts
[XXX]
[XXX]

Dear Darryl,

I would like to formally extend an offer of employment to you as Senior Vice President, Operations and General Manager, Richmond for Aziyo Biologics, Inc. (the "Company"). We believe that your skills, talent, and motivation will complement our team as we look to be the premier partner of regenerative medicine solutions. The basic terms and conditions of this revised offer of employment are set forth below.

Duties and Responsibilities

In your position as Senior Vice President, Operations and General Manager, Richmond you will report directly to me. This position is a key member of the Company's leadership team and as such is involved in setting the Company's long-term vision and short- term goals and objectives. Specifically, you will have responsibility for the Richmond, CA site including direct oversight of the Manufacturing, Quality, Donor Services, Materials and Facility teams.

This position requires you to work out of the Company's Richmond, CA facility.

Your employment is subject to all Company personnel policies and procedures as they may be promulgated, adopted, revised, interpreted or deleted from time to time by the Company in its sole discretion.

Compensation

The salary for this exempt position is at the annual rate of $270,000, paid at the rate of $10,384.62 bi-weekly less deductions and withholdings as required by law, in accordance with the Company's standard payroll procedures ("Annual Base Compensation").

Bonus Plan

In your role as Senior Vice President, Operations and General Manager, Richmond, you may be eligible for a performance-based bonus in a manner consistent with similarly situated employees. This bonus will be based on your performance and that of the Company and will be awarded at the sole discretion of management, as approved by the Board of Directors. Your performance will be evaluated as part of the Company's annual performance review process.

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Stock Options

Pending Board of Directors approval, the Company will grant you stock options to purchase 150,000 shares of the Company's common stock ("Stock Options") with an exercise price equal to the fair market value of the Company's common stock on the date of such grant. The definitive terms of the Company's Equity Incentive Plan and the terms and conditions related to your stock option grant (including the number of options, exercise price for such options, the vesting schedule and eligibility criteria) are subject to Board of Director's approval and will be communicated to you formally in a Equity Incentive Plan Document, which you should expect to receive as soon as administratively possible following your start date with the Company and Board of Directors approval.

Employee Benefits

You will be eligible to participate on the same basis as similarly situated employees in the Company's benefit plans in effect from time to time during your employment. At this time, the Company provides medical, dental and vision benefit plans, a 401(k) retirement plan with a company match after a year of service, life insurance and short and long-term disability insurance coverage. Specific information on the Company's benefits programs will be provided to you separately. Enrollment in the Company's benefits programs for which you are eligible must be completed within the first 30 days of your employment.

You will also be eligible to receive vacation and sick time as defined by the Company's time off policy. In addition, the Company offers 7 paid Company- designated holidays per year.

Relocation

In order to assist in your relocation to the Richmond, CA area, you are eligible to receive reimbursement of up to $100,000 for relocation expenses upon submission of appropriate expense documentation in accordance with the Company's business expense reimbursement policies. Allowable expenses include shipment of household goods, security deposit and/or closing costs for a new home, and temporary housing. All allowable expenses will be reimbursed upon submission and approval of original receipts.

Should you decide to commute to the Richmond, CA area instead of formally relocating, you may use the relocation allotment of $100,000 for housing and travel to and from your home location. If you later decide to formally relocate, you will have the remaining balance of the $100,000 to spend on relocation expenses. For the avoidance of doubt, should you spend $30,000 on the first year of temporary housing/ travel, and then decide to formally relocate to the Richmond, CA area, you will have up to the remaining $70,000 to spend on your relocation.

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As this relocation allowance represents a significant commitment from the Company to you, should your personal circumstances change and you decide to resign from your position at Aziyo Biologics a 90- day notice period will be required. Should you fail to provide a 90-day notice period, you will be required to repay the Company all monies spend on your relocation.

Severance

Should you be terminated by the Company, other than for Cause, you will receive severance in an amount equal to twelve (12) weeks base pay, at the rate in effect at the time of your separation, payable in the same manner_as regular payroll checks in bi-weekly payments. Severance is contingent upon your execution of the Company's standard Separation and Release Agreement and will payable upon expiration of the twenty-one (21) day revocation period.

"Cause" means: (A) Executive performing his duties, in the good faith opinion of the CEO, in a grossly negligent or reckless manner or with willful malfeasance; (B) Executive exhibiting habitual drunkenness or engaging in substance abuse; (C) Executive committing any material violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) or any material violation of any Company policy; (D) Executive willfully failing or refusing to perform in the usual manner at the usual time those duties which he regularly and routinely performs in connection with the business of the Company or such other duties reasonably related to the capacity in which he is employed hereunder which may be assigned to him by the CEO (E) Executive performing any material action when specifically and reasonably instructed not to do so by the CEO; (F) Executive breaching the Confidentiality and Proprietary Rights Agreement for which the Executive signed at the start of his employment; (G) Executive committing any fraud or using or appropriating for his personal use or benefit any funds, properties or opportunities of the Company not authorized by the CEO to be so used or appropriated; or (H) Executive being convicted of any felony or any other crime related to his employment or involving moral turpitude. The Company shall not be entitled to terminate Executive for Cause unless the Company provides written notice stating in reasonable detail the basis for termination and a fifteen (15) day opportunity to cure to Executive (unless (1) the Company reasonably determines that providing such opportunity to cure to Executive is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, (2) the facts and circumstances underlying such termination are not able to be cured or (3) the Company has previously provided Executive an opportunity to cure the applicable issue; in the case of (1), (2) or (3), the Company may terminate Executive without providing an opportunity to cure).

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Employment

Your employment with the Company will be "at will" which means that either you or the Company may terminate your employment at any time for any reason with or without cause. The "at will" nature of your employment may not be changed, except as put in writing by me. You agree and understand that you are not entitled to, and have not been promised, any employment, position, compensation, benefits or payments of any kind, or any other terms of employment, that are not specifically stated in this offer letter or the documents referred to herein.

Contingencies and Conditions Precedent

Your employment is contingent upon:

- Accepting and returning a signed original of this Offer Letter within three (3) days of receipt.
- Verifying your legal authorization to work in the United States pursuant to the Immigration Reform and Control Act. In order to comply with this legal obligation, we must complete an Employment Eligibility Verification Form I-9 within three days of your start date.
- The successful completion of required onboarding documents and pre-employment background and drug screening (if applicable).
- Your review, execution and delivery of a Confidentiality and Proprietary Rights Assignment Agreement prior to your first day of employment.

By signing this letter, you acknowledge that the terms described in this letter, together with the necessary Confidentiality and Proprietary Rights Assignment Agreement, set forth the entire understanding between us and supersede any prior representations or agreements, whether written or oral; there are no terms, conditions, representations, warranties or covenants other than those contained therein. No term or provision of this letter may be amended waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company, except that the Company may, in its sole discretion, adjust salaries and bonuses, incentive compensation, equity incentive plans, benefits, job titles, locations, duties, responsibilities and reporting relationships. By signing this letter, you represent that (a) you have never been convicted of any criminal offense; (b) you are not subject to any legal or contractual obligation that could prevent you from undertaking or performing the functions described herein; (c) you will not, in connection with your employment by the Company, use or disclose to any employee or representative of the Company any confidential, proprietary and/or trade secret information that you obtained during any prior employment; and (d) you will fully abide by all ongoing obligations (of confidentiality or otherwise) to all prior employers.

If these terms are acceptable to you, please sign below and return to Jennifer Barretta, Human Resources by April 28nd. We expect your start date with the Company to be Monday, May 2nd.

Aziyo Biologics, Inc.
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We look forward to welcoming you to the Aziyo Biologics team!

Sincerely,

/s/ Lode Debrabandere

Lode Debrabandere
Chief Executive Officer
Aziyo Biologics

My signature below denotes my acceptance of the offer of employment with the terms and conditions as described above.

/s/ Darryl Roberts
Darryl Roberts

April 27, 2016
Date

Aziyo Biologics, Inc.
880 Harbour Way S, Suite 100
Richmond, CA 94804

T:855-416-0596
F:510-307-9896

www.aziyobio.com

Exhibit 10.7

November 27, 2019

Dr. Jerome Riebman
[XXX]
[XXX]

Dear Jerry,

I would like to formally extend an offer of employment to you as Chief Medical Officer for Aziyo Biologics, Inc. (the "Company"). We believe that your skills, talent, and motivation will complement our team as we look to be the premier partner of regenerative medicine solutions. The basic terms and conditions of employment are set forth below.

Duties and Responsibilities

In your position as Chief Medical Officer you will report directly to me. In this position, you will be a key member of the leadership team and as such will be involved in setting the Company's long-term vision and short- term goals and objectives designed to successfully commercialize our current and future product offerings that span several therapeutic areas.

Your employment is subject to all Company personnel policies and procedures as they may be promulgated, adopted, revised, interpreted or deleted from time to time by the Company in its sole discretion.

Compensation

The salary for this exempt position is at the annual rate of $365,000 paid at the rate of $14,038.46 bi-weekly less deductions and withholdings as required by law, in accordance with the Company's standard payroll procedures ("Annual Base Compensation").

Bonus

You will be eligible to receive an annual performance- based bonus, the target of which is set at 30% of your base salary. This bonus will be based on the Company meeting its overall objectives as well as personal performance objectives that will be mutually agreed upon and set at the start of each calendar year. Payment of this bonus will be made as soon as administratively possible following the end of the calendar year.

Aziyo Biologics, Inc.
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Stock Options

Pending Board of Directors approval, the Company will grant you stock options to purchase 220,000 shares of the Company's common stock ("Stock Options") with an exercise price equal to the fair market value of the Company's common stock on the date of such grant.

The definitive terms of the Company's Equity Incentive Plan and the terms and conditions related to your stock option grant (including the number of options, exercise price for such options, the vesting schedule and eligibility criteria) are subject to Board of Director's approval and will be communicated to you formally in a Equity Incentive Plan Document, which you should expect to receive as soon as administratively possible following your start date with the Company and Board of Directors approval.

Sign-On Bonus

You will be eligible to receive a one-time sign on bonus of $65,000. This bonus will be paid to you in two (2) installments. The first installment of $25,000 will be paid to you on the first regularly scheduled pay date following your date of hire with the Company; the second installment of $40,000 you will be eligible to receive based on achievement of mutually agreeable performance milestones that will be set at the start of your employment and paid to you on the first regularly scheduled pay date following 90 days of employment.

Relocation Expense Reimbursement

You will be eligible to be reimbursed for out of pocket relocation expenses paid to you by your current employer up to an amount equal to $75,000 provided that you (1) begin employment with Aziyo on or before January 20, 2020 and (2) are required to re-pay those relocation dollars to your current employer. In order to be eligible for reimbursement by the Company, documentation detailing the amount of the expense must be submitted within 30 days of the repayment.

Employee Benefits

You will be eligible to participate on the same basis as similarly situated employees in the Company's benefit plans in effect from time to time during your employment. At this time, the Company provides medical, dental and vision benefit plans, a 401(k) retirement plan with a company match after a year of service, life insurance and short and long-term disability insurance coverage. Specific information on the Company's benefits programs will be provided to you separately. Enrollment in the Company's benefits programs for which you are eligible must be completed within the first 30 days of your employment.

Aziyo Biologics, Inc.
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You will also be eligible to receive vacation and sick time as defined by the Company's time off policy. In addition, the Company offers 7 paid Company- designated holidays per year.

Employment

Your employment with the Company will be "at will" which means that either you or the Company may terminate your employment at any time for any reason with or without cause. The "at will" nature of your employment may not be changed, except as put in writing by the Company's CEO. You agree and understand that you are not entitled to, and have not been promised, any employment, position, compensation, benefits or payments of any kind, or any other terms of employment, that are not specifically stated in this offer letter or the documents referred to herein.

Contingencies and Conditions Precedent

Your employment is contingent upon:

- Ÿ Accepting and returning a signed original of this Offer Letter within three (3) days of receipt.
- Ÿ Verifying your legal authorization to work in the United States pursuant to the Immigration Reform and Control Act. In order to comply with this legal obligation, we must complete an Employment Eligibility Verification Form I-9 within three days of your start date.
- Ÿ The successful completion of required onboarding documents and pre-employment background and drug screening (if applicable).
- Ÿ Your review, execution and delivery of a Confidentiality and Proprietary Rights Assignment Agreement prior to your first day of employment.

By signing this letter, you acknowledge that the terms described in this letter, together with the necessary Confidentiality and Proprietary Rights Assignment Agreement, set forth the entire understanding between us and supersede any prior representations or agreements, whether written or oral; there are no terms, conditions, representations, warranties or covenants other than those contained therein. No term or provision of this letter may be amended waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company, except that the Company may, in its sole discretion, adjust salaries and bonuses, incentive compensation, equity incentive plans, benefits, job titles, locations, duties, responsibilities and reporting relationships. By signing this letter, you represent that (a) you have never been convicted of any criminal offense; (b) you are not subject to any legal or contractual obligation that could prevent you from undertaking or performing the functions described herein; (c) you will not, in connection with your employment by the Company, use or disclose to any employee or representative of the Company any confidential, proprietary and/or trade secret information that you obtained during any prior employment; and (d) you will fully abide by all ongoing obligations (of confidentiality or otherwise) to all prior employers.

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www.aziyobio.com

If these terms are acceptable to you, please sign below and return to Jennifer Barretta, Human Resources by Monday, December 2, 2019. Upon acceptance of our offer, we will discuss a mutually agreeable start date.

We look forward to welcoming you to the Aziyo Biologics team!

Sincerely,

/s/ Ron Lloyd
Ron Lloyd
President & Chief Executive Officer

My signature below denotes my acceptance of the offer of employment with the terms and conditions as described above.

/s/ Jerome Riebman
Dr. Jerome Riebman

12/1/2019
Date

Aziyo Biologics, Inc.
880 Harbour Way S, Suite 100
Richmond, CA 94804

T: 855-416-0596
F: 510-307-9896

www.aziyobio.com

Exhibit 10.8

November 5, 2015

Mr. Jeff Hamet
[XXX]
[XXX]

Dear Jeff,

I would like to formally extend an offer of employment to you as VP, Finance for Aziyo Biologics, Inc. (the "Company"). We believe that your skills, talent, and motivation will complement our team as we look to be the premier partner of regenerative medicine solutions. The basic terms and conditions of employment are set forth below.

Duties and Responsibilities

In your position as VP, Finance you will initially report to me. In this role, you will be responsible for leading the Company's finance, accounting and information technology teams from strategic direction to tactical execution of management, systems, reporting, and other duties and responsibilities as assigned.

Your employment is subject to all Company personnel policies and procedures as they may be promulgated, adopted, revised, interpreted or deleted from time to time by the Company in its sole discretion.

Compensation

The salary for this exempt position is at the annual rate of $200,000 paid at the rate of $7,692.31 bi-weekly, in accordance with the Company's standard payroll procedures ("Annual Base Compensation").

Bonus Plan

In your role as VP, Finance, you may be eligible for a performance-based bonus. This bonus will be based on your performance and that of the Company and will be awarded at the sole discretion of management, as approved by the Board of Directors. Your performance will be evaluated as part of the Company's annual performance review process.

Employee Benefits

You will be eligible to participate on the same basis as similarly situated employees in the Company's benefit plans and policies in effect from time to time during your employment. At this time, it is the Company's intention to provide medical, dental and vision benefit plans, a 40l(k) retirement plan, life insurance and short and long-term disability insurance coverage. Once available, information on the Company's benefits packages will be provided to you separately.

Stock Options

After the commencement of employment with the Company and upon the adoption of an equity incentive plan by the Company, you would be eligible to receive stock options under such plan commensurate with your VP, Finance position. These stock options represent an opportunity for you to share in the future success of the Company. The definitive terms of the equity incentive plan and the terms and conditions related to any individual stock option grant (including the number of stock options, the exercise price for such options, the vesting schedule and eligibility criteria) will be determined, and must be approved, by the Company's Board of Directors.

Employment

Your employment with the Company will be "at will" which means that either you or the Company may terminate the employment at any time for any reason with or without cause. The "at will" nature of your employment may not be changed, except as put in writing by the Company's CEO. You agree and understand that you are not entitled to, and have not been promised, any employment, position, compensation, benefits or payments of any kind, or any other terms of employment, that are not specifically stated in this offer letter or the documents referred to herein.

Contingencies and Conditions Precedent

Your employment will be contingent upon your review, execution and delivery of a Confidentiality and Proprietary Rights Assignment Agreement prior to your first day of employment.

By signing this letter, you acknowledge that the terms described in this letter, together with the necessary Confidentiality and Proprietary Rights Assignment Agreement, set forth the entire understanding between us and supersede any prior representations or agreements, whether written or oral; there are no terms, conditions, representations, warranties or covenants other than those contained therein. No term or provision of this letter may be amended waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company, except that the Company may, in its sole discretion, adjust salaries and bonuses, incentive compensation, equity incentive plans, benefits, job titles, locations, duties, responsibilities and reporting relationships. By signing this letter, you represent that (a) you have never been convicted of any criminal offense; (b) you are not subject to any legal or contractual obligation that could prevent you from undertaking or performing the functions described herein; (c) you will not, in connection with your employment by the Company, use or disclose to any employee or representative of the Company any confidential, proprietary and/or trade secret information that you obtained during any prior employment; and (d) you will fully abide by all ongoing obligations (of confidentiality or otherwise) to all prior employers.

If these terms are acceptable to you, please sign below and return to me by Monday, November 9, 2015. We expect your employment with the Company to have begun on Wednesday, November 4, 2015.

We look forward to welcoming you to the Aziyo Biologics team!

Sincerely,

/s/ Kevin Rakin
Kevin Rakin
Executive Chairman

My signature below denotes my acceptance of the offer of employment with the terms and conditions as described above.

/s/ Jeff Hamet	11/9/15
Jeff Hamet	Date

Exhibit 10.10
Execution Version

AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (TERM LOAN)

dated as of July 15, 2019

by and among

AZIYO BIOLOGICS, INC.,

AZIYO MED, LLC

and any additional borrower that hereafter becomes party hereto, each as Borrower, and collectively as Borrowers,

and

MIDCAP FINANCIAL TRUST,

as Agent and as a Lender,

and

THE ADDITIONAL LENDERS

FROM TIME TO TIME PARTY HERETO

TABLE OF CONTENTS

AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (TERM LOAN)

This **AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (TERM LOAN)** (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**") is dated as of July 15, 2019 by and among AZIYO BIOLOGICS, INC., a Delaware corporation ("**Aziyo**"), **AZIYO MED, LLC**, a Delaware limited liability company ("**Aziyo Med**") and any additional borrower that may hereafter be added to this Agreement (individually as a "**Borrower**", and collectively with any entities that become party hereto as Borrower and each of their successors and permitted assigns, the "**Borrowers**"), **MIDCAP FINANCIAL TRUST,** a Delaware statutory trust, individually as a Lender, and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender.

RECITALS

WHEREAS, Agent, Lenders and Borrowers have entered into that certain Credit and Security Agreement (Term Loan), dated as of May 31, 2017 (as amended by that certain Amendment No. 1 and Limited Waiver to Credit and Security Agreement (Term Loan), dated as of December 14, 2017, as amended by that certain Amendment No. 2 to Credit and Security Agreement (Term Loan), dated as of February 15, 2018, as amended by that certain Amendment No. 3 to Credit and Security Agreement (Term Loan), dated as of November 30, 2018 and as further amended, modified, supplemented and restated prior to the date hereof, the "**Original Credit Agreement**" and as the same is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers in the amounts and manner set forth in the Credit Agreement

WHEREAS, in connection with the continued working capital and other needs of the Borrowers, Borrowers have requested, among other things, that Agent and Lenders (a) make certain term loan facilities available to Borrowers and (b) amend certain other economic terms, covenants and other provisions of the Original Credit Agreement; and

WHEREAS, Agent and Lenders have agreed to the requests of Borrowers and Parent on the terms and conditions set forth herein and in the other Financing Documents.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, Borrowers, Lenders and Agent agree to amend and restate the Original Credit Agreement as follows:

ARTICLE 1 - DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms have the following meanings:

"**Acceleration Event**" means the occurrence of an Event of Default (a) in respect of which Agent has declared all or any portion of the Obligations to be immediately due and payable pursuant to Section 10.2, (b) pursuant to Section 10.1(a), and in respect of which Agent has suspended or terminated the Term Loan Commitment pursuant to Section 10.2, and/or (c) pursuant to either Section 10.1(e) and/or Section 10.1(f).

"**Account Debtor**" means "account debtor", as defined in Article 9 of the UCC, and any other obligor in respect of an Account.

"**Accounts**" means, collectively, (a) any right to payment of a monetary obligation, whether or not earned by performance, (b) without duplication, any "account" (as defined in the UCC), any accounts receivable (whether in the form of payments for services rendered or goods sold, rents, license fees or otherwise), any "health-care-insurance receivables" (as defined in the UCC), any "payment intangibles" (as defined in the UCC) and all other rights to payment and/or reimbursement of every kind and description, whether or not earned by performance, (c) all accounts, "general intangibles" (as defined in the UCC), Intellectual Property, rights, remedies, Guarantees, "supporting obligations" (as defined in the UCC), "letter-of-credit rights" (as defined in the UCC) and security interests in respect of the foregoing, all rights of enforcement and collection, all books and records evidencing or related to the foregoing, and all rights under the Financing Documents in respect of the foregoing, (d) all information and data compiled or derived by any Borrower or to which any Borrower is entitled in respect of or related to the foregoing, and (e) all proceeds of any of the foregoing.

"**Additional Titled Agents**" has the meaning set forth in Section 11.15.

"**Affiliate**" means, with respect to any Person, (a) any Person that directly or indirectly controls such Person, (b) any Person which is controlled by or is under common control with such controlling Person, and (c) each of such Person's (other than, with respect to any Lender, any Lender's) officers or directors (or Persons functioning in substantially similar roles) and the spouses, parents, descendants and siblings of such officers, directors or other Persons. As used in this definition, the term "control" of a Person means the possession, directly or indirectly, of the power to vote five percent (5%) or more of any class of voting securities of such Person or to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affiliated Credit Agreement**" means that certain Amended and Restated Credit and Security Agreement (Revolving Loan) (as the same may be amended, restated, supplemented or otherwise modified from time to time), among MCF, as Agent and a lender, the other lenders party thereto and Borrowers pursuant to which such Agent and lenders have extended a revolving credit facility to Borrowers.

"**Affiliated Financing Agent**" means the "Agent" under and as defined in the Affiliated Credit Agreement.

"**Affiliated Financing Documents**" means the "**Financing Documents**" as defined in the Affiliated Credit Agreement.

"**Affiliated Intercreditor Agreement**" means that certain Intercreditor Agreement dated as of the Original Closing Date between Agent and the Affiliated Financing Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**Affiliated Obligations**" means all "Obligations", as such term is defined in the Affiliated Financing Documents.

"**Agent**" means MCF, in its capacity as administrative agent for itself and for Lenders hereunder, as such capacity is established in, and subject to the provisions of, Article 11, and the successors and assigns of MCF in such capacity.

"**Anti-Terrorism Laws**" means any Laws relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Margin**" means seven and one quarter percent (7.25%).

"**Approved Fund**" means any (a) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course of Business, or (b) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (a) and that, with respect to each of the preceding clauses (a) and (b), is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender, or (iii) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Asset Disposition**" means any sale, lease, license, transfer, assignment or other consensual disposition by any Credit Party or any Subsidiary thereof of any asset.

"**Assignment Agreement**" means an assignment agreement in form and substance acceptable to Agent.

"**Aziyo**" has the meaning set forth in the introductory paragraph hereto.

"**Aziyo Med**" has the meaning set forth in the introductory paragraph hereto.

"**Aziyo Med Operating Account**" means the Deposit Account maintained by Aziyo Med at Silicon Valley Bank with account number [XXX] in accordance with the terms of Section 4.18.

"**Aziyo Med Controlled Account**" has the meaning set forth in Section 2.11.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy", as the same may be amended, modified or supplemented from time to time, and any successor statute thereto.

"**Base LIBOR Rate**" means, for each Interest Period, the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it considers appropriate (rounded upwards, if necessary, to the next 1/100%), to be the rate at which Dollar deposits (for delivery on the first day of such Interest Period or, if such day is not a Business Day on the preceding Business Day) in the amount of $1,000,000 are offered to major banks in the London interbank market on or about 11:00 a.m. (London, England time) two (2) Business Days prior to the commencement of such Interest Period, for a term comparable to such Interest Period, which determination shall be conclusive in the absence of manifest error; *provided*, *however*, that Agent may, upon prior written notice to Borrower Representative, choose a reasonably comparable index or source to use as the basis for Base LIBOR Rate.

"**Base Rate**" means a per annum rate of interest equal to the greater of (a) two and one -quarter percent (2.25%) per annum and (b) the rate of interest announced, from time to time, within Wells Fargo Bank, National Association ("**Wells Fargo**") at its principal office in San Francisco as its "prime rate," with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate; *provided, however,* that Agent may, upon prior written notice to Borrower, choose a reasonably comparable index or source to use as the basis for the Base Rate.

"**Blocked Person**" means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list or is named as a "listed person" or "listed entity" on other lists made under any Anti-Terrorism Law.

"**Borrower**" and "**Borrowers**" has the meaning set forth in the introductory paragraph hereto. If there is more than one Person that constitutes a Borrower, then the term "Borrower" shall mean, on a joint and several basis, the singular and the collective reference to any or all entities constituting or comprising Borrower, as the context may require.

"**Borrower Representative**" means Aziyo, in its capacity as Borrower Representative pursuant to the provisions of Section 2.9, or any successor Borrower Representative selected by Borrowers and approved by Agent.

"**Borrowing Base**" has the meaning set forth in the Affiliated Credit Agreement.

"**Business Day**" means any day except a Saturday, Sunday or other day on which either the New York Stock Exchange is closed, or on which commercial banks in New York City are authorized by Law to close and, in the case of a Business Day which relates to a Loan bearing interest at a rate based on the LIBOR Rate, a day on which dealings are carried on in the London interbank eurodollar market.

"**Capital Expenditures**" means all liabilities incurred or expenditures made by Borrower or any of its Subsidiaries for the acquisition of fixed assets, or any improvements, substitutions or additions thereto with a useful life of more than one year.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. § 9601 *et seq*., as the same may be amended from time to time.

"**Change in Control**" means any event, transaction, or occurrence as a result of which: (a) the owners of the voting and economic interests of the equity interests of Aziyo as of the Original Closing Date shall collectively cease to, directly or indirectly, own and control at least (i) fifty-one percent (51%) of the voting and economic interests of the equity interests of Aziyo (other than by the sale of Aziyo's common stock in or following a Qualified IPO; *provided* that upon the consummation of a Qualified IPO, a Change in Control under this clause (a)(i) shall occur when any "person" (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than the owners of the voting and economic interests of the equity interests of Aziyo as of the Original Closing Date, is or becomes a beneficial owner (within the meaning Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of equity securities of Aziyo, representing thirty-five percent (35%) or more of the combined voting power of Aziyo's then outstanding securities) and/or (ii) that percentage of the outstanding voting equity interests of Aziyo necessary at all times to elect a majority of the board of directors (or similar governing body) of Aziyo and to direct the management policies and decisions of Aziyo; (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the board of directors or board of managers or similar governing Person(s) of each Borrower (together with any new directors or managers whose election by the board of directors or board of managers or similar governing Person(s) of each Borrower was approved by a vote of not less than two-thirds of the directors or managers then still in office who either were directors or managers at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors or managers then in office; (c) any Credit Party ceases to own and control, directly or indirectly, all of the economic and voting rights associated with the outstanding securities of each of its Subsidiaries; or (d) the occurrence of any "Change of Control", "Change in Control", or terms of similar import under any document or instrument governing or relating to Debt of or equity in such Person. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934. For the avoidance of doubt, a Qualified IPO shall not constitute a Change in Control.

"**Closing Date**" means the date of this Agreement.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"**Collateral**" means all property, now existing or hereafter acquired, mortgaged or pledged to, or purported to be subjected to a Lien in favor of, Agent, for the benefit of Agent and Lenders, pursuant to this Agreement and the Security Documents, including, without limitation, all of the property described in Schedule 9.1 hereto.

"**Commitment Annex**" means Annex A to this Agreement.

"**Compliance Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit B hereto.

"**Consolidated Subsidiary**" means, at any date, any Subsidiary the accounts of which would be consolidated with those of "parent" Borrower (or any other Person, as the context may require hereunder) in its consolidated financial statements if such statements were prepared as of such date.

"**Contingent Obligation**" means, with respect to any Person, any direct or indirect liability of such Person: (a) with respect to any Debt of another Person (a "**Third Party Obligation**") if the purpose or intent of such Person incurring such liability, or the effect thereof, is to provide assurance to the obligee of such Third Party Obligation that such Third Party Obligation will be paid or discharged, or that any agreement relating thereto will be complied with, or that any holder of such Third Party Obligation will be protected, in whole or in part, against loss with respect thereto; (b) with respect to any undrawn portion of any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for the reimbursement of any drawing; (c) under any Swap Contract, to the extent not yet due and payable; (d) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (e) for any obligations of another Person pursuant to any Guarantee or pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to preserve the solvency, financial condition or level of income of another Person. The amount of any Contingent Obligation shall be equal to the amount of the obligation so Guaranteed or otherwise supported or, if not a fixed and determinable amount, the maximum amount so Guaranteed or otherwise supported.

"**Controlled Group**" means all members of a group of corporations and all members of a group of trades or businesses (whether or not incorporated) under common control which, together with any Borrower, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA and, solely for purposes of Section 412 and 436 of the Code, Section 414(m) or (o) of the Code.

"**Cook License Agreement**" means that certain License Agreement, dated as of the Original Closing Date, among Cook Biotech Incorporated and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**Cook Supply Agreement**" means that certain Material Supply Agreement, dated as of the Original Closing Date, among Cook Biotech Incorporated and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**CorMatrix**" means CorMatrix Cardiovascular, Inc., a Georgia corporation.

"**Correction**" means repair, modification, adjustment, relabeling, destruction or inspection (including patient monitoring) of a product without its physical removal to some other location.

"**Credit Exposure**" means, at any time, any portion of the Term Loan Commitments and of any other Obligations that remains outstanding; *provided, however,* that no Credit Exposure shall be deemed to exist solely due to the existence of contingent indemnification liability, absent the assertion of a claim, or the known existence of a claim reasonably likely to be asserted, with respect thereto.

"**Credit Party**" means each Borrower and each Guarantor; and "**Credit Parties**" means all such Persons, collectively.

"**Cross License Agreement**" means that certain License Agreement, dated as of the Original Closing Date, by and between CorMatrix and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**DEA**" means the Drug Enforcement Administration of the United States of America, any comparable state or local Governmental Authority, any comparable Governmental Authority in any non-United States jurisdiction, and any successor agency of any of the foregoing.

"**Debt**" of a Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business, (d) all capital leases of such Person, (e) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, (f) all equity securities of such Person subject to repurchase or redemption other than at the sole option of such Person, (g) all obligations secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (h) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts, (i) all Debt of others Guaranteed by such Person, and (j) off-balance sheet liabilities and/or Pension Plan or Multiemployer Plan liabilities of such Person. Without duplication of any of the foregoing, Debt of Borrowers shall include any and all Loans.

"**Default**" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Defaulted Lender**" means, so long as such failure shall remain in existence and uncured, any Lender which shall have failed to make any Loan or other credit accommodation, disbursement, settlement or reimbursement required pursuant to the terms of any Financing Document.

"**Defined Period**" means for any given calendar month or date of determination, the twelve (12) month period ending on the last day of such calendar month or if such date of determination is not the last day of a calendar month, the twelve (12) month period immediately preceding any such date of determination.

"**Deposit Account**" means a "deposit account" (as defined in Article 9 of the UCC), an investment account, or other account in which funds are held or invested for credit to or for the benefit of any Borrower.

"**Deposit Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any Borrower and each financial institution in which such Borrower maintains a Deposit Account, which agreement provides that (a) such financial institution shall comply with instructions originated by Agent directing disposition of the funds in such Deposit Account without further consent by the applicable Borrower, and (b) such financial institution shall agree that it shall have no Lien on, or right of setoff or recoupment against, such Deposit Account or the contents thereof, other than in respect of usual and customary service fees and returned items for which Agent has been given value, in each such case expressly consented to by Agent, and containing such other terms and conditions as Agent may require**.**

"**Distribution**" means as to any Person (a) any dividend or other distribution (whether in cash, securities or other property) on any equity interest in such Person (except those payable solely in its equity interests of the same class), (b) any payment by such Person on account of (i) the purchase, redemption, retirement, defeasance, surrender, cancellation, termination or acquisition of any equity interests in such Person or any claim respecting the purchase or sale of any equity interest in such Person, or (ii) any option, warrant or other right to acquire any equity interests in such Person, (c) any management fees, salaries or other fees or compensation to any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower (other than reasonable and customary (i) payments of salaries to individuals, (ii) directors fees, and (iii) advances and reimbursements to employees or directors, all in the Ordinary Course of Business), an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower, (d) any lease or rental payments to an Affiliate or Subsidiary of a Borrower, or (e) repayments of or debt service on loans or other indebtedness held by any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower, an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower unless permitted under and made pursuant to a Subordination Agreement applicable to such loans or other indebtedness.

"**Dollars**" or "**$**" means the lawful currency of the United States of America.

"**Donor Network West**" means Donor Network West, a California nonprofit corporation.

"**Donor Network West Note**" means that certain Promissory Note issued by Aziyo in favor of Donor Network West, dated as of March 2, 2017 in the original principal amount of $2,068,492.00.

"**Drug Application**" means a new drug application, an abbreviated drug application, or a product license application for any Product, as appropriate, as those terms are defined in the FDCA.

"**EBITDA**" means, for any period, determined on a consolidated basis for Borrower and its Subsidiaries, net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, gains or losses arising from the sale of capital assets, gains arising from the write-up of assets, any extraordinary gains and any non-cash equity compensation (in each case, to the extent included in determining net income) *plus* (a) extraordinary losses of Borrower and its Subsidiaries approved by Agent in its sole discretion, and (b) the "Acquiror Buydown Payments" (as defined in the Ligand Royalty Agreement) made pursuant to the terms of the Ligand Royalty Agreement during such period to the extent included in the determination of net income for such period.

"**Eligible Assignee**" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by Agent; *provided, however*, that notwithstanding the foregoing, (x) "**Eligible Assignee**" shall not include any Borrower or any of a Borrower's Affiliates, and (y) no proposed assignee intending to assume any unfunded portion of the Term Loan Commitment shall be an Eligible Assignee unless such proposed assignee either already holds a portion of such Term Loan Commitment, or has been approved as an Eligible Assignee by Agent.

"**Environmental Laws**" means any and all Laws pertaining to the environment, natural resources, pollution, Hazardous Materials, or, to the extent relating to exposure to substances that are harmful or detrimental to the environment, employee health or safety, including any environmental clean-up Laws which pertain to or impose liability or standards of conduct concerning medical waste or medical products, equipment or supplies.

"**Equity Investment Documents**" means, collectively, (i) the Series A Preferred Stock Purchase Agreement, dated as of the Original Closing Date among Aziyo, HighCape and/or certain Affiliates of HighCape and the other parties thereto (the "**Series A Purchase Agreement**"), pursuant to which Borrower received $10,500,000 from HighCape and such Affiliates in exchange for issuing equity interests pursuant thereto on or prior to the Original Closing Date and an additional $1,500,000 thereafter, (ii) the Joinder and Acknowledgement Agreement, dated as of the Original Closing Date among Aziyo, MCF and/or certain Affiliates of MCF, pursuant to which MCF and/or such Affiliates joined and became a party to such Series A Purchase Agreement, the Investor Rights Agreement (as defined in the Series A Purchase Agreement) and the ROFR Agreement (as defined in the Series A Purchase Agreement), (iii) the Investor Rights Agreement (as defined in the Series A Purchase Agreement) and (iv) the ROFR Agreement (as defined in the Series A Purchase Agreement).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as the same may be amended, modified or supplemented from time to time, and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

"**ERISA Plan**" means any "employee benefit plan", as such term is defined in Section 3(3) of ERISA (other than a Multiemployer Pension Plan), which any Credit Party or any Subsidiary maintains, sponsors or contributes to, or, in the case of an employee benefit plan which is subject to Section 412 of the Code or Title IV of ERISA, to which any Credit Party or any Subsidiary has any liability, including on account of any member of the Controlled Group, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"**Event of Default**" has the meaning set forth in Section 10.1.

"**Excluded Accounts**" has the meaning set forth in Section 5.14(b).

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to Agent, any Lender or any other recipient of any payment to be made by or on behalf of any obligation of Credit Parties hereunder or the Obligations or required to be withheld or deducted from a payment to Agent, such Lender or such recipient (including any interest and penalties thereon): (a) Taxes to the extent imposed on or measured by Agent's, any Lender's or such recipient's net income (however denominated), branch profits Taxes, and franchise Taxes and similar Taxes, in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under which Agent, such Lender or such recipient is organized, has its principal office or conducts business with respect to entering into any of the Financing Documents or taking any action thereunder or (ii) that are Other Connection Taxes; (b) in the case of a Lender, United States withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans pursuant to a Law in effect on the date on which (i) such Lender becomes a party to this Agreement other than as a result of an assignment requested by a Credit Party under the terms hereof or (ii) such Lender changes its lending office for funding its Loan, except in each case to the extent that, pursuant to Section 2.8, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan or Term Loan Commitment or to such Lender immediately before it changed its lending office; (c) Taxes attributable to such Lender's failure to comply with Section 2.8(c); and (d) any U.S. federal withholding taxes imposed in respect of a Lender under FATCA.

"**FATCA**" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future U.S. Treasury regulations or official interpretations thereof and any agreement entered into pursuant to the implementation of Section 1471(b)(1) of the Code, and any intergovernmental agreement between the United States Internal Revenue Service, the U.S. Government and any governmental or taxation authority under any other jurisdiction which agreement's principal purposes deals with the implement such sections of the Code.

"**FDA**" means the Food and Drug Administration of the United States of America, any comparable state or local Governmental Authority, any comparable Governmental Authority in any non-United States jurisdiction, and any successor agency of any of the foregoing.

"**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended, 21 U.S.C. Section 301 et seq., and all regulations promulgated thereunder.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided, however*, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next preceding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent.

"**Fee Letter**" means each agreement between Agent and Borrowers relating to fees payable to Agent, for its own account, in connection with the execution of this Agreement or the Original Credit Agreement.

"**Financing Documents**" means this Agreement, any Notes, the Security Documents, each Fee Letter, the Affiliated Intercreditor Agreement, each subordination or intercreditor agreement pursuant to which any Debt and/or any Liens securing such Debt is subordinated to all or any portion of the Obligations and all other documents, instruments and agreements related to the Obligations and heretofore executed, executed concurrently with the Original Credit Agreement or executed at any time and from time to time thereafter, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Fixed Charge Coverage Ratio**" means, for any period, the quotient obtained by dividing (a) the difference between (i) EBITDA for such period, minus (ii) without duplication, the sum of (A) all of Borrower's Unfinanced Capital Expenditures made in such period, and (B) any Distributions paid by Borrower in such period, and (C) cash Taxes paid by Borrower in such period (without benefit of any refund), *divided* (b) the sum of (i) principal payments on Debt for Money Borrowed in such period plus (ii) cash interest payments paid by Borrower in such period.

"**Foreign Lender**" has the meaning set forth in Section 2.8(c)(i).

"**GAAP**" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination.

"**General Intangible**" means any "general intangible" as defined in Article 9 of the UCC, and any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas or other minerals before extraction, but including payment intangibles and software.

"**Good Manufacturing Practices**" means current good manufacturing practices, as set forth in 21 C.F.R. Parts 210 and 211.

"**Governmental Authority**" means any nation or government, any state, local or other political subdivision thereof, and any agency, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term Guarantee shall not include endorsements for collection or deposit in the Ordinary Course of Business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantor**" means any Credit Party that has executed or delivered, or shall in the future execute or deliver, any Guarantee of any portion of the Obligations.

"**Hazardous Materials**" means (a) any "hazardous substance" as defined in CERCLA, (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, (c) asbestos, (d) polychlorinated biphenyls, (e) petroleum and its derivatives, by-products and other hydrocarbons, and (f) any other pollutant, toxic, radioactive, caustic or otherwise hazardous substance regulated under Environmental Laws.

"**Hazardous Materials Contamination**" means contamination (whether now existing or hereafter occurring) of the improvements, buildings, facilities, personalty, soil, groundwater, air or other elements on or of the relevant property by Hazardous Materials, or any derivatives thereof, or on or of any other property as a result of Hazardous Materials, or any derivatives thereof, generated on, emanating from or disposed of in connection with the relevant property.

"**Healthcare Laws**" means all applicable Laws relating to the procurement, development, provision, clinical and non-clinical evaluation or investigation, product approval or clearance, manufacture, production, analysis, distribution, dispensing, importation, exportation, use, handling, quality, reimbursement, sale, labeling, advertising, promotion, or postmarket requirements of any drug, medical device, food, dietary supplement, or other product (including, without limitation, any ingredient or component of, or accessory to, the foregoing products) subject to regulation under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. et seq.), and similar state or foreign laws, controlled substances laws, pharmacy laws, consumer product safety laws, the National Organ Transplant Act or any regulations promulgated thereunder or any state laws and/or regulations of similar import, Medicare, Medicaid, and all laws, policies, procedures, requirements and regulations pursuant to which Permits are issued, in each case, as the same may be amended from time to time.

"**HighCape**" means, collectively, HighCape Partners QP, L.P., its Affiliates and their respective related funds and management entities.

"**HighCape Portfolio Company**" means any operating portfolio company of HighCape.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrowers or any other Credit Party under any Financing Documents and (b) to the extent not otherwise described in (a), Other Taxes.

"**Instrument**" means "instrument", as defined in Article 9 of the UCC.

"**Intellectual Property**" means all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same, trademarks, trade names, service marks, mask works, rights of use of any name, domain names, or any other similar rights, any applications therefor, whether registered or not, know-how, operating manuals, trade secret rights, clinical and non-clinical data, rights to unpatented inventions, and any claims for damage by way of any past, present, or future infringement of any of the foregoing.

"**Interest Period**" means any period commencing on the first day of a calendar month and ending on the last day of such calendar month.

"**Inventory**" means "inventory" as defined in Article 9 of the UCC, whether now existing or hereafter arising.

"**Investment**" means, with respect to any Person, directly or indirectly, (a) to purchase or acquire any stock or stock equivalents, or any obligations or other securities of, or any interest in, any Person, including the establishment or creation of a Subsidiary, (b) to make or commit to make any acquisition (including through licensing) of (i) of all or substantially all of the assets of another Person, or (ii) any business, business line or product line, division or other unit operation of any Person or any Product or Intellectual Property of any Person (in each case, an "**Acquisition**") or (c) make or purchase any advance, loan, extension of credit or capital contribution to, or any other investment in, any Person. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect thereto.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**IRS**" has the meaning set forth in Section 2.8(c)(i).

"**Laws**" means any and all federal, state, provincial, territorial, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, governmental agreements and governmental restrictions, whether now or hereafter in effect, which are applicable to any Credit Party in any particular circumstance. "**Laws**" includes, without limitation, Healthcare Laws and Environmental Laws.

"**Lender**" means each of (a) MCF, in its capacity as a lender hereunder, (b) each other Person party hereto in its capacity as a lender hereunder, (c) each other Person that becomes a party hereto as Lender pursuant to Section 11.17, and (d) the respective successors of all of the foregoing, and "**Lenders**" means all of the foregoing.

"**LIBOR Rate**" means, for each Loan, a per annum rate of interest equal to the greater of (a) two and one-quarter percent (2.25%) and (b) the rate determined by Agent (rounded upwards, if necessary, to the next 1/100th%) by *dividing* (i) the Base LIBOR Rate for the Interest Period, *by* (ii) the sum of one *minus* the daily average during such Interest Period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the Board of Governors of the Federal Reserve System (or any successor thereto) for "Eurocurrency Liabilities" (as defined therein).

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, in respect of such asset. For the purposes of this Agreement and the other Financing Documents, any Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"**Ligand**" means Ligand Pharmaceuticals Incorporated, a Delaware corporation.

"**Ligand Intercreditor Agreement**" means that certain Intercreditor Agreement, dated as of the Original Closing Date, among Ligand, Agent, Affiliated Financing Agent and Borrowers, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Ligand Parent Guaranty**" means that certain Guaranty Agreement, dated as of the Original Closing Date, entered into between Aziyo and Ligand in respect of certain of Aziyo Med's obligations under the Ligand Royalty Agreement, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement and the Ligand Intercreditor Agreement.

"**Ligand Royalty Agreement**" means that certain Royalty Agreement, dated as of the Original Closing Date, by and among Aziyo Med and Ligand, pursuant to which Ligand has the right to receive certain payments from Aziyo Med on the terms and conditions set forth therein as amended, supplemented or otherwise modified from time to time on or prior to the Original Closing Date or following the Original Closing Date in accordance with the terms of the Financing Documents.

"**Ligand Royalty Payments**" means the regularly scheduled payments by Aziyo Med to Ligand on a non-accelerated basis pursuant to Section 2.02 of the Ligand Royalty Agreement.

"**Litigation**" means any action, suit or proceeding before any court, mediator, arbitrator or Governmental Authority.

"**Liquidity**" means, as of any date of calculation, the *sum* of (a) Borrower's cash and cash equivalents and (b) the Revolving Loan Availability.

"**Loan Account**" has the meaning set forth in Section 2.6(b).

"**Loan(s)**" means the Term Loan and each and every advance under the Term Loan. All references herein to the "making" of a Loan or words of similar import mean, with respect to the Term Loan, the making of any advance in respect of a Term Loan.

"**Lockbox Account**" has the meaning set forth in the Affiliated Credit Agreement.

"**Management Agreement**" means that certain Management Services Agreement, dated as of January 1, 2016, between HighCape Partners Management, L.P. and Aziyo, as amended from time to time prior to the Closing Date.

"**Market Withdrawal**" means a Person's Removal or Correction of a distributed product which involves a minor violation that would not be subject to legal action by the FDA or which involves no violation, e.g., normal stock rotation practices, routine equipment adjustments and repairs, etc.

"**Material Adverse Effect**" means with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the condition (financial or otherwise), operations, business or properties of any of the Credit Parties, (b) the rights and remedies of Agent or Lenders under any Financing Document, or the ability of any Credit Party to perform any of its obligations under any Financing Document to which it is a party, (c) the legality, validity or enforceability of any Financing Document, (d) the existence, perfection or priority of any security interest granted in any Financing Document, (e) the value of any material Collateral, or (f) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Material Contracts**" means (a) the Operative Documents, including the Ligand Royalty Agreement, the Ligand Parent Guaranty and each Subordinated Debt Document, (b) the agreements listed on Schedule 3.17, including the Cook License Agreement , the Cook Supply Agreement and the Cross License Agreement, and (c) (i) each agreement or contract to which a Credit Party is a party relating to Material Intangible Assets or development of Products or Intellectual Property, (ii) any agreement with respect to any Product, the loss of which would materially impair Borrower's ability to sell or market such Product, and (iii) any agreement or contract to which such Credit Party or its Subsidiaries is a party the termination of which could reasonably be expected to result in a Material Adverse Effect.

"**Material Intangible Assets**" means all of (a) Borrower's Intellectual Property and (b) license or sublicense agreements or other agreements with respect to rights in Intellectual Property, in each case that are material to the condition (financial or other), business or operations of Borrower, as determined by Agent.

"**Maturity Date**" means July 15, 2024.

"**Maximum Lawful Rate**" has the meaning set forth in Section 2.7.

"**MCF**" means MidCap Financial Trust, a Delaware statutory trust, and its successors and assigns.

"**Medicaid**" means, collectively, the healthcare assistance program established by Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq*.) and any statutes succeeding thereto, all state statutes and plans for medical assistance enacted in connection with such program, and all laws, rules, regulations, manuals, orders, guidelines or requirements (whether or not having the force of Law) pertaining to such program, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"**Medicare**" means, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq*.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or guidelines (whether or not having the force of Law) pertaining to such program, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"**Money Borrowed**" means, as applied to any Credit Party, without duplication: (a) Debt arising from the lending of money by any other Person to such Credit Party; (b) Debt, whether or not in any such case arising from the lending of money by another Person to such Credit Party, (i) which is represented by notes payable or drafts accepted that evidence extensions of credit, (ii) which constitutes obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) upon which interest charges are customarily paid (other than accounts payable) or that was issued or assumed as full or partial payment for property; (c) Debt under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP; (d) reimbursement obligations with respect to letters of credit or guarantees relating thereto; and (e) Debt of such Credit Party under any guaranty of obligations that would constitute Debt for Money Borrowed under clauses (a) through (d) hereof, if owed directly by such Credit Party.

"**Multiemployer Plan**" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any Borrower or any other member of the Controlled Group (or any Person who in the last five years was a member of the Controlled Group) is making or accruing an obligation to make contributions or has within the preceding five plan years (as determined on the applicable date of determination) made contributions.

"**National Organ Transplant Act**" means the National Organ Transplant Act of 1984 ("NOTA") 42 U.S.C. § 274e, as amended.

"**Net Product Revenue**" means, for any period, (a) the consolidated gross revenues of Borrowers and their Subsidiaries generated solely through the commercial sale of all Products by Borrowers and their Subsidiaries in the Ordinary Course of Business during such period, less (b) (i) sales of Products whose specifications are owned by the customer and are sold through a contract manufacturing services agreement, (ii) sales of sports medicine, cancellous bone and cervical spacer Products, (iii) trade, quantity and cash discounts allowed by Borrower or its Subsidiaries, (iv) discounts, refunds, rebates, charge backs, retroactive price adjustments and any other allowances which effectively reduce net selling price, (v) product returns and allowances, (vi) allowances for shipping or other distribution expenses, (vii) set-offs and counterclaims, and (viii) any other similar and customary deductions used by Borrower or its Subsidiaries in determining net revenues, all, in respect of (a) and (b), as determined in accordance with GAAP and in the Ordinary Course of Business.

"**Notes**" has the meaning set forth in Section 2.3.

"**Notice of Borrowing**" means a notice of a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit D hereto.

"**Obligations**" means all obligations, liabilities and indebtedness (monetary (including, without limitation, the payment of interest and other amounts arising after the commencement of any case with respect to any Credit Party under the Bankruptcy Code or any similar statute which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case) or otherwise) of each Credit Party under this Agreement or any other Financing Document, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. "**Obligations**" does not include obligations under any warrants issued to Agent or a Lender.

"**OFAC**" means the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operative Documents**" means the Financing Documents, the Equity Investment Documents, the Subordinated Debt Documents and the Transaction Documents.

"**Ordinary Course of Business**" means, in respect of any transaction involving any Credit Party, the ordinary course of business of such Credit Party, as conducted by such Credit Party in accordance with past practices.

"**Organizational Documents**" means, with respect to any Person other than a natural person, the documents by which such Person was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Person (such as by-laws, a partnership agreement or an operating agreement, joint venture agreement, limited liability company agreement or members agreement), including any and all shareholder agreements or voting agreements relating to the capital stock or other equity interests of such Person.

"**Original Closing Date**" means May 31, 2017.

"**Original Credit Agreement**" has the meaning set forth in the recitals hereto.

"**Other Connection Taxes**" means taxes imposed as a result of a present or former connection between Agent or any Lender and the jurisdiction imposing such tax (other than connections arising from Agent or such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, engaged in any other transaction pursuant to or enforced any Financing Document, or sold or assigned an interest in any Loans or any Financing Document).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Financing Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.8(i)).

"**Participant**" has the meaning set forth in Section 11.17(b).

"**Participant Register**" has the meaning set forth in Section 11.17(a)(iii).

"**Payment Account**" means the account specified on the signature pages hereof into which all payments by or on behalf of each Borrower to Agent under the Financing Documents shall be made, or such other account as Agent shall from time to time specify by notice to Borrower Representative.

"**Payroll Account**" has the meaning set forth in Section 5.14(b).

"**PBGC**" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"**Pension Plan**" means any ERISA Plan that is subject to Section 412 of the Code or Title IV of ERISA.

"**Perfection Certificate**" means the Perfection Certificate delivered to Agent as of the Closing Date, together with any amendments thereto required under this Agreement.

"**Permit**" means all licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, supplier numbers, marketing authorizations, drug or device authorizations and approvals, other authorizations, franchises, qualifications, accreditations, registrations, permits, consents and approvals of a Credit Party issued or required under Laws applicable to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Laws applicable to the business of Borrower or any of its Subsidiaries. Without limiting the generality of the foregoing, "**Permit**" includes any Regulatory Required Permit.

"**Permitted Asset Dispositions**" means the following Asset Dispositions; *provided*, however, that at the time of such Asset Disposition, no Default or Event of Default exists or would result from such Asset Disposition:

(a) dispositions of (i) Inventory in the Ordinary Course of Business and not pursuant to any bulk sale and (ii) equipment that is obsolete, worn out, replaced, is no longer used or useful, unmerchantable, or unsaleable, in each case, in the Ordinary Course of Business;

(b) abandonment or lapse of Intellectual Property (other than any Material Intangible Asset) that is, in the reasonable good faith judgment of a Credit Party, no longer useful in the conduct of the business of the Credit Parties or any of their Subsidiaries;

(c) sales, forgiveness or discounting, on a non-recourse basis and in the Ordinary Course of Business, of past due Accounts (other than Eligible Accounts (as defined in the Affiliated Credit Agreement) included in the Borrowing Base) in connection with the collection or compromise thereof of the settlement of delinquent Accounts or in connection with the bankruptcy or reorganization of suppliers or customers in accordance with the applicable terms of this Agreement;

(d) Permitted Licenses;

(e) Permitted Distributions; and

(f) other dispositions approved by Agent from time to time in its sole discretion.

"**Permitted Contest**" means a contest maintained in good faith by appropriate proceedings promptly instituted and diligently conducted and with respect to which such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made; *provided* that compliance with the obligation that is the subject of such contest is effectively stayed during such challenge.

"**Permitted Contingent Obligations**" means

(a) Contingent Obligations arising in respect of the Debt under the Financing Documents;

(b) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business;

(c) Contingent Obligations outstanding on the date of this Agreement and set forth on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to the indebtedness underlying such Contingent Obligations other than extensions of the maturity thereof without any other change in terms);

(d) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations not to exceed $250,000 in the aggregate at any time outstanding;

(e) Contingent Obligations arising under indemnity agreements with title insurers to cause such title insurers to issue to Agent mortgagee title insurance policies;

(f) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under Section 5.6;

(g) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Contingent Obligations existing or arising under any Swap Contract, *provided, however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(h) Guarantees by any Credit Party of any Permitted Debt of any Subsidiary that is a Credit Party provided that (x) any such Contingent Obligation is subordinated to the Obligations to the same extent as the Debt to which it relates is subordinated to the Obligations, (y) no Credit Party may incur Contingent Obligations under this clause (h) in respect of Debt incurred by any Person that is not a Borrower or Guarantor and (z) no guaranties shall be provided by Aziyo in respect of the Aziyo Med's obligations under the Ligand Royalty Agreement; and

(i) other Contingent Obligations not permitted by clauses (a) through (h) above, not to exceed $250,000 in the aggregate at any time outstanding.

"**Permitted Debt**" means:

(a) Borrowers' and its Subsidiaries' Debt to Agent and each Lender under this Agreement and the other Financing Documents;

(b) Debt incurred as a result of endorsing negotiable instruments received in the Ordinary Course of Business;

(c) purchase money Debt not to exceed $250,000 in the aggregate at any time (whether in the form of a loan or a lease) used solely to acquire equipment used in the Ordinary Course of Business and secured only by such equipment;

(d) Debt existing on the date of this Agreement and described on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to such Debt other than extensions of the maturity thereof without any other change in terms);

(e) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Debt existing or arising under any Swap Contract, *provided, however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(f) Debt not to exceed $250,000 in the aggregate at any time outstanding owed to any Person providing property, casualty, liability, or other insurance to the Credit Parties, including to finance insurance premiums, so long as the amount of such Debt is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the policy year in which such Debt is incurred and such Debt is outstanding only during such policy year;

(g) trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business;

(h) Debt of the Credit Parties incurred under the Affiliated Financing Documents; and

(i) Subordinated Debt (including the Ligand Royalty Payments).

"**Permitted Distributions**" means the following Distributions:

(a) dividends by any Subsidiary of any Borrower to such parent Borrower;

(b) dividends payable solely in common stock;

(c) repurchases of stock of former employees, directors or consultants pursuant to stock purchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, *provided, however,* that such repurchase does not exceed $50,000 in the aggregate per fiscal year; and

(d) so long as (i) no Event of Default exists at the time of such payment or would exist after giving effect thereto, (ii) Borrower is in pro forma compliance with all of its Obligations hereunder after the making of any such payment, (iii) the payment of such management fees is subordinated to the payment of the Obligations pursuant to the terms of a management fee subordination agreement reasonably satisfactory to Lender and (iv) either (x) the pro forma Fixed Charge Coverage Ratio is greater than 1.20 to 1.00 or (y) Liquidity is greater than $5,000,000, in each case, computed on a pro forma basis as of the last day of the most recent month for which Lender should have received monthly financial statements in accordance with Section 4.1(a) (hereinafter such last day shall be referred to as the "**Management Fee Computation Date**"), with such pro forma calculation being made for the twelve (12) month period ending as of the Management Fee Computation Date and with the amount of any such payment being included in such computation and being deemed to have been made on the Management Fee Computation Date, payment by Aziyo of, the accrued and unpaid management fees owing to HighCape pursuant to the terms of the Management Agreement in an aggregate amount not to exceed $250,000 per fiscal year.

"**Permitted Investments**" means:

(a) [reserved];

(b) Investments shown on Schedule 5.7 and existing on the Closing Date;

(c) Investments consisting of cash and cash equivalents;

(d) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the Ordinary Course of Business;

(e) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the Ordinary Course of Business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrowers or their Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrowers' Board of Directors (or other governing body), but the aggregate of all such loans outstanding may not exceed $250,000 at any time;

(f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the Ordinary Course of Business;

(g) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the Ordinary Course of Business, *provided, however*, that this subpart (g) shall not apply to Investments of Borrowers in any Subsidiary;

(h) deposits required to be made in the Ordinary Course of Business made to a landlord in the Ordinary Course of Business to secure or support obligations of any Credit Party or any Subsidiary under a lease of real property;

(i) Investments consisting of Deposit Accounts in which Agent has received a Deposit Account Control Agreement;

(j) Investments of cash and cash equivalents by any Borrower in any Subsidiary now owned or hereafter created by such Borrower, which Subsidiary is a Borrower or has provided a Guarantee of the Obligations of the Borrowers which Guarantee is secured by a Lien granted by such Subsidiary to Agent in all or substantially all of its property of the type described in Schedule 9.1 hereto and otherwise made in compliance with Section 4.11(d); *provided* that no Borrower shall make any Investment in Aziyo Med so long as any obligations of Borrowers under the Ligand Royalty Agreement or obligations of Aziyo under the Ligand Parent Guaranty remain outstanding without Agent's prior consent; and

(k) so long as no Event of Default exists at the time of such Investment or after giving effect to such Investment, other Investments of cash and cash equivalents in an amount not exceeding $250,000 in the aggregate.

"**Permitted License**" means (a) the licenses of patent rights granted by Aziyo Med to CorMatrix on the Closing Date pursuant to the Cross License Agreement and (b) any non-exclusive license of patent rights of Borrower or its Subsidiaries so long as all such Permitted Licenses are granted to third parties in the Ordinary Course of Business, do not result in a legal transfer of title to the licensed property, and have been granted in exchange for fair consideration.

"**Permitted Liens**" means:

(a) (i) Liens and encumbrances in favor of Agent under the Financing Documents and (ii) Liens and encumbrances in favor of the holders of the Affiliated Financing Documents;

(b) Liens existing on the date hereof and set forth on Schedule 5.2;

(c) Liens on equipment securing Debt permitted under subpart (c) of the definition of Permitted Debt, *provided*, *however*, that such Lien attaches concurrently with or within twenty (20) days after the acquisition thereof;

(d) deposits or pledges of cash to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance (but excluding Liens arising under ERISA or, with respect to any Pension Plan or Multiemployer Plan, the Code) pertaining to a Borrower's or its Subsidiary's employees, if any;

(e) deposits or pledges of cash to secure bids, tenders, contracts (other than contracts for the payment of money or the deferred purchase price of property or services), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business;

(f) carrier's, warehousemen's, mechanic's, workmen's, materialmen's or other like Liens on Collateral arising in the Ordinary Course of Business with respect to obligations which are not due, or which are being contested pursuant to a Permitted Contest;

(g) Liens for taxes, assessments or other governmental charges (i) not at the time delinquent or thereafter payable without penalty or (ii) which are the subject of a Permitted Contest;

(h) attachments, appeal bonds, judgments and other similar Liens on Collateral for sums not exceeding $100,000 in the aggregate arising in connection with court proceedings; *provided*, *however*, that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are the subject of a Permitted Contest;

(i) easements, zoning restrictions, rights of way, restrictions, minor defects or irregularities in title and other similar Liens on real property not interfering in any material respect with the ordinary conduct of the business of any Credit Party or any Subsidiary; and Liens of landlords and mortgagees of landlords (i) arising by statute or under any lease or related contractual obligation entered into in the Ordinary Course of Business, (ii) on fixtures and movable tangible property located on the real property leased or subleased from such landlord and (iii) for amounts not yet due or that are subject to a Permitted Contest;

(j) Liens that are rights of set-off, bankers' liens or similar non-consensual Liens relating to deposit or securities accounts in favor of banks, other depositary institutions and securities intermediaries arising in the Ordinary Course of Business;

(k) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases or consignments of personal property entered into the Ordinary Course of Business;

(l) any Lien arising under conditional sale, title retention, consignment or similar arrangements for the sale of goods in the Ordinary Course of Business; *provided* that such Lien attaches only to the goods subject to such sale, title retention, consignment or similar arrangement;

(m) Liens (i) of a collection bank on items in the course of collection arising under Section 4-210 of the UCC or (ii) in favor of a banking or other financial institution arising in the ordinary course of business encumbering deposits or other funds maintained with such financial institution (including the right of setoff) and that are within the general parameters customary in the banking industry (and not securing any Debt for borrowed money);

(n) Liens granted in the Ordinary Course of Business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted clause (f) of the definition of Permitted Debt;

(o) Liens in favor of customs and revenue authorities arising as a matter of Law to secure payment of customs duties in connection with the importation of goods;

(p) to the extent constituting a Lien, the granting of a Permitted License; and

(q) Liens granted by Aziyo Med in favor of Ligand under the Ligand Royalty Agreement (as the same is in effect on the Closing Date) to secure Aziyo Med's obligations under the Ligand Royalty Agreement, including on the Permitted Ligand Account, so long as such Liens remain subject to the Ligand Intercreditor Agreement at all times following the Closing Date.

"**Permitted Ligand Account**" means a Deposit Account maintained by Aziyo Med at Silicon Valley Bank with account number [XXX] so long as such Deposit Account is the "Special Account" under the Ligand Royalty Agreement and is used solely for the purpose of holding amounts in respect of regularly scheduled payments due and owing on a non-accelerated basis under the Ligand Royalty Agreement and permitted to be paid pursuant to this Agreement and the Ligand Intercreditor Agreement and holding and distributing to a Credit Party amounts constituting "Excluded Costs" (as defined in the Ligand Royalty Agreement).

"**Permitted Modifications**" means (a) such amendments or other modifications to a Borrower's or Subsidiary's Organizational Documents as are required under this Agreement or by applicable Law and disclosed to Agent within thirty (30) days after such amendments or modifications have become effective, and (b) such amendments or modifications to a Borrower's or Subsidiary's Organizational Documents (other than those involving a change in the name of a Borrower or Subsidiary or involving a reorganization of a Borrower or Subsidiary under the laws of a different jurisdiction) that would not adversely affect the rights and interests of Agent or Lenders and are disclosed to Agent within thirty (30) days after such amendments or modifications have become effective.

"**Person**" means any natural person, corporation, limited liability company, professional association, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Prepayment Fee**" has the meaning set forth in Section 2.2.

"**Products**" means, from time to time, any products currently manufactured, sold, developed, tested or marketed by any Borrower or any of its Subsidiaries, including without limitation, those products set forth on Schedule 4.17 (as updated from time to time in accordance with Section 4.15); provided, that, for the avoidance of doubt, any new Product not disclosed on Schedule 4.17 shall still constitute a "Product" as herein defined.

"**Pro Rata Share**" means (a) with respect to a Lender's obligation to make advances in respect of a Term Loan and such Lender's right to receive payments of principal and interest with respect to the Term Loans, the Term Loan Commitment Percentage of such Lender in respect of such Term Loan; and (b) for all other purposes (including, without limitation, the indemnification obligations arising under Section 11.6) with respect to any Lender, the percentage obtained by *dividing* (i) the Term Loan Commitment Amount of such Lender (or, in the event the Term Loan Commitment shall have been terminated, such Lender's then outstanding principal advances of such Lender under the Term Loan), *by* (ii) the sum of the Term Loan Commitment (or, in the event the Term Loan Commitment shall have been terminated, the then outstanding principal advances of such Lenders under the Term Loan) of all Lenders.

"**Purchase Agreement**" means that certain Asset Purchase Agreement, dated as of the Original Closing Date, by and among Borrowers, as purchasers, and CorMatrix and certain subsidiaries thereof as sellers (collectively, "**Seller**"), pursuant to which Borrower has purchased certain commercial assets from Seller on the terms and conditions as set forth therein.

"**Qualified IPO**" means the issuance and sale by Aziyo of its common stock in an underwritten public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement (whether alone or in connection with a secondary public offering) filed with the SEC in accordance with the Securities Act of 1933, as amended, following which Aziyo's common stock is listed on a nationally-recognized stock exchange in the United States and in respect of which Aziyo has delivered evidence satisfactory to Agent that Aziyo has received net cash proceeds of not less than $40,000,000 (subject to no clawback, escrow or other terms limiting the Aziyo's ability to freely use such proceeds).

"**Recall**" means a Person's Removal or Correction of a marketed product that the FDA considers to be in violation of the laws it administers and against which the FDA would initiate legal action, e.g., seizure.

"**Registered Intellectual Property**" means any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing.

"**Regulatory Required Permit**" means any and all licenses, approvals and permits issued by the FDA, DEA or any other applicable Governmental Authority, including without limitation Drug Applications, necessary for the testing, manufacture, marketing or sale of any Product by any applicable Borrower(s) and its Subsidiaries as such activities are being conducted by such Borrower and its Subsidiaries with respect to such Product at such time and any drug listings and drug establishment registrations under 21 U.S.C. Section 510, registrations issued by DEA under 21 U.S.C. Section 823 (if applicable to any Product), and those issued by State or local governments for the conduct of Borrower's or any Subsidiary's business, including without limitation, all licenses, approvals and permits necessary in connection with the removal, transportation, implantation, processing, preservation, quality control, and storage of human tissue.

"**Removal**" means the physical removal of a product from its point of use to some other location for repair, modification, adjustment, relabeling, destruction, or inspection.

"**Required Lenders**" means at any time Lenders holding (a) sixty percent (60%) or more of the sum of the Term Loan Commitment (taken as a whole), or (b) if the Term Loan Commitment has been terminated, sixty percent (60%) or more of the then aggregate outstanding principal balance of the Loans.

"**Responsible Officer**" means any of the Chief Executive Officer, Chief Financial Officer, Treasurer or any other officer of the applicable Borrower acceptable to Agent.

"**Revolving Loan Availability**" has the meaning set forth in the Affiliated Credit Agreement.

"**Revolving Loans**" has the meaning set forth in the Affiliated Credit Agreement.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Account**" means a "securities account" (as defined in Article 9 of the UCC), an investment account, or other account in which investment property or securities are held or invested for credit to or for the benefit of any Borrower.

"**Securities Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any applicable Borrower and each securities intermediary in which such Borrower maintains a Securities Account pursuant to which Agent shall obtain "control" (as defined in Article 9 of the UCC) over such Securities Account.

"**Security Document**" means this Agreement and any other agreement, document or instrument executed concurrently with the Original Credit Agreement or at any time thereafter pursuant to which one or more Credit Parties or any other Person either (a) Guarantees payment or performance of all or any portion of the Obligations, and/or (b) provides, as security for all or any portion of the Obligations, a Lien on any of its assets in favor of Agent for its own benefit and the benefit of the Lenders, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Solvent**" means, with respect to any Person, that such Person (a) owns and will own assets the fair saleable value of which are (i) greater than the total amount of its debts and liabilities (including subordinated and Contingent Obligations), and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (b) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (c) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

"**Stated Rate**" has the meaning set forth in Section 2.7.

"**Subordinated Debt**" means the (a) the Debt or Contingent Obligations (as applicable) under the (i) Ligand Royalty Agreement, (ii) the Ligand Parent Guaranty, and (iii) the Donor Network West Note, and (b) any other Debt of Borrowers incurred pursuant to the terms of the Subordinated Debt Documents and with the prior written consent of Agent, all of which documents must be in form and substance acceptable to Agent in its sole discretion.

"**Subordinated Debt Documents**" means (a) the Ligand Royalty Agreement, (b) the Ligand Parent Guaranty, (c) the Donor Network West Note and (d) any other documents evidencing and/or securing Debt governed by a Subordination Agreement, all of which documents must be in form and substance acceptable to Agent in its sole discretion.

"**Subordination Agreements**" means (a) the Ligand Intercreditor Agreement, (b) that certain Debt Subordination Agreement (Donor Network West), dated as of the date hereof, by and among Donor Network West and Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms of the Financing Documents (the "**Debt Subordination Agreement (Donor Network West)**"), and (c) each other agreement between Agent and another creditor of Borrowers, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Debt owing from any Borrower(s) and/or the Liens securing such Debt granted by any Borrower(s) to such creditor are subordinated in any way to the Obligations and the Liens created under the Security Documents, the terms and provisions of such Subordination Agreements to have been agreed to by and be acceptable to Agent in the exercise of its sole discretion.

"**Subsidiary**" means, with respect to any Person, (a) any corporation of which an aggregate of more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of more than fifty percent (50%) of such capital stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of a Borrower.

"**Swap Contract**" means any "swap agreement", as defined in Section 101 of the Bankruptcy Code, that is obtained by Borrower to provide protection against fluctuations in interest or currency exchange rates, but only if Agent provides its prior written consent to the entry into such "swap agreement".

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Termination Date**" means the earlier to occur of (a) the Maturity Date, (b) any date on which Agent accelerates the maturity of the Loans pursuant to Section 10.2, or (c) the termination date stated in any notice of termination of this Agreement provided by Borrowers in accordance with Section 2.12.

"**Term Loan**" means, collectively, the Term Loan Tranche 1, Term Loan Tranche 2, Term Loan Tranche 3, Term Loan Tranche 4 and Term Loan Tranche 5.

"**Term Loan Commitment**" means the sum of each Lender's Term Loan Commitment Amount.

"**Term Loan Commitment Amount**" means, with respect to each Lender, the sum of such Lender's Term Loan Tranche 1 Commitment Amount, Term Loan Tranche 2 Commitment Amount, Term Loan Tranche 3 Commitment Amount, Term Loan Tranche 4 Commitment Amount and Term Loan Tranche 5 Commitment Amount.

"**Term Loan Commitment Percentage**" means, as to any Lender with respect to each of such Lender's Term Loan Commitments, (a) on the Closing Date with respect to each tranche of the Term Loan, the applicable percentage set forth opposite such Lender's name on the Commitment Annex under the column "Term Loan Tranche 1 Commitment Percentage", "Term Loan Tranche 2 Commitment Percentage", "Term Loan Tranche 3 Commitment Percentage", "Term Loan Tranche 4 Commitment Percentage" and "Term Loan Tranche 5 Commitment Percentage" (if such Lender's name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero), and (b) on any date following the Closing Date, as applicable to each tranche of Term Loan, the percentage equal to (i) the Term Loan Tranche 1 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 1 Commitments on such date, (ii) the Term Loan Tranche 2 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 2 Commitments on such date, (iii) the Term Loan Tranche 3 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 3 Commitments on such date, (iv) the Term Loan Tranche 4 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 4 Commitments on such date or (v) the Term Loan Tranche 5 Commitment of such Lender on such date *divided by* the aggregate Term Loan Tranche 5 Commitments on such date.

"**Term Loan Tranche 1**" has the meaning set forth in Section 2.1(a)(i)(A).

"**Term Loan Tranche 1 Commitment Amount**" means, with respect to each Lender, the amount set forth opposite such Lender's name on Annex A hereto under the caption "Term Loan Tranche 1 Commitment Amount", as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.

"**Term Loan Tranche 1 Commitments**" means the sum of each Lender's Term Loan Tranche 1 Commitment Amount.

"**Term Loan Tranche 2**" has meaning set forth in Section 2.1(a)(i)(A).

"**Term Loan Tranche 2 Commitment Amount**" means, with respect to each Lender, the amount set forth opposite such Lender's name on Annex A hereto under the caption "Term Loan Tranche 2 Commitment Amount", as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.

"**Term Loan Tranche 2 Commitments**" means the sum of each Lender's Term Loan Tranche 2 Commitment Amount.

"**Term Loan Tranche 3**" has meaning set forth in Section 2.1(a)(i)(A).

"**Term Loan Tranche 3 Commitment Amount**" means, with respect to each Lender, the amount set forth opposite such Lender's name on Annex A hereto under the caption "Term Loan Tranche 3 Commitment Amount", as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.

"**Term Loan Tranche 3 Commitments**" means the sum of each Lender's Term Loan Tranche 3 Commitment Amount.

"**Term Loan Tranche 4**" has meaning set forth in Section 2.1(a)(i)(B).

"**Term Loan Tranche 4 Activation Date**" means the date (if any) on or after the Closing Date on which the Credit Parties shall have delivered to Agent (a) such consents from each of Ligand and Donor Network West as may be requested by the Agent in its sole discretion, including without limitation consents to the Term Loan Tranche 4 under the Ligand Intercreditor Agreement and the Debt Subordination Agreement (Donor Network West), respectively, and (b) a Compliance Certificate, delivered in accordance with Section 4.1(i), that demonstrates to Agent's reasonable satisfaction that the consolidated Net Product Revenue for the Defined Period ending on the last day of the month for which the most recent Compliance Certificate was delivered (or required to be delivered) is greater than or equal to $30,000,000.

"**Term Loan Tranche 4 Commitment Amount**" means, with respect to each Lender, the amount set forth opposite such Lender's name on Annex A hereto under the caption "Term Loan Tranche 4 Commitment Amount", as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.

"**Term Loan Tranche 4 Commitment Termination Date**" means March 31, 2020.

"**Term Loan Tranche 4 Commitments**" means the sum of each Lender's Term Loan Tranche 4 Commitment Amount.

"**Term Loan Tranche 5**" has meaning set forth in Section 2.1(a)(i)(C).

"**Term Loan Tranche 5 Activation Date**" means the date (if any) on or after September 30, 2019 on which the Credit Parties shall have delivered to Agent (a) such consents from each of Ligand and Donor Network West as may be requested by the Agent in sole discretion, including without limitation consents to the Term Loan Tranche 5 under the Ligand Intercreditor Agreement and the Debt Subordination Agreement (Donor Network West), respectively, and (b) evidence satisfactory to Agent that Aziyo has consummated a Qualified IPO.

"**Term Loan Tranche 5 Commitment Amount**" means, with respect to each Lender, the amount set forth opposite such Lender's name on Annex A hereto under the caption "Term Loan Tranche 5 Commitment Amount", as amended from time to time to reflect any permitted and effective assignments and as such amount may be reduced or terminated pursuant to this Agreement.

"**Term Loan Tranche 5 Commitment Termination Date**" means June 30, 2020.

"**Term Loan Tranche 5 Commitments**" means the sum of each Lender's Term Loan Tranche 5 Commitment Amount.

"**Third Party Payor**" means Medicare, Medicaid, TRICARE, and other state or federal health care program, Blue Cross and/or Blue Shield, private insurers, managed care plans and any other Person or entity which presently or in the future maintains Third Party Payor Programs.

"**Third Party Payor Programs**" means all payment and reimbursement programs, sponsored by a Third Party Payor, in which a Borrower participates.

"**Transaction Documents**" means the Purchase Agreement, including the exhibits and schedules thereto, and all agreements, documents and instruments executed and delivered pursuant thereto or in connection therewith.

"**TRICARE**" means the program administered pursuant to 10 U.S.C. Section 1071 et. seq), Sections 1320a-7 and 1320a-7a of Title 42 of the United States Code and the regulations promulgated pursuant to such statutes.

"**UCC**" means the Uniform Commercial Code of the State of New York or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"**Unfinanced Capital Expenditures**" means, for any fiscal period, Capital Expenditures made by Borrower and its consolidated Subsidiaries that are not funded by Debt for Money Borrowed (other than Loans made under the Affiliated Credit Agreement) or purchase money Debt, in each case incurred by Borrower and its Subsidiaries during such period.

"**United States**" means the United States of America.

"**U.S. Tax Compliance Certificate**" has the meaning set forth in Section 2.8(c)(i).

"**Withholding Agent**" means any Borrower or Agent.

Section 1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including, without limitation, determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of each Borrower and its Consolidated Subsidiaries delivered to Agent and each of the Lenders on or prior to the Closing Date. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Financing Document, and either Borrowers or the Required Lenders shall so request, Agent, the Lenders and Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided*, *however*, that until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrowers shall provide to Agent and the Lenders financial statements and other documents required under this Agreement which include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Debt or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value", as defined therein.

Section 1.3 Other Definitional and Interpretive Provisions. References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits", or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation". Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. References to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. References to any statute or act, without additional reference, shall be deemed to refer to federal statutes and acts of the United States. References to any agreement, instrument or document shall include all schedules, exhibits, annexes and other attachments thereto. As used in this Agreement, the meaning of the term "material" or the phrase "in all material respects" is intended to refer to an act, omission, violation or condition which reflects or could reasonably be expected to result in a Material Adverse Effect. References to capitalized terms that are not defined herein, but are defined in the UCC, shall have the meanings given them in the UCC. All references herein to times of day shall be references to daylight or standard time, as applicable.

Section 1.4 Time is of the Essence. Time is of the essence in Borrower's and each other Credit Party's performance under this Agreement and all other Financing Documents.

ARTICLE 2 - LOANS

Section 2.1 Loans.

(a) Term Loans.

(i) Term Loan Amounts.

(A) Under the Original Credit Agreement, the Lenders thereunder made term loans to Borrowers in the principal amounts of (1) Eight Million Five Hundred Thousand Dollars ($8,500,000) ("**Existing Term Loan 1**"), (2) Five Million Dollars ($5,000,000) ("**Existing Term Loan 2**") and (3) Three Million Dollars ($3,000,000) ("**Existing Term Loan 3**", and together with Existing Term Loan 1 and Existing Term Loan 2, the "**Existing Term Loans**") and, following the making of each such Existing Term Loan, the Term Loan Tranche 1 Commitment (as defined in the Original Credit Agreement), the Term Loan Tranche 2 Commitment (as defined in the Original Credit Agreement) and the Term Loan Tranche 3 Commitment (as defined in the Original Credit Agreement), as applicable, were reduced to zero ($0). Immediately prior to the effectiveness of this Agreement, the outstanding principal balance of the Existing Term Loan 1 is $8,500,000, which amount shall be deemed to have been, and hereby is, converted to the "**Term Loan Tranche 1**" under this Agreement, and hereby is deemed to be outstanding in the amount set forth with respect to each Lender's Term Loan Tranche 1 Commitment Amount hereto without constituting a novation. Immediately prior to the effectiveness of this Agreement, the outstanding principal balance of the Existing Term Loan 2 is $5,000,000, which amount shall be deemed to have been, and hereby is, converted to the "**Term Loan Tranche 2**" under this Agreement, and hereby is deemed to be outstanding in the amount set forth with respect to each Lender's Term Loan Tranche 2 Commitment Amount hereto without constituting a novation. Immediately prior to the effectiveness of this Agreement, the outstanding principal balance of the Existing Term Loan 3 is $3,000,000, which amount shall be deemed to have been, and hereby is, converted to the "**Term Loan Tranche 3**" under this Agreement, and hereby is deemed to be outstanding in the amount set forth with respect to each Lender's Term Loan Tranche 3 Commitment Amount hereto without constituting a novation. Each Borrower hereby (x) represents, warrants, agrees, covenants and reaffirms that it has no defense, set off, claim or counterclaim against the Agent and the Lenders with regard to its Obligations in respect of each such Existing Term Loan and (y) reaffirms its obligation to repay each of Term Loan Tranche 1, Term Loan Tranche 2 and Term Loan Tranche 3 in accordance with the terms and provisions of this Agreement and the other Financing Documents.

(B) On the terms and subject to the conditions set forth herein and in the other Financing Documents, each Lender with a Term Loan Tranche 4 Commitment severally hereby agrees to make to Borrowers a term loan on a Business Day occurring on or after the Term Loan Tranche 4 Activation Date and on or prior to the Term Loan Tranche 4 Commitment Termination Date (the "**Term Loan Tranche 4 Funding Date**") in an original aggregate principal amount equal to the Term Loan Tranche 4 Commitment (the "**Term Loan Tranche 4**"). Each such Lender's obligation to fund the Term Loan Tranche 4 shall be limited to such Lender's Term Loan Tranche 4 Commitment Percentage, and no Lender shall have any obligation to fund any portion of any Term Loan required to be funded by any other Lender, but not so funded. Unless previously terminated, upon the Term Loan Tranche 4 Commitment Termination Date, the Term Loan Tranche 4 Commitment shall thereupon automatically be terminated and the Term Loan Tranche 4 Commitment Amount of each Lender as of such date shall be reduced by such Lender's Pro Rata Share of such total reduction in the Term Loan Commitments. Without limiting the foregoing, until the Term Loan Tranche 4 Activation Date has occurred, no Borrower shall be entitled to request and no Lender shall be required to advance any principal amount in respect of the Term Loan Tranche 4.

(C) On the terms and subject to the conditions set forth herein and in the other Financing Documents, each Lender with a Term Loan Tranche 5 Commitment severally hereby agrees to make to Borrowers a term loan on or after the Term Loan Tranche 5 Activation Date and on or prior to the Term Loan Tranche 4 Commitment Termination Date in an original aggregate principal amount equal to the Term Loan Tranche 5 Commitment (the "**Term Loan Tranche 5**"). Each such Lender's obligation to fund the Term Loan Tranche 5 shall be limited to such Lender's Term Loan Tranche 5 Commitment Amount, and no Lender shall have any obligation to fund any portion of any Term Loan required to be funded by any other Lender, but not so funded. Without limiting the foregoing, until the Term Loan Tranche 5 Activation Date has occurred, no Borrower shall be entitled to request and no Lender shall be required to advance any principal amount in respect of the Term Loan Tranche 5.

(D) No Borrower shall have any right to reborrow any portion of the Term Loan that is repaid or prepaid from time to time. Borrowers shall deliver to Agent a Notice of Borrowing with respect to each proposed Term Loan advance, such Notice of Borrowing to be delivered, (i) in the case of a Term Loan Tranche 1, Term Loan Tranche 2 or Term Loan Tranche 3 borrowing, no later than 12:00 P.M. (Eastern time) on the Business Day prior to such proposed borrowing, (ii) in the case of a Term Loan Tranche 4 borrowing, no later than 12:00 P.M. (Eastern time) on the day of such proposed borrowing, or (iii) in the case of a Term Loan Tranche 5 borrowing, no later than 12:00 P.M. (Eastern time) on the day of such proposed borrowing.

(ii) Scheduled Repayments; Mandatory Prepayments; Optional Prepayments.

(A) There shall become due and payable, and Borrowers shall repay the Term Loan through, scheduled payments as set forth on Schedule 2.1 attached hereto. Notwithstanding the payment schedule set forth above, the outstanding principal amount of the Term Loan shall become immediately due and payable in full on the Termination Date.

(B) There shall become due and payable and Borrowers shall prepay the Term Loan in the following amounts and at the following times:

(i) Unless Agent shall otherwise consent in writing, on the date on which any Credit Party (or Agent as loss payee or assignee) receives any casualty proceeds in excess of $250,000 with respect to assets upon which Agent maintained a Lien, an amount equal to one hundred percent (100%) of such proceeds (net of out-of-pocket expenses and repayment of secured debt permitted under clause (c) of the definition of Permitted Debt and encumbering the property that suffered such casualty), or such lesser portion of such proceeds as Agent shall elect to apply to the Obligations;

(ii) an amount equal to any interest that is deemed to be in excess of the Maximum Lawful Rate (as defined below) and is required to be applied to the reduction of the principal balance of the Loans by any Lender as provided for in Section 2.7;

(iii) unless Agent shall otherwise consent in writing, upon receipt by any Credit Party of the proceeds of any Asset Disposition that is not made in the Ordinary Course of Business or that pertains to any Collateral upon which a Borrowing Base is calculated, an amount equal to one hundred percent (100%) of the net cash proceeds of such asset disposition (net of out-of-pocket expenses and repayment of secured debt permitted under clause (c) of the definition of Permitted Debt and encumbering such asset), or such lesser portion as Agent shall elect to apply to the Obligations; and

(iv) upon the termination of all Revolving Loan Commitments (as defined in the Affiliated Credit Agreement) and the payment of the then existing aggregate outstanding principal amount of the Revolving Loans, the aggregate outstanding Obligations.

Notwithstanding the foregoing and so long as no Event of Default or Default then exists: (1) any such casualty proceeds in excess of $250,000 (other than with respect to Inventory and any real property, unless Agent shall otherwise elect) may be used by Borrowers within one hundred eighty (180) days from the receipt of such proceeds to replace or repair any assets in respect of which such proceeds were paid so long as such proceeds are deposited into a Deposit Account that is subject to a Deposit Account Control Agreement promptly upon receipt by such Borrower; and (2) proceeds of personal property asset dispositions that are not made in the Ordinary Course of Business (other than Collateral upon which the Borrowing Base is calculated or Intellectual Property, unless Agent shall otherwise elect) may be used by Borrowers within one hundred eighty (180) days from the receipt of such proceeds to purchase new or replacement assets of comparable value, *provided, however*, that such proceeds are deposited into a Deposit Account that is subject to a Deposit Account Control Agreement promptly upon receipt by such Borrower. All sums held by Agent pending reinvestment as described in subsections (1) and (2) above shall be deemed additional collateral for the Obligations and may be commingled with the general funds of Agent.

(C) Borrowers may from time to time, with at least ten (10) Business Days prior written notice (which notice may be conditioned on the closing of a refinancing or other applicable transaction), prepay the Term Loan in whole but not in part (other than mandatory partial prepayments required under this Agreement); *provided, however*, that each such prepayment shall be accompanied by all prepayment fees, exit fees and any other applicable fees required hereunder.

(iii) All Prepayments. Except as this Agreement may specifically provide otherwise, all prepayments of the Term Loan shall be applied by Agent to the Obligations in inverse order of maturity. The monthly payments required under Schedule 2.1 shall continue in the same amount (for so long as the Term Loan and/or (if applicable) any advance thereunder shall remain outstanding) notwithstanding any partial prepayment, whether mandatory or optional, of the Term Loan. Notwithstanding anything to the contrary contained in the foregoing, in the event that there have been multiple advances under the Term Loan each of which such advances has a separate amortization schedule of principal payments under Schedule 2.1 attached hereto, each prepayment of the Term Loan shall be applied by Agent to reduce and prepay the principal balance of the earliest-made advance then outstanding in the inverse order of maturity of the scheduled payments with respect to such advance until such earliest-made advance is paid in full (and to the extent the total amount of any such partial prepayment shall exceed the outstanding principal balance of such earliest-made advance, the remainder of such prepayment shall be applied successively to the remaining advances under the Term Loan in the direct order of the respective advance dates in the manner provided for in this sentence).

(iv) LIBOR Rate.

(A) Except as provided in subsection (C) below, the Term Loan shall accrue interest at the LIBOR Rate *plus* the Applicable Margin.

(B) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding loans bearing interest based upon the LIBOR Rate; *provided, however,* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (I) require such Lender to furnish to Borrowers a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (II) repay the Loans bearing interest based upon the LIBOR Rate with respect to which such adjustment is made.

(C) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to maintain Loans bearing interest based upon the LIBOR Rate or to continue such maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender, (I) in the case of the pro rata share of the Term Loan held by such Lender and then outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such portion of the Term Loan, and interest upon such portion thereafter shall accrue interest at the Base Rate *plus* the Applicable Margin, and (II) such portion of the Term Loan shall continue to accrue interest at the Base Rate *plus* the Applicable Margin until such Lender determines that it would no longer be unlawful or impractical to maintain such Term Loan at the LIBOR Rate.

(D) Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues based on the LIBOR Rate.

(b) Reserved.

Section 2.2 Interest, Interest Calculations and Certain Fees.

(a) Interest. From and following the Closing Date, except as expressly set forth in this Agreement, Loans and the other Obligations shall bear interest at the sum of the LIBOR Rate *plus* the Applicable Margin. Interest on the Loans shall be paid in arrears on the first (1st) day of each month and on the maturity of such Loans, whether by acceleration or otherwise. Interest on all other Obligations shall be payable upon demand. The Borrowers hereby agree that all accrued and unpaid interest due and owing to the "Lenders" (as defined in the Original Credit Agreement) as of the Closing Date shall be paid in cash by the Borrowers to the Agent, for the benefit of such Lenders, on the first (1st) day of the first calendar month following the Closing Date. All Loans made under the Original Credit Agreement shall bear interest at the sum of the LIBOR Rate plus the Applicable Margin starting on and after the Closing Date.

(b) Reserved.

(c) Fee Letter. In addition to the other fees set forth herein, the Borrowers agree to pay Agent the fees set forth in the Fee Letter.

(d) Reserved.

(e) Reserved.

(f) Origination Fee. Contemporaneous with Borrowers' execution of this Agreement, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Term Loans on the Closing Date, a fee in an amount equal to $42,500. The fee payable pursuant to this paragraph shall be deemed fully earned when due and payable and non-refundable as of the Closing Date.

(g) Reserved.

(h) Exit Fee. Borrowers shall pay to Agent, for the benefit of all Lenders committed to make Term Loan advances, as compensation for the costs of making funds available to Borrowers under this Agreement an exit fee (the "**Exit Fee**") calculated in accordance with this subsection and upon the date or dates required under this subsection. The Exit Fee shall be an amount equal to six and one half percent (6.50%) *multiplied by* the aggregate principal amount of all Term Loans advanced to Borrower under this Agreement. Upon any repayment of any portion of any Term Loan (whether by voluntary prepayment by Borrower, by mandatory prepayment by Borrower, by reason of the occurrence of an Event of Default or the acceleration of the Obligations (including any automatic acceleration due to the occurrence of an Event of Default described in Section 10.1(f)) or otherwise) other than scheduled amortization payments (if any) and the final payment of principal in respect of any tranche of any Term Loans, a portion of the Exit Fee shall be due in the following amount: that percentage which is obtained by dividing the amount prepaid by the then outstanding principal balance of such tranche of Term Loans. Any remaining unpaid amount of the Exit Fee shall be due and payable on the Termination Date. All fees payable pursuant to this paragraph shall be deemed fully accrued and earned as of the Closing Date.

(i) Prepayment Fee. If any advance under the Term Loan is prepaid at any time, in whole or in part, for any reason (whether by voluntary prepayment by Borrowers, by reason of the occurrence of an Event of Default or the acceleration of the Term Loan, or otherwise), or if the Term Loan shall become accelerated and due and payable in full, Borrowers shall pay to Agent, for the benefit of all Lenders committed to make Term Loan advances, as compensation for the costs of such Lenders making funds available to Borrowers under this Agreement, a prepayment fee (the "**Prepayment Fee**") calculated in accordance with this subsection. The Prepayment Fee in respect of each of Term Loan Tranche 1, Term Loan Tranche 2 or Term Loan Tranche 3 shall be equal to an amount determined by *multiplying* the amount being prepaid (or required to be prepaid, if such amount is greater) *by* the following applicable percentage amount: ((x) four percent (4.0%) for the first year following the Closing Date, (y) three percent (3.0%) for the second year following the Closing Date and (z) two percent (2.0%) thereafter. The Prepayment Fee in respect of Term Loan Tranche 4 shall be equal to an amount determined by *multiplying* the amount being prepaid (or required to be prepaid, if such amount is greater) *by* the following applicable percentage amount: (x) four percent (4.0%) for the first year following the Term Loan Tranche 4 Funding Date, (y) three percent (3.0%) for the second year following the Term Loan Tranche 4 Funding Date and (z) two percent (2.0%) thereafter. The Prepayment Fee in respect of Term Loan Tranche 5 shall be equal to an amount determined by *multiplying* the amount being prepaid (or required to be prepaid, if such amount is greater) *by* the following applicable percentage amount: (x) four percent (4.0%) for the first year following the Term Loan Tranche 5 Funding Date, (y) three percent (3.0%) for the second year following the Term Loan Tranche 5 Funding Date and (z) two percent (2.0%) thereafter. The Prepayment Fee shall not apply to or be assessed upon any prepayment made by Borrowers if such payments were required by Agent to be made pursuant to Section 2.1(a)(ii)(B) subpart (i) (relating to casualty proceeds), or subpart (ii) (relating to payments exceeding the Maximum Lawful Rate). All fees payable pursuant to this paragraph shall be deemed fully earned and non-refundable as of the Closing Date.

(j) Audit Fees. Borrowers shall pay to Agent, for its own account and not for the benefit of any other Lenders, all reasonable fees and expenses in connection with audits and inspections of Borrowers' books and records, audits, valuations or appraisals of the Collateral, audits of Borrowers' compliance with applicable Laws and such other matters as Agent shall deem appropriate, which shall be due and payable on the first Business Day of the month following the date of issuance by Agent of a written request for payment thereof to Borrowers.

(k) Wire Fees. Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, on written demand, fees for incoming and outgoing wires made for the account of Borrowers, such fees to be based on Agent's then current wire fee schedule (available upon written request of the Borrowers).

(l) Late Charges. If payments of principal (other than a final installment of principal upon the Termination Date), interest due on the Obligations, or any other amounts due hereunder or under the other Financing Documents are not timely made and remain overdue for a period of five (5) days, Borrowers, without notice or demand by Agent, promptly shall pay to Agent, for its own account and not for the benefit of any other Lenders, as additional compensation to Agent in administering the Obligations, an amount equal to five percent (5.0%) of each delinquent payment.

(m) Computation of Interest and Related Fees. All interest and fees under each Financing Document shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding of a Loan shall be included in the calculation of interest. The date of payment of a Loan shall be excluded from the calculation of interest. If a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

(n) Automated Clearing House Payments. If Agent (or its designated servicer or trustee on behalf of a securitization vehicle) so elects, monthly payments of principal, interest, fees, expenses or any other amounts due and owing from Borrower to Agent hereunder shall be paid to Agent by Automated Clearing House debit of immediately available funds from the financial institution account designated by Borrower Representative in the Automated Clearing House debit authorization executed by Borrowers or Borrower Representative in connection with this Agreement, and shall be effective upon receipt. Borrowers shall execute any and all forms and documentation necessary from time to time to effectuate such automatic debiting. In no event shall any such payments be refunded to Borrowers.

Section 2.3 Notes. The portion of the Loans made by each Lender shall be evidenced, if so requested by such Lender, by one or more promissory notes executed by Borrowers on a joint and several basis (each, a "**Note**") in an original principal amount equal to such Lender's Term Loan Commitments.

Section 2.4 Reserved.

Section 2.5 Reserved.

Section 2.6 General Provisions Regarding Payment; Loan Account.

(a) All payments to be made by each Borrower under any Financing Document, including payments of principal and interest made hereunder and pursuant to any other Financing Document, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension (it being understood and agreed that, solely for purposes of calculating financial covenants and computations contained herein and determining compliance therewith, if payment is made, in full, on any such extended due date, such payment shall be deemed to have been paid on the original due date without giving effect to any extension thereto). Any payments received in the Payment Account before 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on such date, and any payments received in the Payment Account at or after 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on the next succeeding Business Day.

(b) Agent shall maintain a loan account (the "**Loan Account**") on its books to record Loans and other extensions of credit made by the Lenders hereunder or under any other Financing Document, and all payments thereon made by each Borrower. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded in Agent's books and records at any time shall be conclusive and binding evidence of the amounts due and owing to Agent by each Borrower absent manifest error; *provided*, *however*, that any failure to so record or any error in so recording shall not limit or otherwise affect any Borrower's duty to pay all amounts owing hereunder or under any other Financing Document. Agent shall endeavor to provide Borrowers with a monthly statement regarding the Loan Account (but neither Agent nor any Lender shall have any liability if Agent shall fail to provide any such statement). Unless any Borrower notifies Agent of any objection to any such statement (specifically describing the basis for such objection) within ninety (90) days after the date of receipt thereof, it shall be deemed final, binding and conclusive upon Borrowers in all respects as to all matters reflected therein.

Section 2.7 Maximum Interest. In no event shall the interest charged with respect to the Loans or any other Obligations of any Borrower under any Financing Document exceed the maximum amount permitted under the laws of the State of New York or of any other applicable jurisdiction. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable hereunder or under any Note or other Financing Document (the "**Stated Rate**") would exceed the highest rate of interest permitted under any applicable law to be charged (the "**Maximum Lawful Rate**"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable shall be equal to the Maximum Lawful Rate; *provided*, *however*, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, each Borrower shall, to the extent permitted by law, continue to pay interest at the Maximum Lawful Rate until such time as the total interest received is equal to the total interest which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable. Thereafter, the interest rate payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest received by any Lender exceed the amount which it could lawfully have received had the interest been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, any Lender has received interest hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Loans or to other amounts (other than interest) payable hereunder, and if no such principal or other amounts are then outstanding, such excess or part thereof remaining shall be paid to Borrowers. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate *divided by* the number of days in the year in which such calculation is made.

Section 2.8 Taxes; Capital Adequacy; Mitigation Obligations.

(a) All payments of principal and interest on the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future Taxes, except as required by applicable Law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and if any such withholding or deduction is in respect of any Indemnified Taxes, then the Borrowers shall pay such additional amount or amounts as is necessary to ensure that the net amount actually received by Agent and each Lender will equal the full amount Agent and such Lender would have received had no such withholding or deduction been required (including, without limitation, such withholdings and deductions applicable to additional sums payable under this Section 2.8). After payment of any Tax by a Borrower to a Governmental Authority pursuant to this Section 2.8, such Borrower shall promptly forward to Agent the original or a certified copy of an official receipt, a copy of the return reporting such payment, or other documentation satisfactory to Agent evidencing such payment to such authority. Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of Agent timely reimburse it for the payment of, any Other Taxes.

(b) The Borrowers shall indemnify Agent and Lenders, within ten (10) days after demand thereof, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.8) payable or paid by Agent or any Lender or required to be withheld or deducted from a payment to Agent or any Lender and any expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate in reasonable detail as to the amount of such payment or liability delivered to Borrowers by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(c) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Financing Document shall deliver to Borrower Representative and Agent, at the time or times prescribed by applicable Law or reasonably requested by Borrower Representative or Agent, such properly completed and executed documentation reasonably requested by Borrower Representative or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower Representative or Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by Borrowers or Agent as will enable Borrowers or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.8(c)(i), 2.8(c)(ii) and 2.8(e) below) shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Each Lender that is not a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) for U.S. federal income tax purposes and is a party hereto on the Closing Date or purports to become an assignee of an interest pursuant to Section 11.17(a) after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) (each such Lender a "**Foreign Lender**") shall, to the extent permitted by Law, execute and deliver to Borrower Representative and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent) whichever of the following is applicable: (A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Financing Document, two (2) properly completed and executed originals of United States Internal Revenue Service ("**IRS**") Forms W-8BEN or W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Financing Documents, two (2) properly completed and executed originals of IRS Forms W-8BEN or W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "business profits" or "other income" article of such tax treaty; (B) two (2) executed originals of Form W-8ECI (or successor form); (C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) two (2) executed originals of IRS Forms W-8BEN or W-8BEN-E (or successor form); (D) to the extent a Foreign Lender is not the beneficial owner, two (2) executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9 (or successor form), and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner; or (E) other applicable forms, certificates or documents prescribed by the IRS. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower Representative and Agent in writing of its legal inability to do so. In addition, to the extent permitted by applicable Law, such forms shall be delivered by each Foreign Lender upon the obsolescence or invalidity of any form previously delivered by such Foreign Lender. Each Foreign Lender shall promptly notify Borrower Representative at any time it determines that it is no longer in a position to provide any previously delivered certificate to Borrower Representative (or any other form of certification adopted by the U.S. taxing authorities for such purpose).

(ii) Each Lender that is a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) for U.S. federal income tax purposes and is a party hereto on the Closing Date or purports to become an assignee of an interest pursuant to Section 11.17(a) after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) shall, to the extent permitted by Law, provide to Borrower Representative and Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent), a properly completed and executed IRS Form W-9 or any successor form certifying as to such Lender's entitlement to an exemption from U.S. backup withholding and other applicable forms, certificates or documents prescribed by the IRS or reasonably requested by Borrower Representative or Agent. Each such Lender shall promptly notify Borrowers at any time it determines that any certificate previously delivered to Borrower Representative (or any other form of certification adopted by the U.S. governmental authorities for such purposes) is no longer valid.

(iii) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower Representative and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrowers or Agent to determine the withholding or deduction required to be made.

(d) If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund in respect of any Taxes as to which it has been indemnified by any Borrower pursuant to this Section 2.8 (including by the payment of additional amounts pursuant to this Section 2.8), then it shall promptly pay an amount equal to such refund to Borrowers, net of all reasonable out-of-pocket expenses of such Lender or of Agent with respect thereto, including any Taxes; *provided*, *however*, that Borrowers, upon the written request of such Lender or Agent, agree to repay any amount paid over to Borrowers to such Lender or to Agent (plus any related penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Lender or Agent is required, for any reason, to disgorge or otherwise repay such refund. Notwithstanding anything to the contrary in this Section 2.8, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.8(d) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.8 shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(e) If a payment made to a Lender under any Financing Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower Representative and Agent at the time or times prescribed by Law and at such time or times reasonably requested by Borrower Representative or Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower Representative or Agent as may be necessary for Borrowers and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.17 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Agent in connection with any Financing Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Financing Document or otherwise payable by Agent to such Lender from any other source against any amount due to Agent under this paragraph (f).

(g) Each party's obligations under Section 2.8(a) through (f) shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all Obligations hereunder.

(h) If any Lender shall reasonably determine that the adoption or taking effect of, or any change in, any applicable Law regarding capital adequacy, in each instance, after the Closing Date, or any change after the Closing Date in the interpretation, administration or application thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation, administration or application thereof, or the compliance by any Lender or any Person controlling such Lender with any request, guideline or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank or comparable agency adopted or otherwise taking effect after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such controlling Person could have achieved but for such adoption, taking effect, change, interpretation, administration, application or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) then from time to time, upon demand by such Lender (which demand shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrowers shall promptly pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which such Lender first made demand therefor; *provided* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued.

(i) If any Lender requests compensation under either Section 2.1(a)(iv) or Section 2.8(h), or requires Borrowers to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8, then, upon the written request of Borrower Representative, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder (subject to the provisions of Section 11.17) to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or materially reduce amounts payable pursuant to any such Section, as the case may be, in the future, (ii) would not subject such Lender to any unreimbursed cost or expense and (iii) would not otherwise be disadvantageous to such Lender (as determined in its sole good faith discretion). Without limitation of the provisions of Section 12.14, each Borrower hereby agrees to pay all reasonable and documented, out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

Section 2.9 Appointment of Borrower Representative.

(a) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent and attorney-in-fact to request and receive Loans in the name or on behalf of such Borrower and any other Borrowers, deliver Notices of Borrowing, give instructions with respect to the disbursement of the proceeds of the Loans, give and receive all other notices and consents hereunder or under any of the other Financing Documents and taking all other actions (including in respect of compliance with covenants) in the name or on behalf of any Borrower or Borrowers pursuant to this Agreement and the other Financing Documents. Agent and Lenders may disburse the Loans to such bank account of Borrower Representative or a Borrower or otherwise make such Loans to a Borrower, in each case as Borrower Representative may designate or direct, without notice to any other Borrower. Notwithstanding anything to the contrary contained herein, Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Borrower Representative hereby accepts the appointment by Borrowers to act as the agent and attorney-in-fact of Borrowers pursuant to this Section 2.9. Borrower Representative shall ensure that the disbursement of any Loans that are at any time requested by or to be remitted to or for the account of a Borrower, shall be remitted or issued to or for the account of such Borrower.

(c) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent to receive statements on account and all other notices from Agent, Lenders with respect to the Obligations or otherwise under or in connection with this Agreement and the other Financing Documents.

(d) Any notice, election, representation, warranty, agreement or undertaking made or delivered by or on behalf of any Borrower by Borrower Representative shall be deemed for all purposes to have been made or delivered by such Borrower, as the case may be, and shall be binding upon and enforceable against such Borrower to the same extent as if made or delivered directly by such Borrower.

(e) No resignation by or termination of the appointment of Borrower Representative as agent and attorney-in-fact as aforesaid shall be effective, except after ten (10) Business Days' prior written notice to Agent. If the Borrower Representative resigns under this Agreement, Borrowers shall be entitled to appoint a successor Borrower Representative (which shall be a Borrower and shall be reasonably acceptable to Agent as such successor). Upon the acceptance of its appointment as successor Borrower Representative hereunder, such successor Borrower Representative shall succeed to all the rights, powers and duties of the retiring Borrower Representative and the term "Borrower Representative" means such successor Borrower Representative for all purposes of this Agreement and the other Financing Documents, and the retiring or terminated Borrower Representative's appointment, powers and duties as Borrower Representative shall be thereupon terminated.

Section 2.10 Joint and Several Liability; Rights of Contribution; Subordination and Subrogation.

(a) Borrowers are defined collectively to include all Persons named as one of the Borrowers herein; *provided, however*, that any references herein to "any Borrower", "each Borrower" or similar references, shall be construed as a reference to each individual Person named as one of the Borrowers herein. Each Person so named shall be jointly and severally liable for all of the obligations of Borrowers under this Agreement. Each Borrower, individually, expressly understands, agrees and acknowledges, that the credit facilities would not be made available on the terms herein in the absence of the collective credit of all of the Persons named as the Borrowers herein, the joint and several liability of all such Persons, and the cross-collateralization of the collateral of all such Persons. Accordingly, each Borrower individually acknowledges that the benefit to each of the Persons named as one of the Borrowers as a whole constitutes reasonably equivalent value, regardless of the amount of the credit facilities actually borrowed by, advanced to, or the amount of collateral provided by, any individual Borrower. In addition, each entity named as one of the Borrowers herein hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Agreement shall be applicable to and shall be binding upon and measured and enforceable individually against each Person named as one of the Borrowers herein as well as all such Persons when taken together. By way of illustration, but without limiting the generality of the foregoing, the terms of Section 10.1 of this Agreement are to be applied to each individual Person named as one of the Borrowers herein (as well as to all such Persons taken as a whole), such that the occurrence of any of the events described in Section 10.1 of this Agreement as to any Person named as one of the Borrowers herein shall constitute an Event of Default even if such event has not occurred as to any other Persons named as the Borrowers or as to all such Persons taken as a whole.

(b) Notwithstanding any provisions of this Agreement to the contrary, it is intended that the joint and several nature of the liability of each Borrower for the Obligations and the Liens granted by Borrowers to secure the Obligations, not constitute a Fraudulent Conveyance (as defined below). Consequently, Agent, Lenders and each Borrower agree that if the liability of a Borrower for the Obligations, or any Liens granted by such Borrower securing the Obligations would, but for the application of this sentence, constitute a Fraudulent Conveyance, the liability of such Borrower and the Liens securing such liability shall be valid and enforceable only to the maximum extent that would not cause such liability or such Lien to constitute a Fraudulent Conveyance, and the liability of such Borrower and this Agreement shall automatically be deemed to have been amended accordingly. For purposes hereof, the term "**Fraudulent Conveyance**" means a fraudulent conveyance under Section 548 of Chapter 11 of Title II of the Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the applicable provisions of any fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

(c) Agent is hereby authorized, without notice or demand (except as otherwise specifically required under this Agreement) and without affecting the liability of any Borrower hereunder, at any time and from time to time, to (i) renew, extend or otherwise increase the time for payment of the Obligations; (ii) with the written agreement of any Borrower, change the terms relating to the Obligations or otherwise modify, amend or change the terms of any Note or other agreement, document or instrument now or hereafter executed by any Borrower and delivered to Agent for any Lender; (iii) accept partial payments of the Obligations; (iv) take and hold any Collateral for the payment of the Obligations or for the payment of any guaranties of the Obligations and exchange, enforce, waive and release any such Collateral; (v) apply any such Collateral and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine; and (vi) settle, release, compromise, collect or otherwise liquidate the Obligations and any Collateral therefor in any manner, all guarantor and surety defenses being hereby waived by each Borrower. Without limitations of the foregoing, with respect to the Obligations, each Borrower hereby makes and adopts each of the agreements and waivers set forth in each Guarantee, the same being incorporated hereby by reference. Except as specifically provided in this Agreement or any of the other Financing Documents, Agent shall have the exclusive right to determine the time and manner of application of any payments or credits, whether received from any Borrower or any other source, and such determination shall be binding on all Borrowers. All such payments and credits may be applied, reversed and reapplied, in whole or in part, to any of the Obligations that Agent shall determine, in its sole discretion, without affecting the validity or enforceability of the Obligations of the other Borrower.

(d) Each Borrower hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Obligations from any obligor or other action to enforce the same; (ii) the waiver or consent by Agent with respect to any provision of any instrument evidencing the Obligations, or any part thereof, or any other agreement heretofore, now or hereafter executed by a Borrower and delivered to Agent; (iii) failure by Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against a Borrower or Agent's election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by a Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of Agent's claim(s) for repayment of any of the Obligations; or (vii) any other circumstance other than payment in full of the Obligations which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety.

(e) Borrowers hereby agree, as between themselves, that to the extent that Agent, on behalf of Lenders, shall have received from any Borrower any Recovery Amount (as defined below), then the paying Borrower shall have a right of contribution against each other Borrower in an amount equal to such other Borrower's contributive share of such Recovery Amount; *provided, however*, that in the event any Borrower suffers a Deficiency Amount (as defined below), then the Borrower suffering the Deficiency Amount shall be entitled to seek and receive contribution from and against the other Borrowers in an amount equal to the Deficiency Amount; and *provided, further*, that in no event shall the aggregate amounts so reimbursed by reason of the contribution of any Borrower equal or exceed an amount that would, if paid, constitute or result in Fraudulent Conveyance. Until all Obligations have been paid and satisfied in full, no payment made by or for the account of a Borrower including, without limitation, (i) a payment made by such Borrower on behalf of the liabilities of any other Borrower, or (ii) a payment made by any other Guarantor under any Guarantee, shall entitle such Borrower, by subrogation or otherwise, to any payment from such other Borrower or from or out of such other Borrower's property. The right of each Borrower to receive any contribution under this Section 2.10(e) or by subrogation or otherwise from any other Borrower shall be subordinate in right of payment to the Obligations and such Borrower shall not exercise any right or remedy against such other Borrower or any property of such other Borrower by reason of any performance of such Borrower of its joint and several obligations hereunder, until the Obligations have been indefeasibly paid and satisfied in full, and no Borrower shall exercise any right or remedy with respect to this Section 2.10(e) until the Obligations have been indefeasibly paid and satisfied in full. As used in this Section 2.10(e), the term "**Recovery Amount**" means the amount of proceeds received by or credited to Agent from the exercise of any remedy of the Lenders under this Agreement or the other Financing Documents, including, without limitation, the sale of any Collateral. As used in this Section 2.10(e), the term "**Deficiency Amount**" means any amount that is less than the entire amount a Borrower is entitled to receive by way of contribution or subrogation from, but that has not been paid by, the other Borrowers in respect of any Recovery Amount attributable to the Borrower entitled to contribution, until the Deficiency Amount has been reduced to Zero Dollars ($0) through contributions and reimbursements made under the terms of this Section 2.10(e) or otherwise.

Section 2.11 Aziyo Med Controlled Account. Notwithstanding the foregoing or anything else to the contrary in this Agreement, all amounts owed to Aziyo Med in respect of Accounts that are subject to, or potentially subject to, a security interest of Ligand pursuant to the Ligand Royalty Agreement or any other funds constituting "Royalty Interests" (as defined in the Ligand Royalty Agreement) or the proceeds thereof shall be paid into a segregated Deposit Account owned solely by Aziyo Med that is subject to a "springing" Deposit Account Control Agreement (the "**Aziyo Med Controlled Account**"). Once per calendar week, Aziyo Med shall cause all amounts on deposit in the Aziyo Med Controlled Account required to be transferred by the Ligand Royalty Agreement, and permitted to be so transferred pursuant to the terms of the Ligand Intercreditor Agreement, to be transferred to the Permitted Ligand Account in order to pay the Ligand Royalty Payments in accordance with the terms of the Ligand Intercreditor Agreement. Once per calendar week (and, for the avoidance of doubt, on the same day as each transfer to the Permitted Ligand Account pursuant to the preceding sentence), Aziyo Med shall transfer all amounts on deposit in the Aziyo Med Controlled Account other than those necessary to pay the Ligand Royalty Payments, in accordance with the previous sentence, to the Lockbox Account or, following the payment in full of the Affiliated Obligations, to such other Deposit Account that is subject to a Deposit Account Control Agreement as Agent may direct.

Section 2.12 Termination; Restriction on Termination.

(a) Termination by Lenders. In addition to the rights set forth in Section 10.2, Agent may, and at the direction of Required Lenders shall, terminate this Agreement without notice upon or after the occurrence and during the continuance of an Event of Default.

(b) Termination by Borrowers. Upon at least ten (10) days' prior written notice and pursuant to payoff documentation in form and substance satisfactory to Agent and Lenders, Borrowers may, at its option, terminate this Agreement; *provided, however,* that no such termination shall be effective until Borrowers have complied with Section 2.2 and the terms of any fee letter. Any notice of termination given by Borrowers shall be irrevocable unless all Lenders otherwise agree in writing and no Lender shall have any obligation to make any Loans on or after the termination date stated in such notice. Borrowers may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

(c) Effectiveness of Termination. All of the Obligations shall be immediately due and payable upon the Termination Date. All undertakings, agreements, covenants, warranties and representations of Borrowers contained in the Financing Documents shall survive any such termination and Agent shall retain their Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Financing Documents notwithstanding such termination until all Obligations and Affiliated Obligations have been discharged or paid, in full, in immediately available funds, including, without limitation, all Obligations under Section 2.2 and the terms of any fee letter resulting from such termination. Notwithstanding the foregoing or the payment in full of the Obligations, Agent shall not be required to terminate its Liens in the Collateral unless, with respect to any loss or damage Agent may incur as a result of dishonored checks or other items of payment received by Agent from Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement satisfactory to Agent, executed by Borrowers and by any Person whose loans or other advances to Borrowers are used in whole or in part to satisfy the Obligations, indemnifying Agent and each Lender from any such loss or damage or (ii) have retained cash Collateral or other Collateral for such period of time as Agent, in its discretion, may deem necessary to protect Agent and each Lender from any such loss or damage.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

To induce Agent and Lenders to enter into this Agreement and to make the Loans and other credit accommodations contemplated hereby, each Borrower hereby represents and warrants to Agent and each Lender that:

Section 3.1 Existence and Power. Each Credit Party (a) is an entity as specified on Schedule 3.1, (b) is duly organized, validly existing and in good standing under the laws of the jurisdiction specified on Schedule 3.1 and no other jurisdiction, (c) has the same legal name as it appears in such Credit Party's Organizational Documents and an organizational identification number (if any), in each case as specified on Schedule 3.1, (d) has all powers to own its assets and has powers and all Permits necessary or desirable in the operation of its business as presently conducted or as proposed to be conducted, except where the failure to have such Permits could not reasonably be expected to have a Material Adverse Effect, and (e) is qualified to do business as a foreign entity in each jurisdiction in which it is required to be so qualified, which jurisdictions as of the Closing Date are specified on Schedule 3.1, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.1, no Credit Party (x) has had, over the five (5) year period preceding the Closing Date, any name other than its current name, or (y) was incorporated or organized under the laws of any jurisdiction other than its current jurisdiction of incorporation or organization.

Section 3.2 Organization and Governmental Authorization; No Contravention. The execution, delivery and performance by each Credit Party of the Operative Documents to which it is a party (a) are within its powers, (b) have been duly authorized by all necessary action pursuant to its Organizational Documents, (c) require no further action by or in respect of, or filing with, any Governmental Authority and (d) do not violate, conflict with or cause a breach or a default under (i) any Law applicable to any Credit Party, (ii) any of the Organizational Documents of any Credit Party, or (iii) any agreement or instrument binding upon it, except for such violations, conflicts, breaches or defaults as could not, with respect to this clause (iii), reasonably be expected to have a Material Adverse Effect.

Section 3.3 Binding Effect. Each of the Operative Documents to which any Credit Party is a party constitutes a valid and binding agreement or instrument of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles. Each Financing Document has been duly executed and delivered by each Credit Party party thereto.

Section 3.4 Capitalization. The authorized equity securities of each of the Credit Parties as of the Closing Date are as set forth on Schedule 3.4. All issued and outstanding equity securities of each of the Credit Parties are duly authorized and validly issued, fully paid, nonassessable, free and clear of all Liens other than Permitted Liens, and such equity securities were issued in compliance with all applicable Laws. The identity of the holders of the equity securities of each of the Credit Parties and the percentage of their fully-diluted ownership of the equity securities of each of the Credit Parties as of the Closing Date is set forth on Schedule 3.4. No shares of the capital stock or other equity securities of any Credit Party, other than those described above, are issued and outstanding as of the Closing Date. Except as set forth in the Equity Investment Documents, as of the Closing Date there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Credit Party of any equity securities of any such entity.

Section 3.5 Financial Information. All financial statements delivered to Agent by any Credit Party fairly present in all material respects the financial position of such Credit Party as of such date and shall be in conformity with GAAP (and as to unaudited financial statements, subject to normal year-end adjustments and the absence of footnote disclosures). Since December 31, 2018, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect. Since December 31, 2018, to the knowledge of any Borrower (after the exercise of reasonable due diligence) there has been no material adverse change in the business, operations, properties, prospects or condition (financial or otherwise) of any business, assets or entities being purchased by Borrowers pursuant to the Transaction Documents.

Section 3.6 Litigation. Except as set forth on Schedule 3.6 as of the Closing Date, and except as hereafter disclosed to Agent in writing, there is no Litigation pending against, or to such Borrower's knowledge threatened against, any Credit Party or, to such Borrower's knowledge, any party to any Operative Document other than a Credit Party. There is no Litigation pending in which an adverse decision could reasonably be expected to have a Material Adverse Effect or which in any manner draws into question the validity of any of the Operative Documents.

Section 3.7 Ownership of Property. Each Borrower and its Subsidiaries are the lawful sole owner of, has good and marketable title to and is in lawful possession of, or has valid leasehold interests in, all properties, accounts and other assets (real or personal, tangible, intangible or mixed) purported or reported to be owned or leased (as the case may be) by such Person.

Section 3.8 No Default. No Event of Default, or to such Borrower's knowledge, Default, has occurred and is continuing. No Credit Party is in breach or default under or with respect to any contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 3.9 Labor Matters. As of the Closing Date, there are no strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party. Except as could not reasonably be expected to result in a Material Adverse Effect, (a) hours worked and payments made to the employees of each Borrower and each of its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters and (b) all payments due from each Borrower and each of its Subsidiaries, or for which any claim may be made against any of them, on account of wages and employee and retiree health and welfare insurance and other benefits have been paid or accrued as a liability on their books, as the case may be. The consummation of the transactions contemplated by the Financing Documents and the other Operative Documents will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Borrower or any Subsidiary is a party or by which it is bound.

Section 3.10 Regulated Entities. No Credit Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," all within the meaning of the Investment Company Act of 1940.

Section 3.11 Margin Regulations. None of the proceeds from the Loans have been or will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U of the Federal Reserve Board), for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any "margin stock" or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation T, U or X of the Federal Reserve Board.

Section 3.12 Compliance With Laws; Anti-Terrorism Laws.

(a) Each Credit Party is in compliance with the requirements of all applicable Laws, except for such Laws the noncompliance with which could not reasonably be expected to have a Material Adverse Effect.

(b) None of the Credit Parties and, to the knowledge of the Credit Parties, none of their Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) (i) is in violation of any Anti-Terrorism Law, (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, (iii) is a Blocked Person, or is controlled by a Blocked Person, (iv) is acting or will act for or on behalf of a Blocked Person, (v) is associated with, or will become associated with, a Blocked Person or (vi) is providing, or will provide, material, financial or technical support or other services to or in support of acts of terrorism of a Blocked Person. No Credit Party nor, to the knowledge of any Credit Party, any of its Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (B) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

Section 3.13 Taxes. All federal, state and material local tax returns, reports and statements required to be filed by or on behalf of each Credit Party have been filed with the appropriate Governmental Authorities in all jurisdictions in which such returns, reports and statements are required to be filed and, except to the extent subject to a Permitted Contest, all Taxes (including real property Taxes) and other charges shown to be due and payable in respect thereof have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof. Except to the extent subject to a Permitted Contest, all material state and local sales and use Taxes required to be paid by each Credit Party have been paid. All federal and state returns have been filed by each Credit Party for all periods for which returns were due with respect to employee income tax withholding, social security and unemployment taxes, and, except to the extent subject to a Permitted Contest, the amounts shown thereon to be due and payable have been paid in full or adequate provisions therefor have been made.

Section 3.14 Compliance with ERISA.

(a) Each ERISA Plan (and the related trusts and funding agreements) complies in form and in operation with, has been administered in compliance with, and the terms of each ERISA Plan satisfy, the applicable requirements of ERISA and the Code in all material respects. Each ERISA Plan which is intended to be qualified under Section 401(a) of the Code is so qualified, and the United States Internal Revenue Service has issued a favorable determination letter with respect to each such ERISA Plan which may be relied on currently. No Credit Party has incurred liability for any material excise tax under any of Sections 4971 through 5000 of the Code.

(b) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Borrower and each Subsidiary is in compliance with the applicable provisions of ERISA and the provision of the Code relating to ERISA Plans and the regulations and published interpretations therein. During the thirty-six (36) month period prior to the Closing Date or the making of any Loan (i) no steps have been taken to terminate any Pension Plan, and (ii) no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code and no event has occurred that would give rise to a Lien under Section 4068 of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which could result in the incurrence by any Credit Party of any material liability, fine or penalty. No Credit Party has incurred liability to the PBGC (other than for current premiums) with respect to any employee Pension Plan. All contributions (if any) have been made on a timely basis to any Multiemployer Plan that are required to be made by any Credit Party or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; no Credit Party nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan, and no Credit Party nor any member of the Controlled Group has received any notice that any Multiemployer Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

Section 3.15 Consummation of Operative Documents; Brokers. Except for fees payable to Agent and/or Lenders, no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Operative Documents, and no Credit Party has or will have any obligation to any Person in respect of any finder's or brokerage fees, commissions or other expenses in connection herewith or therewith.

Section 3.16 Related Transactions. All transactions contemplated by the Operative Documents to be consummated on or prior to the date hereof have been so consummated (including, without limitation, the disbursement and transfer of all funds in connection therewith) in all material respects pursuant to the provisions of the applicable Operative Documents, true and complete copies of which have been delivered to Agent, and in compliance with all applicable Law, except for such Laws the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.17 Material Contracts. Except for the Operative Documents and the other agreements set forth on Schedule 3.17, as of the Closing Date there are no Material Contracts. The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than any Credit Party), except for such Material Contracts the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.18 Compliance with Environmental Requirements; No Hazardous Materials. Except in each case as set forth on Schedule 3.18:

(a) no notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending, or to such Borrower's knowledge, threatened by any Governmental Authority or other Person with respect to any (i) alleged violation by any Credit Party of any Environmental Law, (ii) alleged failure by any Credit Party to have any Permits required in connection with the conduct of its business or to comply with the terms and conditions thereof, (iii) any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Materials, or (iv) release of Hazardous Materials; and

(b) no property now owned or leased by any Credit Party and, to the knowledge of each Borrower, no such property previously owned or leased by any Credit Party, to which any Credit Party has, directly or indirectly, transported or arranged for the transportation of any Hazardous Materials, is listed or, to such Borrower's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, or CERCLIS (as defined in CERCLA) or any similar state list or is the subject of federal, state or local enforcement actions or, to the knowledge of such Borrower, other investigations which may lead to claims against any Credit Party for clean-up costs, remedial work, damage to natural resources or personal injury claims, including, without limitation, claims under CERCLA.

For purposes of this Section 3.18, each Credit Party shall be deemed to include any business or business entity (including a corporation) that is, in whole or in part, a predecessor of such Credit Party.

Section 3.19 Intellectual Property and License Agreements. A list of all Registered Intellectual Property of each Credit Party and all material in-bound license or sublicense agreements, exclusive and material out-bound license or sublicense agreements, or other material rights of any Credit Party to use Intellectual Property (but excluding in-bound licenses of over-the-counter software that is commercially available to the public), as of the Closing Date and, as updated pursuant to Section 4.15, is set forth on Schedule 3.19. Except for Permitted Licenses, each Credit Party is the sole owner of its Intellectual Property free and clear of any Liens other than Permitted Liens. Each patent is valid and enforceable and no part of the Material Intangible Assets has been judged invalid or unenforceable, in whole or in part, and to the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party.

Section 3.20 Solvency. Each Borrower is, and after giving effect to the Loan advance and the liabilities and obligations of each Borrower under the Operative Documents, will be, Solvent; and each other Credit Party together with Borrower and its Subsidiaries, taken as a whole, is Solvent.

Section 3.21 Full Disclosure. None of the material written information (financial or otherwise, but excluding any projections and forward-looking statements, estimates, budgets and industry data of a general nature) furnished by or on behalf of any Credit Party to Agent or any Lender in connection with the consummation of the transactions contemplated by the Operative Documents (in each case, taken as a whole and as modified or supplemented by other information so furnished promptly after the same becomes available) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which such statements were made. All financial projections and forward-looking statements delivered to Agent and the Lenders by the Borrowers have been prepared on the basis of the assumptions stated therein. Such projections represent the Borrowers' best estimate of the Borrowers' future financial performance as of the date of delivery and such assumptions are believed by the Borrowers to be fair and reasonable in light of current business conditions at the time of delivery to the Agent, *provided* that it being understood that such projections are subject to uncertainties and contingencies, many of which are beyond the control of the Borrowers, and the Borrowers can give no assurance that such projections will be attained, that actual results may differ in a material manner from such projections and any failure to meet such projections shall not be deemed to be a breach of any representation or covenant herein.

Section 3.22 Reserved.

Section 3.23 Subsidiaries. Borrowers do not own any stock, partnership interests, limited liability company interests or other equity securities or Subsidiaries except for Permitted Investments.

Section 3.24 Reserved.

Section 3.25 Regulatory Matters.

(a) All of Borrower's material Products and material Regulatory Required Permits as of the Closing Date are listed on Schedule 4.17.

(b) None of the Borrowers are in violation of any Healthcare Laws in any material respect.

(c) No Borrower is participating in any Third Party Payor Program.

(d) None of the Borrower's officers, directors, employees, shareholders, their agents or affiliates has made an untrue statement of material fact or fraudulent statement to the FDA or failed to disclose a material fact required to be disclosed to the FDA, committed an act, made a statement, or failed to make a statement that could reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991).

(e) No Borrower has received any written notice that any Governmental Authority, including without limitation the FDA, DEA, the Office of the Inspector General of HHS or the United States Department of Justice has commenced or threatened to initiate any action against a Credit Party, any action to enjoin a Credit Party, their officers, directors, employees, shareholders or their agents and Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company), from conducting their businesses at any facility owned or used by them or for any material civil penalty, injunction, seizure or criminal action.

(f) No Borrower has received from the FDA or the DEA, a Warning Letter, Form FDA-483, "Untitled Letter," other correspondence or notice setting forth allegedly objectionable observations or alleged violations of laws and regulations enforced by the FDA or the DEA, or any comparable correspondence from any state or local authority responsible for regulating drug products and establishments, or any comparable correspondence from any foreign counterpart of the FDA or DEA, or any comparable correspondence from any foreign counterpart of any state or local authority with regard to any Product or the manufacture, processing, packing, or holding thereof.

(g) No Borrower is subject to any proceeding, suit or, to Borrower's knowledge, investigation by any federal, state or local government or quasi-governmental body, agency, board or authority or any other administrative or investigative body which could result in the revocation, transfer, surrender, suspension or other impairment of the Permits of such Borrower.

(h) Borrower has not engaged in any Recalls, Market Withdrawals, or other forms of product retrieval from the marketplace of any Products.

(i) Each Product, to the extent applicable (a) is not adulterated or misbranded within the meaning of the FDCA; (b) is not an article prohibited from introduction into interstate commerce under the provisions of Sections 404, 505 or 512 of the FDCA; (c) has been, to Borrower's knowledge after due inquiry, prior to the Closing Date and, thereafter, shall be manufactured, imported, possessed, owned, warehoused, marketed, promoted, sold, labeled, furnished, distributed and marketed and each service has been conducted in accordance with all applicable Permits and Laws; and (d) has been, to Borrower's knowledge after due inquiry, prior to the Closing Date and, thereafter, shall be manufactured in accordance with Good Manufacturing Practices, except in each case as could not reasonably be expected to result in a Material Adverse Effect.

(j) No Borrower is subject to any proceeding, suit or, to Borrowers' knowledge, investigation by any federal, state or local government or quasi-governmental body, agency, board or authority or any other administrative or investigative body: (i) which may result in the imposition of a fine, alternative, interim or final sanction or which would have a Material Adverse Effect on any Borrower; or (ii) which would reasonably be expected to result in the revocation, transfer, surrender, suspension or other material impairment of any material Permits of Borrower.

Section 3.26 Accuracy of Schedules. All information set forth in the Schedules to this Agreement (including Schedule 3.19 and Schedule 4.17) is true, accurate and complete as of the Closing Date, the date of delivery of the last Compliance Certificate and any other subsequent date in which Borrower is requested to update such Schedules. All information set forth in the Perfection Certificate is true, accurate and complete as of the Closing Date and any other subsequent date in which Borrower is requested to update such certificate.

ARTICLE 4 - AFFIRMATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 4.1 Financial Statements and Other Reports. Each Borrower will deliver to Agent:

(a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, cash flow and income statement covering Borrowers' and its Consolidated Subsidiaries' consolidated operations during the period, prepared under GAAP, consistently applied, certified by a Responsible Officer and in a form acceptable to Agent;

(b) [reserved];

(c) as soon as available, but no later than one hundred twenty (120) days after the last day of Borrower's fiscal year, audited consolidated and consolidating financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Agent in its reasonable discretion;

(d) within five (5) days of delivery or filing thereof, copies of all material statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and copies of all reports and other filings made by Borrower with any stock exchange on which any securities of any Borrower are traded and/or the SEC;

(e) a prompt written report of any legal actions pending or threatened against any Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to any Borrower or any of its Subsidiaries of Fifty Thousand Dollars ($50,000) or more;

(f) prompt written notice of an event that materially and adversely affects the value of any Intellectual Property;

(g) within sixty (60) days after the start of each fiscal year, projections for the forthcoming two fiscal years, on a quarterly basis for the current year and on an annual basis for the subsequent year;

(h) promptly (and in any event within ten (10) days of any request therefor) such readily available other budgets, sales projections, operating plans and other financial information and information, reports or statements regarding the Borrowers, their business and the Collateral as Agent may from time to time reasonably request;

(i) written notice to Agent promptly, and in any event within five (5) Business Days of a Responsible Officer of a Borrower receiving, becoming aware of or determining that: (i) development, testing, and/or manufacturing of any Product that is material to Borrowers' business should cease, (ii) the marketing or sales of a Product, which is material to Borrowers' business and which has been approved for marketing and sale, should cease or such Product should be withdrawn from the marketplace, (iii) any Governmental Authority is conducting an investigation or review of any material Regulatory Required Permit or (iv) any material Regulatory Required Permit has been revoked or withdrawn;

(j) promptly, but in any event within three (3) Business Days, after any Responsible Officer of any Borrower obtains knowledge of the occurrence of any event or change (including, without limitation, any notice of any violation of Healthcare Laws) that has resulted or could reasonably be expected to result in, either in any case or in the aggregate, a Material Adverse Effect, a certificate of a Responsible Officer specifying the nature and period of existence of any such event or change, or specifying the notice given or action taken by such holder or Person and the nature of such event or change, and what action the applicable Credit Party or Subsidiary has taken, is taking or proposes to take with respect thereto; and

(k) within thirty (30) days after the last day of each month, a duly completed Compliance Certificate signed by a Responsible Officer setting forth calculations showing (i) cash and cash equivalents of Borrowers and Borrowers and their Consolidated Subsidiaries, and (ii) compliance with the financial covenants set forth in this Agreement.

Section 4.2 Payment and Performance of Obligations.

(a) Each Borrower (i) will pay and discharge, and cause each Subsidiary to pay and discharge, on a timely basis as and when due, all of their respective obligations and liabilities, except for such obligations and/or liabilities (A) that may be the subject of a Permitted Contest, and (B) the nonpayment or nondischarge of which could not reasonably be expected to have a Material Adverse Effect or result in a Lien against any Collateral, except for Permitted Liens, (ii) without limiting anything contained in the foregoing clause (i), pay all amounts due and owing in respect of Taxes (including without limitation, payroll and withholdings tax liabilities) on a timely basis as and when due, and in any case prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof, (iii) will maintain, and cause each Subsidiary to maintain, in accordance with GAAP, appropriate reserves for the accrual of all of their respective obligations and liabilities, and (iv) will not breach or permit any Subsidiary to breach, or permit to exist any default under, the terms of any lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except for such breaches or defaults which could not reasonably be expected to have a Material Adverse Effect.

(b) Upon completion of any Permitted Contest, each Borrower shall, and will cause each Subsidiary to, promptly pay the amount due, if any, except where the failure to pay such amount could not reasonably be expected to have a Material Adverse Effect.

Section 4.3 Maintenance of Existence. Each Borrower will preserve, renew and keep in full force and effect, and will cause each Subsidiary to preserve, renew and keep in full force and effect, (a) their respective existence and (b) their respective rights, privileges and franchises necessary or desirable in the normal conduct of business, except with respect to clauses (a) and (b) above in connection with a transaction permitted under Section 5.6, and (c) their respective qualification to do business and good standing in each jurisdiction except, with respect to clause (b) and this clause (c), where the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 4.4 Maintenance of Property; Insurance.

(a) Each Borrower will keep, and will cause each Subsidiary to keep, all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted. If all or any part of the Collateral useful or necessary in its business becomes damaged or destroyed, each Borrower will, and will cause each Subsidiary to, promptly and completely repair and/or restore the affected Collateral in a good and workmanlike manner, regardless of whether Agent agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction.

(b) Upon completion of any Permitted Contest, Borrowers shall, and will cause each Subsidiary to, promptly pay the amount due, if any, and deliver to Agent proof of the completion of the contest and payment of the amount due, if any.

(c) Each Borrower will maintain (i) casualty insurance on all real and personal property on an all risks basis (including the perils of flood, windstorm and quake), covering the repair and replacement cost of all such property and coverage, business interruption and rent loss coverages with extended period of indemnity (for the period required by Agent from time to time) and indemnity for extra expense, in each case without application of coinsurance and with agreed amount endorsements, (ii) general and professional liability insurance (including products/completed operations liability coverage), and (iii) such other insurance coverage, in each case against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons; *provided*, *however*, that, in no event shall such insurance be in amounts or with coverage less than, or with carriers with qualifications inferior to, any of the insurance or carriers in existence as of the Closing Date (or required to be in existence after the Closing Date under a Financing Document). All such insurance shall be provided by insurers having an A.M. Best policyholders rating reasonably acceptable to Agent.

(d) On or prior to the Closing Date, and at all times thereafter, each Borrower will cause Agent to be named as an additional insured, assignee and lender loss payee, as applicable, on each insurance policy required to be maintained pursuant to this Section 4.4 pursuant to endorsements in form and substance acceptable to Agent. Borrowers shall deliver to Agent and the Lenders (i) on the Closing Date, a certificate from Borrowers' insurance broker dated such date showing the amount of coverage as of such date, and that such policies will include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and additional insureds and all rights of subrogation against all loss payees and additional insureds, and that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each additional insured, assignee and loss payee and that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each additional insured, assignee and loss payee of written notice thereof, (ii) on an annual basis, and upon the request of any Lender through Agent from time to time full information as to the insurance carried, (iii) within five (5) days of receipt of notice from any insurer, a copy of any notice of cancellation, nonrenewal or material change in coverage from that existing on the date of this Agreement, (iv) forthwith, notice of any cancellation or nonrenewal of coverage by any Borrower, and (v) at least sixty (60) days prior to expiration of any policy of insurance, evidence of renewal of such insurance upon the terms and conditions herein required.

(e) In the event any Borrower fails to provide Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at Borrowers' expense to protect Agent's interests in the Collateral. This insurance may, but need not, protect such Borrower's interests. The coverage purchased by Agent may not pay any claim made by such Borrower or any claim that is made against such Borrower in connection with the Collateral. Such Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that such Borrower has obtained insurance as required by this Agreement. If Agent purchases insurance for the Collateral, Borrowers will be responsible for the costs of that insurance to the fullest extent provided by law, including interest and other charges imposed by Agent in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance such Borrower is able to obtain on its own.

Section 4.5 Compliance with Laws and Material Contracts. Each Borrower will comply, and cause each Subsidiary to comply, with the requirements of all applicable Laws and Material Contracts, except to the extent that failure to so comply could not reasonably be expected to (a) have a Material Adverse Effect, or (b) result in any Lien upon either a material portion of the assets of any such Person in favor of any Governmental Authority.

Section 4.6 Inspection of Property, Books and Records. Each Borrower will keep, and will cause each Subsidiary to keep, proper books of record substantially in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Subsidiary to permit, at the sole cost of the applicable Borrower or any applicable Subsidiary, representatives of Agent and of any Lender to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective operations and the Collateral (each a "**Collateral Audit**"), to evaluate and make physical verifications and appraisals of the Inventory and other Collateral in any manner and through any medium that Agent considers advisable, to verify the amount and age of the Accounts, the identity and credit of the respective Account Debtors, to review the billing practices of Borrowers and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired. In the absence of a Default or an Event of Default, Agent or any Lender exercising any rights pursuant to this Section 4.6 shall give the applicable Borrower or any applicable Subsidiary commercially reasonable prior notice of such exercise. No notice shall be required during the existence and continuance of any Default or any time during which Agent reasonably believes a Default exists.

Section 4.7 Use of Proceeds. Borrowers shall use the proceeds of Loans solely for (a) transaction fees incurred in connection with the Financing Documents and the payment in full on the Closing Date of certain existing Debt of Borrower, (b) to make the "Acquiror Buydown Payments" (as defined in the Ligand Royalty Agreement), and (c) for working capital needs of Borrowers and their Subsidiaries.

Section 4.8 Estoppel Certificates. After written request by Agent, Borrowers, within fifteen (15) days and at their expense, will furnish Agent with a statement, duly acknowledged and certified, setting forth (a) the amount of the original principal amount of the Notes, and the unpaid principal amount of the Notes, (b) the rate of interest of the Notes, (c) the date payments of interest and/or principal were last paid, (d) any offsets or defenses to the payment of the Obligations, and if any are alleged, the nature thereof, (e) that the Notes and this Agreement have not been modified or if modified, giving particulars of such modification, and (f) that there has occurred and is then continuing no Default or if such Default exists, the nature thereof, the period of time it has existed, and the action being taken to remedy such Default. After written request by Agent, Borrowers, within fifteen (15) days and at their expense, will furnish Agent with a certificate, signed by a Responsible Officer of Borrowers, updating all of the representations and warranties contained in this Agreement and the other Financing Documents and certifying that all of the representations and warranties contained in this Agreement and the other Financing Documents, as updated pursuant to such certificate, are true, accurate and complete as of the date of such certificate.

Section 4.9 Notices of Material Contracts, Litigation and Defaults.

(a) Borrower shall provide (i) five (5) Business Days written notice to Agent after any Borrower or Subsidiary (1) executes and delivers any amendment, consent, waiver or other modification to any Material Contract which is material and adverse to (x) Agent or Lenders, (y) Borrowers or their Subsidiaries, or (z) which could reasonably be expected to have a Material Adverse Effect or (2) receives or delivers any notice of termination or default or similar notice in connection with any Material Contract and (ii) at such time as the Schedules are required to be updated pursuant to Section 4.15, notice of the execution of any new Material Contract and/or any new material amendment, consent, waiver or other modification to any Material Contract not previously disclosed (which, for the avoidance of doubt, may be included as an updated to Schedule 3.17).

(b) Borrowers shall promptly (but in any event within three (3) Business Days) provide written notice to Agent (i) of any litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party which would reasonably be expected to have a Material Adverse Effect with respect to Borrowers or any other Credit Party or which in any manner calls into question the validity or enforceability of any Financing Document, (ii) upon any Borrower becoming aware of the existence of any Default or Event of Default, (iii) of any strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party, (iv) if there is any infringement or claim of infringement by any other Person with respect to any Intellectual Property rights of any Credit Party that could reasonably be expected to have a Material Adverse Effect, or if there is any claim by any other Person that any Credit Party in the conduct of its business is infringing on the Intellectual Property rights of others, and (v) of all returns, recoveries, disputes and claims that involve more than $50,000. Borrowers represent and warrant that Schedule 4.9 sets forth a complete list of all matters existing as of the Closing Date for which notice could be required under this Section and all litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party as of the Closing Date.

(c) Borrower shall, and shall cause each Credit Party, to provide such further information (including copies of such documentation) as Agent or any Lender shall reasonably request with respect to any of the events or notices described in clauses (a) and (b) above. From the date hereof and continuing through the termination of this Agreement, Borrower shall, and shall cause each Credit Party to, make available to Agent and each Lender, without expense to Agent or any Lender, each Credit Party's officers, employees and agents and books, to the extent that Agent or any Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent or any Lender with respect to any Collateral or relating to a Credit Party.

Section 4.10 Hazardous Materials; Remediation.

(a) If any release or disposal of Hazardous Materials shall occur or shall have occurred on any real property or any other assets of any Borrower or any other Credit Party, such Borrower will cause, or direct the applicable Credit Party to cause, the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets as is necessary to comply with all Environmental Laws and Healthcare Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, each Borrower shall, and shall cause each other Credit Party to, comply with each Environmental Law and Healthcare Law requiring the performance at any real property by any Borrower or any other Credit Party of activities in response to the release or threatened release of a Hazardous Material.

(b) Borrowers will provide Agent within thirty (30) days after written demand therefor with a bond, letter of credit or similar financial assurance evidencing to the reasonable satisfaction of Agent that sufficient funds are available to pay the cost of removing, treating and disposing of any Hazardous Materials or Hazardous Materials Contamination and discharging any assessment which may be established on any property as a result thereof, such demand to be made, if at all, upon Agent's reasonable business determination that the failure to remove, treat or dispose of any Hazardous Materials or Hazardous Materials Contamination, or the failure to discharge any such assessment could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Further Assurances.

(a) Each Borrower will, and will cause each Subsidiary to, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver all such further acts, documents and assurances as may from time to time be necessary or as Agent or the Required Lenders may from time to time reasonably request in order to carry out the intent and purposes of the Financing Documents and the transactions contemplated thereby, including all such actions to (i) establish, create, preserve, protect and perfect a first priority Lien (subject only to the Affiliated Intercreditor Agreement and to Permitted Liens) in favor of Agent for itself and for the benefit of the Lenders on the Collateral (including Collateral acquired after the Original Closing Date), and (ii) unless Agent shall agree otherwise in writing, cause all Subsidiaries of Borrowers to be jointly and severally obligated with the other Borrowers under all covenants and obligations under this Agreement, including the obligation to repay the Obligations.

(b) Upon receipt of an affidavit (which shall contain customary indemnification provisions in favor of Borrower) of an authorized representative of Agent or a Lender as to the loss, theft, destruction or mutilation of any Note or any other Financing Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other applicable Financing Document, Borrowers will issue, in lieu thereof, a replacement Note or other applicable Financing Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Financing Document in the same principal amount thereof and otherwise of like tenor.

(c) Upon the request of Agent, Borrowers shall obtain a landlord's agreement or mortgagee agreement, as applicable, from the lessor of each leased property or mortgagee of owned property with respect to any business location where any portion of the Collateral with an aggregate value in excess of $250,000, or the records relating to such Collateral and/or software and equipment relating to such records or Collateral, is stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to Agent, Borrowers and such landlord. Borrowers shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location where any Collateral, or any records related thereto, is or may be located.

(d) Borrower shall provide Agent with at least ten (10) days (or such shorter period as Agent may accept in its sole discretion) prior written notice of its intention to create (or to the extent permitted under this Agreement, acquire) a new Subsidiary. Upon the formation (or to the extent permitted under this Agreement, acquisition) of a new Subsidiary, Borrowers shall promptly (but in any event within ten (10) Business Days of such formation): (i) pledge, have pledged or cause or have caused to be pledged to Agent pursuant to a pledge agreement in form and substance satisfactory to Agent, all of the outstanding shares of equity interests or other equity interests of such new Subsidiary owned directly or indirectly by any Borrower, along with undated stock or equivalent powers for such certificates, executed in blank; (ii) unless Agent shall agree otherwise in writing, cause the new Subsidiary to take such other actions (including entering into or joining any Security Documents) as are necessary or advisable in the reasonable opinion of Agent in order to grant Agent, acting on behalf of the Lenders, a first priority Lien (subject to the Affiliated Intercreditor Agreement) on all real and personal property of such Subsidiary in existence as of such date and in all after acquired property, which first priority Liens are required to be granted pursuant to this Agreement; (iii) unless Agent shall agree otherwise in writing, cause such new Subsidiary to either (at the election of Agent) become a Borrower hereunder with joint and several liability for all obligations of Borrowers hereunder and under the other Financing Documents pursuant to a joinder agreement or other similar agreement in form and substance satisfactory to Agent or to become a Guarantor of the obligations of Borrowers hereunder and under the other Financing Documents pursuant to a guaranty and suretyship agreement in form and substance satisfactory to Agent; and (iv) cause the new Subsidiary to deliver certified copies of such Subsidiary's certificate or articles of incorporation, together with good standing certificates, by-laws (or other operating agreement or governing documents), resolutions of the Board of Directors or other governing body, approving and authorizing the execution and delivery of the Security Documents, incumbency certificates and to execute and/or deliver such other documents and legal opinions or to take such other actions as may be requested by Agent, in each case, in form and substance satisfactory to Agent.

Section 4.12 Reserved.

Section 4.13 Power of Attorney. Each of the authorized representatives of Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for Borrowers (without requiring any of them to act as such) with full power of substitution to do the following: (a) after the occurrence and during the continuance of an Event of Default ,endorse the name of Borrowers upon any and all checks, drafts, money orders, and other instruments for the payment of money that are payable to Borrowers and constitute collections on Borrowers' Accounts; (b) if an Event of Default has occurred and is continuing and so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, execute in the name of Borrowers any schedules, assignments, instruments, documents, and statements that Borrowers are obligated to give Agent under this Agreement; (c) after the occurrence and during the continuance of an Event of Default, take any action Borrowers are required to take under this Agreement; (d) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce any Account or other Collateral or perfect Agent's security interest or Lien in any Collateral; and (e) after the occurrence and during the continuance of an Event of Default, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce its rights with regard to any Account or other Collateral. This power of attorney shall be irrevocable and coupled with an interest.

Section 4.14 Reserved.

Section 4.15 Schedule Updates. At, or within two (2) Business Days following each Collateral Audit (but in no event more than once per calendar quarter), Borrower shall deliver to Agent updates to the Schedules correcting all information that has become outdated, inaccurate, incomplete or misleading in any material respects; provided, however, (i) with respect to any proposed updates to the Schedules involving Permitted Liens, Permitted Debt or Permitted Investments, Agent will replace the respective Schedule attached hereto with such proposed update only if such updated information is consistent with the definitions of and limitations herein pertaining to Permitted Liens, Permitted Debt or Permitted Investments and (ii) with respect to any proposed updates to such Schedules involving other matters, Agent will replace the applicable portion of such Schedules attached hereto with such proposed update upon Agent's approval thereof.

Section 4.16 Intellectual Property and Licensing.

(f) Together with each Compliance Certificate required to be delivered pursuant to Section 4.1 to the extent (i) Borrower acquires and/or develops any new Registered Intellectual Property, (ii) Borrower enters into or becomes bound by any additional material in-bound license or sublicense agreement, any additional material exclusive out-bound license or sublicense agreement or other material agreement with respect to rights in Intellectual Property (other than over-the-counter software that is commercially available to the public), or (iii) there occurs any other material change in Borrower's Registered Intellectual Property, in-bound licenses or sublicenses or exclusive out-bound licenses or sublicenses from that listed on Schedule 3.19 together with such Compliance Certificate, deliver to Agent an updated Schedule 3.19 reflecting such updated information. With respect to any updates to Schedule 3.19 involving exclusive out-bound licenses or sublicenses, such licenses shall be consistent with the definitions of and limitations herein pertaining to Permitted Licenses.

(g) If Borrower obtains any Registered Intellectual Property (other than copyrights, mask works and related applications, which are addressed below), Borrower shall promptly notify Agent and execute such documents and provide such other information (including, without limitation, copies of applications) and take such other actions as Agent shall request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent, for the ratable benefit of Lenders, in such Registered Intellectual Property.

(h) Borrower shall take such steps as Agent requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (x) all licenses or agreements to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by Law or by the terms of any such license or agreement, whether now existing or entered into in the future, and (y) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's rights and remedies under this Agreement and the other Financing Documents.

(i) Borrower shall own, or be licensed to use or otherwise have the right to use, all Material Intangible Assets. Borrower shall cause all Registered Intellectual Property to be duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. Borrower shall at all times conduct its business without infringement or claim of infringement of any Intellectual Property rights of others. Borrower shall (i) protect, defend and maintain the validity and enforceability of its Material Intangible Assets (ii) promptly advise Agent in writing of material infringements of its Material Intangible Assets, or of a material claim of infringement by Borrower on the Intellectual Property rights of others; and (iii) not allow any of Borrower's Material Intangible Assets to be abandoned, invalidated, forfeited or dedicated to the public or to become unenforceable. Borrower shall not become a party to, nor become bound by, any material license or other agreement with respect to which Borrower is the licensee that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or other property.

Section 4.17 Regulatory Covenants.

(a) Borrowers shall have, and shall ensure that it and each of its Subsidiaries has, each material Permit and other rights from, and have made all declarations and filings with, all applicable Governmental Authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the ownership, management and operation of the business or the assets of any Borrower. Borrower shall ensure that all such Permits are valid and in full force and effect and Borrowers are in material compliance with the terms and conditions of all such Permits in all material respects.

(b) Borrower will maintain in full force and effect, and free from restrictions, probations, conditions or known conflicts which would materially impair the use or operation of Borrowers' business and assets, all material Permits necessary under Healthcare Laws to carry on the business of Borrowers as it is conducted on the Closing Date in all material respects.

(c) In connection with the development, testing, manufacture, marketing or sale of each and any material Product by any Borrower, Borrower shall comply in all material respects with all material Regulatory Required Permits at all times issued by any Governmental Authority, specifically including the FDA, with respect to such development, testing, manufacture, marketing or sales of such Product by Borrower as such activities are at any such time being conducted by Borrower.

(d) Borrower will timely file or caused to be timely filed (after giving effect to any extension duly obtained), all material notifications, reports, submissions, Permit renewals and reports required by Healthcare Laws (which reports will be materially accurate and complete in all respects and not misleading in any respect and shall not remain open or unsettled).

(j) If, after the Closing Date, Borrower determines to manufacture, sell, develop, test or market any new material Product or obtains any new material Regulatory Required Permit, Borrower shall deliver prior written notice to Agent of such determination (which shall include a brief description of such Product or Regulatory Required Permit) and, at such time as the Schedules are required to be updated pursuant to Section 4.15, shall provide an updated Schedule 4.17 (and copies of such Permits as Agent may request) reflecting updates related to such determination.

Section 4.18 Aziyo Med. Since the date of its formation and at all times on and after the date thereof, Aziyo Med has complied with and shall at all times after the date hereof comply with the following requirements:

(k) Aziyo Med does not have and will not have any assets other than (i) the assets acquired by it and its rights under the Purchase Agreement, including all Accounts generated through the sale of Products acquired under such Purchase Agreement and payments made to Aziyo Med in respect thereof (the "**Aziyo Med Purchased Assets**"), (ii) its rights under a Ligand Royalty Agreement and (iii) de minimis cash necessary to pay fees and costs associated with maintaining its legal existence and good standing in its respective jurisdiction of formation, each in accordance with Section 4.2 of this Agreement;

(l) Aziyo Med is not engaged and will not engage in any business unrelated to (i) the performance of its obligations under the Purchase Agreement, (ii) its ownership and operation of the Aziyo Med Purchased Assets, and (iii) the performance of its obligations under the Ligand Royalty Agreement, and (iv) the performance of its obligations under the Financing Documents and the Affiliated Financing Documents;

(m) Aziyo Med has not entered into and will not enter into any contract or agreement with any Affiliate of such entity, any constituent party of such entity or any Affiliate of any constituent party, except upon terms and conditions, that have been, are and shall be intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party;

(n) Aziyo Med has not incurred and will not incur any Debt or Contingent Obligations other than the Obligations incurred under the Financing Documents, the Affiliated Obligations and its obligations under the Ligand Royalty Agreement;

(o) Aziyo Med has not made and will not make any loans or advances to any third party (including any affiliate or constituent party or any affiliate of any constituent party) and has not and shall not acquire obligations or securities of its Affiliates or any constituent party;

(p) Aziyo Med has done or caused to be done and will do all things necessary to observe organizational formalities and preserve its existence and will not, nor will such entity permit any constituent party to, amend, modify or otherwise change the organizational documents of such entity or such constituent party without the prior written consent of Agent;

(q) Aziyo Med has been and will be, and at all times has held itself out and will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate of such entity, any constituent party of such entity or any Affiliate of any constituent party), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, shall not identify itself or any of its Affiliates as a division or part of the other;

(r) Aziyo Med has not engaged, sought or consented to and will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, sale of all or substantially all of its assets, transfer of its equity interests or amendment of its operating documents with respect to the matters set forth in this Section 4.18;

(s) except as expressly provided in Section 2.11 with respect to payments made from the Aziyo Med Controlled Account to the Lockbox Account, Aziyo Med has not commingled and will not commingle its funds and other assets with those of any Affiliate or constituent party, or any Affiliate of any constituent party, or any other person;

(t) Aziyo Med will not own or maintain any Deposit Accounts or Securities Accounts other than the Aziyo Med Controlled Account, the Permitted Ligand Account, the Aziyo Med Operating Account, and any other Deposit Account or Securities Account that has been opened with the consent of Agent; *provided, however,* that Aziyo Med shall not hold funds in the Aziyo Med Operating Account in excess of the amount necessary to fund its current operating expenses (taking into account their revenue from other sources) incurred in connection with its business as permitted to be undertaken pursuant to this Section 4.18.

(u) Aziyo Med has and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any Affiliate or constituent party, or any Affiliate of any constituent party, or any other Person and has held and will hold its assets in its own name;

(v) Aziyo Med has not and will not assume or guarantee or become obligated for the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person except as permitted pursuant to this Agreement;

(w) Aziyo Med has maintained and will maintain its financial statements, accounting records and other entity documents separate from any other Person and has not permitted and will not permit its assets to be listed as assets on the financial statement of any other entity except as required by GAAP;

(x) Aziyo Med has not pledged and will not pledge its assets for the benefit of any other Person, except as permitted pursuant to this Agreement; and

(y) Aziyo Med has not identified and will not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it and has not identified itself and shall not identify itself as a division of any other Person.

ARTICLE 5 - NEGATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 5.1 Debt; Contingent Obligations. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to, any Debt, except for Permitted Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume, incur or suffer to exist any Contingent Obligations, except for Permitted Contingent Obligations.

Section 5.2 Liens. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for Permitted Liens.

Section 5.3 Distributions. No Borrower will, or will permit any Subsidiary to, directly or indirectly, declare, order, pay, make or set apart any sum for any Distribution, except for Permitted Distributions.

Section 5.4 Restrictive Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) enter into or assume any agreement (other than the Financing Documents, the Affiliated Financing Documents, and any agreements for purchase money debt permitted under clause (c) of the definition of Permitted Debt) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or (b) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (except as provided by the Financing Documents and the Affiliated Financing Documents) on the ability of any Subsidiary to: (i) pay or make Distributions to any Borrower or any Subsidiary; (ii) pay any Debt owed to any Borrower or any Subsidiary; (iii) make loans or advances to any Borrower or any Subsidiary; or (iv) transfer any of its property or assets to any Borrower or any Subsidiary; *provided* that (1) the foregoing shall not apply to restrictions or conditions imposed by Law, by this Agreement or any other Financing Document, (2) restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Debt, (3) customary provisions in leases and subleases restricting the assignment thereof or the assets governed thereby and (4) any agreement in connection with an Asset Disposition permitted by Section 5.6 pending consummation of such Asset Disposition solely to the extent it relates only to property being sold in such Permitted Asset Disposition.

Section 5.5 Payments and Modifications of Subordinated Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly:

(z) declare, pay, make or set aside any amount for payment in respect of Subordinated Debt, except for payments made in full compliance with and expressly permitted under any applicable Subordination Agreement;

(aa) declare, pay, make or set aside any amount for payment in respect of Ligand Royalty Payments or otherwise pursuant to the Ligand Royalty Agreement or the Ligand Parent Guaranty except, in each case, in accordance with the terms of the Ligand Royalty Agreement and the Ligand Intercreditor Agreement;

(bb) amend or otherwise modify the terms of any Subordinated Debt, except for amendments or modifications made in full compliance with any applicable Subordination Agreement;

(cc) declare, pay, make or set aside any amount for payment in respect of any Debt hereinafter incurred that, by its terms, or by separate agreement, is subordinated to the Obligations (including Subordinated Debt), except for payments made in full compliance with and expressly permitted under the subordination provisions applicable thereto and any applicable Subordination Agreement;

(dd) prior to making any payment to the holders of Subordinated Debt that are permitted under the Debt Subordination Agreement (Donor Network West) and solely to the extent requested by Agent, Agent shall have received a certificate from a Responsible Officer of Borrower setting for the amount of such payments and certifying that the conditions payment in Section 5 of the Debt Subordination Agreement (Donor Network West), as applicable, have been satisfied and providing such detail as to the financial calculations set forth therein as Agent may reasonable request; or

(ee) unless provided otherwise in any applicable Subordination Agreement, amend or otherwise modify the terms of any such Debt if the effect of such amendment or modification is to (i) increase the interest rate or fees on, or change the manner or timing of payment of, such Debt, (ii) accelerate or shorten the dates upon which payments of principal or interest are due on, or the principal amount of, such Debt, (iii) change in a manner adverse to any Credit Party or Agent any event of default or add or make more restrictive any covenant with respect to such Debt, (iv) change the prepayment provisions of such Debt or any of the defined terms related thereto, (v) change the subordination provisions thereof (or the subordination terms of any guaranty thereof), or (vi) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holder of such Debt in a manner adverse to Borrowers, any Subsidiaries, Agent or Lenders. Borrowers shall, prior to entering into any such amendment or modification, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy thereof.

Section 5.6 Consolidations, Mergers and Sales of Assets; Change in Control.

(a) No Borrower will, or will permit any Subsidiary to, directly or indirectly (i) consolidate or merge or amalgamate with or into any other Person other than (A) consolidations or mergers among Borrowers (other than Aziyo Med), (B) consolidations or mergers among a Guarantor and a Borrower (other than Aziyo Med) so long as the Borrower is the surviving entity, (C) consolidations or mergers among Guarantors, and (D) consolidations or mergers among Subsidiaries that are not Credit Parties, or (ii) consummate any Asset Dispositions other than Permitted Asset Dispositions.

(b) Prior to the termination of the Ligand Royalty Agreement and the Ligand Parent Guaranty, Aziyo Med shall not transfer any of its assets to Aziyo except for cash and cash equivalents (i) constituting Permitted Distributions, (ii) that are permitted or required to be transferred by Aziyo Med to Aziyo pursuant to Section 2.11, or (iii) constituting Excluded Costs (as such term is defined in the Ligand Royalty Agreement).

(c) No Borrower will suffer or permit to occur any Change in Control with respect to itself, any Subsidiary or any Guarantor.

Section 5.7 Purchase of Assets, Investments. No Borrower will, or will permit any Subsidiary to, directly or indirectly:

(ff) (i) make any Acquisition or enter into any agreement to make an Acquisition other than a Permitted Investment or (ii) acquire or own or enter into any agreement to acquire or own any other Investment other than Permitted Investments,

(gg) without limiting clause (a), otherwise acquire or enter into any agreement to acquire any assets other than (i) in the Ordinary Course of Business, (ii) constituting capital expenditures, and (iii) constituting replacement assets purchased with proceeds of property insurance policies, awards or other compensation with respect to any eminent domain, condemnation or similar proceeding and for which the requirements set forth in Section 2.2(a)(ii)(B) have been satisfied; or

(hh) engage or enter into any agreement to engage in any joint venture or partnership with any other Person.

Section 5.8 Transactions with Affiliates. Except (a) as otherwise disclosed on Schedule 5.8, (b) for Permitted Distributions, and (c) for transactions that are disclosed to Agent in advance of being entered into, are not prohibited by Section 4.18 and which contain terms that are no less favorable to the applicable Borrower or any Subsidiary, as the case may be, than those which might be obtained from a third party not an Affiliate of any Credit Party, no Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of any Borrower.

Section 5.9 Modification of Organizational Documents. No Borrower will, or will permit any Subsidiary to, directly or indirectly, amend or otherwise modify any Organizational Documents of such Person, except for Permitted Modifications.

Section 5.10 Modification of Certain Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) amend or otherwise modify any Material Contract, which amendment or modification in any case: (a) is contrary to the terms of this Agreement or any other Financing Document or (b) could reasonably be expected to be adverse to the rights, interests or privileges of Agent or the Lenders or their ability to enforce the same; or (ii) without the prior written consent of Agent, amend or otherwise modify any Affiliated Financing Document. Each Borrower shall, prior to entering into any amendment or other modification of any of the foregoing documents, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy of amendments or other modifications to such documents, and such Borrower agrees not to take, nor permit any of its Subsidiaries to take, any such action with respect to any such documents without obtaining such approval from Agent.

Section 5.11 Conduct of Business. No Borrower will, or will permit any Subsidiary to, directly or indirectly, engage in any line of business other than those businesses engaged in on the Closing Date and businesses reasonably related thereto. No Borrower will, or will permit any Subsidiary to, other than in the Ordinary Course of Business, change its normal billing payment and reimbursement policies and procedures with respect to its Accounts (including, without limitation, the amount and timing of finance charges, fees and write-offs).

Section 5.12 Lease Payments. No Borrower will, or will permit any Subsidiary to, directly or indirectly, incur or assume (whether pursuant to a Guarantee or otherwise) any liability for rental payments except in the Ordinary Course of Business.

Section 5.13 Limitation on Sale and Leaseback Transactions. No Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into any arrangement with any Person whereby, in a substantially contemporaneous transaction, any Borrower or any Subsidiaries sells or transfers all or substantially all of its right, title and interest in an asset and, in connection therewith, acquires or leases back the right to use such asset.

Section 5.14 Deposit Accounts and Securities Accounts; Payroll and Benefits Accounts.

(a) No Borrower will, or will permit any Subsidiary to, directly or indirectly, establish any new Deposit Account or Securities Account without prior written notice to Agent, and unless Agent, such Borrower or such Subsidiary and the bank, financial institution or securities intermediary at which the account is to be opened enter into a Deposit Account Control Agreement or Securities Account Control Agreement prior to or concurrently with the establishment of such Deposit Account or Securities Account.

(b) Borrowers represent and warrant that Schedule 5.14 lists all of the Deposit Accounts and Securities Accounts of each Borrower. The provisions of this Section requiring Deposit Account Control Agreements shall not apply to (i) Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrowers' employees and identified to Agent by Borrowers as such (each, a "**Payroll Account**"); *provided, however*, that the aggregate balance in such accounts does not exceed the amount necessary to make the immediately succeeding payroll, payroll tax or benefit payment (or such minimum amount as may be required by any requirement of Law with respect to such accounts) and (ii) the Permitted Ligand Account(the Deposit Accounts referred to in clauses (i)-(ii), collectively, the "**Excluded Accounts**").

(c) At all times that any Obligations or Affiliated Obligations remain outstanding following the date that is thirty (30) days following the Closing Date, Borrower shall maintain one or more separate Payroll Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments, and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account.

Section 5.15 Compliance with Anti-Terrorism Laws. Agent hereby notifies Borrowers that pursuant to the requirements of Anti-Terrorism Laws, and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies Borrowers and its principals, which information includes the name and address of each Borrower and its principals and such other information that will allow Agent to identify such party in accordance with Anti-Terrorism Laws. No Borrower will, or will permit any Subsidiary to, directly or indirectly, knowingly enter into any Material Contracts with any Blocked Person or any Person listed on the OFAC Lists. Each Borrower shall immediately notify Agent if such Borrower has knowledge that any Borrower, any additional Credit Party or any of their respective Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is or becomes a Blocked Person or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Section 5.16 Change in Accounting. No Borrower shall, and no Borrower shall suffer or permit any of its Subsidiaries to, (i) make any significant change in accounting treatment or reporting practices, except as required by GAAP or as otherwise consented to be Agent (in its reasonable discretion) or (ii) change the fiscal year or method for determining fiscal quarters of any Credit Party or of any consolidated Subsidiary of any Credit Party.

Section 5.17 Management Fees. No Borrower shall, nor shall it permit any Subsidiary to, directly or indirectly, pay or become obligated to pay any management, consulting, professional or similar advisory fees or other amounts to or for the account of any holder of equity interests in such Borrower of Subsidiary or any or any Affiliate thereof, except the payment of management fees to HighCape pursuant to the Management Agreement solely to the extent constituting a Permitted Distribution.

ARTICLE 6 - FINANCIAL COVENANTS

Section 6.1 Minimum Net Product Revenue. Borrower shall not permit its consolidated Net Product Revenue for any Defined Period, as tested monthly, to be less than the minimum amount set forth on Schedule 6.1 for such Defined Period. A breach of a financial covenant contained in this Section 6.1 shall be deemed to have occurred as of any date of determination by Agent or as of the last day of any specified Defined Period, regardless of when the financial statements reflecting such breach are delivered to Agent.

Section 6.2 Evidence of Compliance. Borrowers shall furnish to Agent, as required by Section 4.1, a Compliance Certificate as evidence of (x) the monthly cash and cash equivalents of Borrowers and Borrowers and their Consolidated Subsidiaries, (y) as applicable, of Borrowers' compliance with the covenants in this Article, and (z) that no Event of Default specified in this Article has occurred. The Compliance Certificate shall include, without limitation, (a) a statement and report, in form and substance reasonably satisfactory to Agent, detailing Borrowers' calculations, and (b) if requested by Agent, back-up documentation (including, without limitation, bank statements, invoices, receipts and other evidence of costs incurred during such quarter as Agent shall reasonably require) evidencing the propriety of the calculations.

ARTICLE 7 - CONDITIONS

Section 7.1 Conditions to Closing. The obligation of each Lender to make the initial Loans on the Closing Date shall be subject to the receipt by Agent of each agreement, document and instrument set forth on the closing checklist prepared by Agent or its counsel, each in form and substance satisfactory to Agent, and such other closing deliverables reasonably requested by Agent and Lenders, and to the satisfaction of the following conditions precedent, each to the satisfaction of Agent and Lenders and their respective counsel in their sole discretion:

(a) the receipt by Agent of executed counterparts of this Agreement, the other Financing Documents and the Affiliated Financing Documents;

(b) the payment of all fees, expenses and other amounts due and payable under each Financing Document;

(c) since December 31, 2018, the absence of any material adverse change in any aspect of the business, operations, properties, prospects or condition (financial or otherwise) of any Credit Party or any Seller, or any event or condition which could reasonably be expected to result in such a material adverse change; and

Each Lender, by delivering its signature page to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, each Financing Document, each additional Operative Document and each other document, agreement and/or instrument required to be approved by Agent, Required Lenders or Lenders, as applicable, on the Closing Date.

Section 7.2 Conditions to Each Loan. The obligation of the Lenders to make a Loan or an advance in respect of any Loan, is subject to the satisfaction of the following additional conditions:

(a) receipt by Agent of a Notice of Borrowing;

(b) the fact that, immediately before and after such advance, no Default or Event of Default shall have occurred and be continuing;

(c) for Loans made on the Closing Date, the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete on and as of the Closing Date, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date;

(d) for Loans made after the Closing Date, the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete in all material respects on and as of the date of such borrowing or issuance, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof;

(e) the fact that no adverse change in the condition (financial or otherwise), properties, business or operations of Borrowers or any other Credit Party shall have occurred and be continuing with respect to Borrowers or any Credit Party since the date of this Agreement; and

(f) in the case of any borrowing of the Term Loan Tranche 4, Agent has received a duly executed Notice of Borrowing on the day of such proposed borrowing;

(g) in the case of any borrowing of the Term Loan Tranche 4, the Term Loan Tranche 4 Activation Date shall have occurred, and Agent shall have received such document, agreement and/or instrument, opinions and certificates as it may have reasonably requested prior to funding;

(h) in the case of any borrowing of the Term Loan Tranche 5, Agent has received a duly executed Notice of Borrowing no later than 12:00 P.M. (Eastern time) on the day prior to such proposed borrowing; and

(i) in the case of any borrowing of the Term Loan Tranche 5, the Term Loan Tranche 5 Activation Date shall have occurred, and Agent shall have received such documents, agreements and/or instruments, opinions and certificates as it may have reasonably requested prior to funding.

Each giving of a Notice of Borrowing hereunder and each acceptance by any Borrower of the proceeds of any Loan made hereunder shall be deemed to be (y) a representation and warranty by each Borrower on the date of such notice or acceptance as to the facts specified in this Section, and (z) a restatement by each Borrower that each and every one of the representations made by it in any of the Financing Documents is true and correct as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date).

Section 7.3 Searches. Before the Closing Date, and thereafter (as and when determined by Agent in its discretion), Agent shall have the right to perform, all at Borrowers' expense, the searches described in clauses (a), (b), and (c) below against Borrowers and any other Credit Party, the results of which are to be consistent with Borrowers' representations and warranties under this Agreement and the satisfactory results of which shall be a condition precedent to all advances of Loan proceeds: (a) UCC searches with the Secretary of State of the jurisdiction in which the applicable Person is organized; (b) judgment, pending litigation, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each jurisdiction searched under clause (a) above; and (c) searches of applicable corporate, limited liability company, partnership and related records to confirm the continued existence, organization and good standing of the applicable Person and the exact legal name under which such Person is organized.

Section 7.4 Post-Closing Requirements. Borrowers shall complete each of the post-closing obligations and/or provide to Agent each of the documents, instruments, agreements and information listed on Schedule 7.4 attached hereto on or before the date set forth for each such item thereon, each of which shall be completed or provided in form and substance satisfactory to Agent.

ARTICLE 8 – RESERVED

ARTICLE 9 - SECURITY AGREEMENT

Section 9.1 Generally. As security for the payment and performance of the Obligations, and for the payment and performance of all obligations under the Affiliated Financing Documents (if any) and without limiting any other grant of a Lien and security interest in any Security Document, Borrowers hereby assign and grant to Agent, for the benefit of itself and Lenders, and, subject only to the Affiliated Intercreditor Agreement and Permitted Liens (if applicable), a continuing first priority Lien on and security interest in, upon, and to the personal property set forth on Schedule 9.1 attached hereto and made a part hereof.

Section 9.2 Representations and Warranties and Covenants Relating to Collateral.

(a) The security interest granted pursuant to this Agreement constitutes a valid and, to the extent such security interest is required to be perfected by this Agreement and any other Financing Document, continuing perfected security interest in favor of Agent in all Collateral subject, for the following Collateral, to the occurrence of the following: (i) in the case of all Collateral in which a security interest may be perfected by filing a financing statement under the UCC, the completion of the filings and other actions specified on Schedule 9.2(b) (which, in the case of all filings and other documents referred to on such schedule, have been delivered to Agent in completed and duly authorized form), (ii) with respect to any Deposit Account, the execution of Deposit Account Control Agreements, (iii) in the case of letter-of-credit rights that are not supporting obligations of Collateral, the execution of a contractual obligation granting control to Agent over such letter-of-credit rights, (iv) in the case of electronic chattel paper, the completion of all steps necessary to grant control to Agent over such electronic chattel paper, (v) in the case of all certificated stock, debt instruments and investment property, the delivery thereof to Agent of such certificated stock, debt instruments and investment property consisting of instruments and certificates, in each case properly endorsed for transfer to Agent or in blank, (vi) in the case of all investment property not in certificated form, the execution of control agreements with respect to such investment property and (vii) in the case of all other instruments and tangible chattel paper that are not certificated stock, debt instructions or investment property, the delivery thereof to Agent of such instruments and tangible chattel paper. Such security interest shall be prior to all other Liens on the Collateral except for Permitted Liens. Except to the extent not required pursuant to the terms of this Agreement, all actions by each Credit Party necessary or desirable to protect and perfect the Lien granted hereunder on the Collateral have been duly taken.

(b) Schedule 9.2(b) sets forth (i) each chief executive office and principal place of business of each Borrower and each of their respective Subsidiaries, and (ii) all of the addresses (including all warehouses) at which any of the Collateral is located and/or books and records of Borrowers regarding any Collateral or any of Borrower's assets, liabilities, business operations or financial condition are kept, which such Schedule 9.2(b) indicates in each case which Borrower(s) have Collateral and/or books located at such address, and, in the case of any such address not owned by one or more of the Borrowers(s), indicates the nature of such location (e.g., leased business location operated by Borrower(s), third party warehouse, consignment location, processor location, etc.) and the name and address of the third party owning and/or operating such location.

(c) Without limiting the generality of Section 3.2, except as indicated on Schedule 3.19 with respect to any rights of any Borrower as a licensee under any license of Intellectual Property owned by another Person, and except for the filing of financing statements under the UCC, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or consent of any other Person is required for (i) the grant by each Borrower to Agent of the security interests and Liens in the Collateral provided for under this Agreement and the other Security Documents (if any), or (ii) the exercise by Agent of its rights and remedies with respect to the Collateral provided for under this Agreement and the other Security Documents or under any applicable Law, including the UCC and neither any such grant of Liens in favor of Agent or exercise of rights by Agent shall violate or cause a default under any agreement between any Borrower and any other Person relating to any such collateral, including any license to which a Borrower is a party, whether as licensor or licensee, with respect to any Intellectual Property, whether owned by such Borrower or any other Person.

(d) As of the Closing Date, except as set forth on Schedule 9.2(d), no Borrower has any ownership interest in any Chattel Paper (as defined in Article 9 of the UCC), letter of credit rights, commercial tort claims, Instruments, documents or investment property (other than equity interests in any Subsidiaries of such Borrower disclosed on Schedule 3.4), and Borrowers shall give notice to Agent promptly (but in any event not later than the delivery by Borrowers of the next Compliance Certificate required pursuant to Section 4.1 above) upon the acquisition by any Borrower of any such Chattel Paper, letter of credit rights, commercial tort claims, Instruments, documents, investment property. No Person other than Agent or (if applicable) any Lender has "control" (as defined in Article 9 of the UCC) over any Deposit Account, investment property (including Securities Accounts and commodities account), letter of credit rights or electronic chattel paper in which any Borrower has any interest (except for such control arising by operation of law in favor of any bank or securities intermediary or commodities intermediary with whom any Deposit Account, Securities Account or commodities account of Borrowers is maintained).

(e) Borrowers shall not, and shall not permit any Credit Party to, take any of the following actions or make any of the following changes unless Borrowers have given at least five (5) Business Days' prior written notice to Agent of Borrowers' intention to take any such action (which such written notice shall include an updated version of any Schedule impacted by such change) and have executed any and all documents, instruments and agreements and taken any other actions which Agent may request after receiving such written notice in order to protect and preserve the Liens, rights and remedies of Agent with respect to the Collateral: (i) change the legal name or organizational identification number of any Borrower as it appears in official filings in the jurisdiction of its organization, (ii) change the jurisdiction of incorporation or formation of any Borrower or Credit Party or allow any Borrower or Credit Party to designate any jurisdiction as an additional jurisdiction of incorporation for such Borrower or Credit Party, or change the type of entity that it is, or (iii) change its chief executive office, principal place of business, or the location of its books and records or move any Collateral to or place any Collateral on any location that is not then listed on the Schedules and/or establish any business location at any location that is not then listed on the Schedules.

(f) Borrowers shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any Account Debtor, or allow any credit or discount thereon (other than adjustments, settlements, compromises, credits and discounts in the Ordinary Course of Business and made while no Default exists) without the prior written consent of Agent. Without limiting the generality of this Agreement or any other provisions of any of the Financing Documents relating to the rights of Agent after the occurrence and during the continuance of an Event of Default, Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to: (i) exercise the rights of Borrowers with respect to the obligation of any Account Debtor to make payment or otherwise render performance to Borrowers and with respect to any property that secures the obligations of any Account Debtor or any other Person obligated on the Collateral, and (ii) adjust, settle or compromise the amount or payment of such Accounts.

(g) Without limiting the generality of Sections 9.2(c) and 9.2(e):

(i) Borrowers shall deliver to Agent all tangible Chattel Paper and all Instruments and documents owned by any Borrower and constituting part of the Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrowers shall provide Agent with "control" (as defined in Article 9 of the UCC) of all electronic Chattel Paper owned by any Borrower and constituting part of the Collateral by having Agent identified as the assignee on the records pertaining to the single authoritative copy thereof and otherwise complying with the applicable elements of control set forth in the UCC. Borrowers also shall deliver to Agent all security agreements securing any such Chattel Paper and securing any such Instruments. Borrowers will mark conspicuously all such Chattel Paper and all such Instruments and documents with a legend, in form and substance satisfactory to Agent, indicating that such Chattel Paper and such instruments and documents are subject to the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents. Borrowers shall comply with all the provisions of Section 5.14 with respect to the Deposit Accounts and Securities Accounts of Borrowers.

(ii) Borrowers shall deliver to Agent all letters of credit on which any Borrower is the beneficiary and which give rise to letter of credit rights owned by such Borrower which constitute part of the Collateral in each case duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrowers shall take any and all actions as may be necessary or desirable, or that Agent may request, from time to time, to cause Agent to obtain exclusive "control" (as defined in Article 9 of the UCC) of any such letter of credit rights in a manner acceptable to Agent.

(iii) Borrowers shall promptly advise Agent upon any Borrower becoming aware that it has any interests in any commercial tort claim that constitutes part of the Collateral, which such notice shall include descriptions of the events and circumstances giving rise to such commercial tort claim and the dates such events and circumstances occurred, the potential defendants with respect such commercial tort claim and any court proceedings that have been instituted with respect to such commercial tort claims, and Borrowers shall, with respect to any such commercial tort claim, execute and deliver to Agent such documents as Agent shall request to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to any such commercial tort claim.

(iv) Except for Accounts and Inventory in an aggregate amount of $25,000, no Accounts or Inventory or other Collateral and no books and records and/or software and equipment of the Borrowers regarding any of the Collateral or any of the Borrower's assets, liabilities, business operations or financial condition shall at any time be located at any leased location or in the possession or control of any warehouse, consignee, bailee or any of Borrowers' agents or processors, without prior written notice to Agent and the receipt by Agent, of warehouse receipts, consignment agreements, landlord waivers, or bailee waivers (as applicable) satisfactory to Agent prior to the commencement of such lease or of such possession or control (as applicable). Borrower has notified Agent that Collateral and books and records are currently located at the locations set forth on Schedule 9.2(b). Borrowers shall, upon the request of Agent, notify any such landlord, warehouse, consignee, bailee, agent or processor of the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents, instruct such Person to hold all such Collateral for Agent's account subject to Agent's instructions and shall obtain an acknowledgement from such Person that such Person holds the Collateral for Agent's benefit.

(v) Borrowers shall cause all equipment and other tangible Personal Property other than Inventory to be maintained and preserved in the same condition, repair and in working order as when new, ordinary wear and tear excepted, and shall promptly make or cause to be made all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end. Upon request of Agent, Borrowers shall promptly deliver to Agent any and all certificates of title, applications for title or similar evidence of ownership of all such tangible Personal Property and shall cause Agent to be named as lienholder on any such certificate of title or other evidence of ownership. Borrowers shall not permit any such tangible Personal Property to become fixtures to real estate unless such real estate is subject to a Lien in favor of Agent.

(vi) Each Borrower hereby authorizes Agent to file without the signature of such Borrower one or more UCC financing statements relating to liens on personal property relating to all or any part of the Collateral, which financing statements may list Agent as the "secured party" and such Borrower as the "debtor" and which describe and indicate the collateral covered thereby as all or any part of the Collateral under the Financing Documents (including an indication of the collateral covered by any such financing statement as "all assets" of such Borrower now owned or hereafter acquired), in such jurisdictions as Agent from time to time determines are appropriate, and to file without the signature of such Borrower any continuations of or corrective amendments to any such financing statements, in any such case in order for Agent to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to the Collateral. Each Borrower also ratifies its authorization for Agent to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(vii) As of the Closing Date, no Borrower holds, and after the Closing Date Borrowers shall promptly notify Agent in writing upon creation or acquisition by any Borrower of, any Collateral which constitutes a claim against any Governmental Authority, including, without limitation, the federal government of the United States or any instrumentality or agency thereof, the assignment of which claim is restricted by any applicable Law, including, without limitation, the federal Assignment of Claims Act and any other comparable Law. Upon the request of Agent, Borrowers shall take such steps as may be necessary or desirable, or that Agent may request, to comply with any such applicable Law.

(viii) Borrowers shall furnish to Agent from time to time any statements and schedules further identifying or describing the Collateral and any other information, reports or evidence concerning the Collateral as Agent may reasonably request from time to time.

(h) Any obligation of any Credit Party in this Agreement that requires (or any representation or warranty hereunder to the extent that it would have the effect of requiring) delivery of Collateral (including any endorsements related thereto) to, or the possession of Collateral with, Agent shall be deemed complied with and satisfied (or, in the case of any representation or warranty hereunder, shall be deemed to be true) if such delivery of Collateral is made to, or such possession of Collateral is with, the Affiliated Financing Agent.

ARTICLE 10 - EVENTS OF DEFAULT

Section 10.1 Events of Default. For purposes of the Financing Documents, the occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "**Event of Default**":

(a) (i) any Credit Party shall fail to pay when due any principal, interest, premium or fee under any Financing Document or any other amount payable under any Financing Document, or (ii) there shall occur any default in the performance of or compliance with any of the following sections of this Agreement: Section 2.11, Section 4.1, Section 4.2(b), Section 4.4(c), Section 4.6, 4.9, 4.16, 4.17, 4.18, Article 5, Article 6 or Section 7.4;

(b) any Credit Party defaults in the performance of or compliance with any term contained in this Agreement or in any other Financing Document (other than occurrences described in other provisions of this Section 10.1 for which a different grace or cure period is specified or for which no grace or cure period is specified and thereby constitute immediate Events of Default) and such default is not remedied by the Credit Party or waived by Agent within fifteen (15) days after the earlier of (i) receipt by Borrower Representative of notice from Agent or Required Lenders of such default, or (ii) actual knowledge of any Borrower or any other Credit Party of such default;

(c) any representation, warranty, certification or statement made by any Credit Party or any other Person in any Financing Document or in any certificate, financial statement or other document delivered pursuant to any Financing Document is incorrect in any respect (or in any material respect if such representation, warranty, certification or statement is not by its terms already qualified as to materiality) when made (or deemed made);

(d) (i) failure of any Credit Party to pay when due or within any applicable grace period any principal, interest or other amount on Debt (other than the Loans), or the occurrence of any breach, default, condition or event with respect to any Debt (other than the Loans), if the effect of such failure or occurrence is to cause or to permit the holder or holders of any such Debt, or to cause, Debt or other liabilities having an individual principal amount in excess of $250,000 or having an aggregate principal amount in excess of $250,000 to become or be declared due prior to its stated maturity, or (ii) the occurrence of any breach or default under any terms or provisions of any Subordinated Debt Document or under any agreement subordinating the Subordinated Debt to all or any portion of the Obligations or the occurrence of any event requiring the prepayment of any Subordinated Debt;

(e) any Credit Party or any Subsidiary of a Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against any Credit Party or any Subsidiary of a Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of forty-five (45) days; or an order for relief shall be entered against any Credit Party or any Subsidiary of a Borrower under applicable federal bankruptcy, insolvency or other similar law in respect of (i) bankruptcy, liquidation, winding-up, dissolution or suspension of general operations, (ii) composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts or obligations, or (iii) possession, foreclosure, seizure or retention, sale or other disposition of, or other proceedings to enforce security over, all or any substantial part of the assets of such Credit Party or Subsidiary;

(g) (i) institution of any steps by any Person to terminate a Pension Plan if as a result of such termination any Credit Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of $250,000, (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code or an event occurs that could reasonably be expected to give rise to a Lien under Section 4068 of ERISA, or (iii) there shall occur any withdrawal or partial withdrawal from a Multiemployer Plan and the withdrawal liability (without unaccrued interest) to Multiemployer Plans as a result of such withdrawal (including any outstanding withdrawal liability that any Credit Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds $250,000;

(h) one or more judgments or orders for the payment of money (not paid or fully covered by insurance maintained in accordance with the requirements of this Agreement and as to which the relevant insurance company has acknowledged coverage) aggregating in excess of $250,000 shall be rendered against any or all Credit Parties and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders, or (ii) there shall be any period of twenty (20) consecutive days during which a stay of enforcement of any such judgments or orders, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(i) any Lien created by any of the Security Documents shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be encumbered thereby, subject to no prior or equal Lien except Permitted Liens, or any Credit Party shall so assert;

(j) the institution by any Governmental Authority of criminal proceedings against any Credit Party;

(k) a default or event of default occurs under any Guarantee of any portion of the Obligations;

(l) any Borrower makes any payment on account of any Debt that has been subordinated to any of the Obligations, other than payments specifically permitted by the terms of such subordination;

(m) if any Borrower is or becomes an entity whose equity is registered with the SEC, and/or is publicly traded on and/or registered with a public securities exchange, such Borrower's equity fails to remain registered with the SEC in good standing, and/or such equity fails to remain publicly traded on and registered with a public securities exchange;

(n) the occurrence of a Material Adverse Effect;

(o) (i) the voluntary withdrawal or institution of any action or proceeding by the FDA or similar Governmental Authority to order the withdrawal of any Product or Product category from the market or to enjoin Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries from manufacturing, marketing, selling or distributing any Product or Product category, (ii) the institution of any action or proceeding by any FDA or any other Governmental Authority to revoke, suspend, reject, withdraw, limit, or restrict any Regulatory Required Permit held by Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries, which, in each case, has or could reasonably be expected to result in Material Adverse Effect, (iii) the commencement of any enforcement action against Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries (with respect to the business of Borrower or its Subsidiaries) by FDA or any other Governmental Authority which has or could reasonably be expected to result in a Material Adverse Effect, or (iv) the occurrence of adverse test results in connection with a Product which could result in Material Adverse Effect;

(p) any Credit Party materially breaches, or otherwise materially defaults under, (i) the Cook License Agreement, the Cook Supply Agreement or Cross License Agreement or (ii) any other Material Contract (after any applicable grace period contained therein) the loss of which could be reasonably expected to result in a Material Adverse Effect, or any such Material Contract referred to in clauses (i) or (ii) shall be terminated by a third party or parties party thereto prior to the expiration thereof;

(q) any Credit Party breaches, or defaults under, the Ligand Royalty Agreement or the Ligand Parent Guaranty or there occurs any Remedies Event (as defined in the Ligand Royalty Agreement);

(r) there shall occur any default or event of default under the Affiliated Financing Documents;

(s) the introduction of, or any change in, any law or regulation governing or affecting the healthcare industry, including, without limitation, any Healthcare Laws, which could reasonably be expected to have a material adverse effect on Borrowers' business, condition (financial or otherwise), prospects or properties; or

(t) any of the Operative Documents shall for any reason fail to constitute the valid and binding agreement of any party thereto, or any Credit Party shall so assert, in each case, unless such Operative Document terminates pursuant to the terms and conditions thereof without any breach or default thereunder by any Credit Party thereto.

All cure periods provided for in this Section 10.1 shall run concurrently with any cure period provided for in any applicable Financing Documents under which the default occurred.

Section 10.2 Acceleration and Suspension or Termination of Term Loan Commitment. Upon the occurrence and during the continuance of an Event of Default, Agent may, and shall if requested by Required Lenders, (a) by notice to Borrower Representative suspend or terminate the Term Loan Commitment and the obligations of Agent and the Lenders with respect thereto, in whole or in part (and, if in part, each Lender's Term Loan Commitment shall be reduced in accordance with its Pro Rata Share), and/or (b) by notice to Borrower Representative declare all or any portion of the Obligations to be, and the Obligations shall thereupon become, immediately due and payable, with accrued interest thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same; *provided*, *however*, that in the case of any of the Events of Default specified in Section 10.1(e) or 10.1(f) above, without any notice to any Borrower or any other act by Agent or the Lenders, the Term Loan Commitment and the obligations of Agent and the Lenders with respect thereto shall thereupon immediately and automatically terminate and all of the Obligations shall become immediately and automatically due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same.

Section 10.3 UCC Remedies.

(a) Upon the occurrence of and during the continuance of an Event of Default under this Agreement or the other Financing Documents, Agent, in addition to all other rights, options, and remedies granted to Agent under this Agreement or at law or in equity, may exercise, either directly or through one or more assignees or designees, all rights and remedies granted to it under all Financing Documents and under the UCC in effect in the applicable jurisdiction(s) and under any other applicable law; including, without limitation:

(i) the right to take possession of, send notices regarding, and collect directly the Collateral, with or without judicial process;

(ii) the right to (by its own means or with judicial assistance) enter any of Borrowers' premises and take possession of the Collateral, or render it unusable, or to render it usable or saleable, or dispose of the Collateral on such premises in compliance with subsection (iii) below and to take possession of Borrowers' original books and records, to obtain access to Borrowers' data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner Agent deems appropriate, without any liability for rent, storage, utilities, or other sums, and Borrowers shall not resist or interfere with such action (if Borrowers' books and records are prepared or maintained by an accounting service, contractor or other third party agent, Borrowers hereby irrevocably authorize such service, contractor or other agent, upon notice by Agent to such Person that an Event of Default has occurred and is continuing, to deliver to Agent or its designees such books and records, and to follow Agent's instructions with respect to further services to be rendered);

(iii) the right to require Borrowers at Borrowers' expense to assemble all or any part of the Collateral and make it available to Agent at any place designated by Lender;

(iv) the right to notify postal authorities to change the address for delivery of Borrowers' mail to an address designated by Agent and to receive, open and dispose of all mail addressed to any Borrower; and/or

(v) the right to enforce Borrowers' rights against Account Debtors and other obligors, including, without limitation, (i) the right to collect Accounts directly in Agent's own name (as agent for Lenders) and to charge the collection costs and expenses, including attorneys' fees, to Borrowers, and (ii) the right, in the name of Agent or any designee of Agent or Borrowers, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise, including, without limitation, verification of Borrowers' compliance with applicable Laws. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude such verification process. Such verification may include contacts between Agent and applicable federal, state and local regulatory authorities having jurisdiction over the Borrowers' affairs, all of which contacts Borrowers hereby irrevocably authorize.

(b) Each Borrower agrees that a notice received by it at least ten (10) days before the time of any intended public sale, or the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by applicable law, any perishable Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Agent without prior notice to Borrowers. At any sale or disposition of Collateral, Agent may (to the extent permitted by applicable law) purchase all or any part of the Collateral, free from any right of redemption by Borrowers, which right is hereby waived and released. Each Borrower covenants and agrees not to interfere with or impose any obstacle to Agent's exercise of its rights and remedies with respect to the Collateral. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Agent may sell the Collateral without giving any warranties as to the Collateral. Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. If Agent sells any of the Collateral upon credit, Borrowers will be credited only with payments actually made by the purchaser, received by Agent and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Agent may resell the Collateral and Borrowers shall be credited with the proceeds of the sale. Borrowers shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations.

(c) Without restricting the generality of the foregoing and for the purposes aforesaid, each Borrower hereby appoints and constitutes Agent its lawful attorney-in-fact with full power of substitution in the Collateral, upon the occurrence and during the continuance of an Event of Default, to (i) use unadvanced funds remaining under this Agreement or which may be reserved, escrowed or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Notes, (ii) pay, settle or compromise all existing bills and claims, which may be Liens or security interests, or to avoid such bills and claims becoming Liens against the Collateral, (iii) execute all applications and certificates in the name of such Borrower and to prosecute and defend all actions or proceedings in connection with the Collateral, and (iv) do any and every act which such Borrower might do in its own behalf; it being understood and agreed that this power of attorney in this subsection (c) shall be a power coupled with an interest and cannot be revoked.

(d) Agent and each Lender is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrowers' labels, mask works, rights of use of any name, any other Intellectual Property and advertising matter, and any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Agent's exercise of its rights under this Article, Borrowers' rights under all licenses (whether as licensor or licensee) and all franchise agreements inure to Agent's and each Lender's benefit.

Section 10.4 Reserved.

Section 10.5 Default Rate of Interest. At the election of Agent or Required Lenders, after the occurrence of an Event of Default and for so long as it continues, the Loans and other Obligations shall bear interest at rates that are four percent (4.0%) per annum in excess of the rates otherwise payable under this Agreement; *provided, however*, that in the case of any Event of Default specified in Section 10.1(e) or 10.1(f) above, such default rates shall apply immediately and automatically without the need for any election or action of any kind on the part of Agent or any Lender.

Section 10.6 Setoff Rights. During the continuance of any Event of Default, each Lender is hereby authorized by each Borrower at any time or from time to time, with reasonably prompt subsequent notice to such Borrower (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (a) balances held by such Lender or any of such Lender's Affiliates at any of its offices for the account of such Borrower or any of its Subsidiaries (regardless of whether such balances are then due to such Borrower or its Subsidiaries), and (b) other property at any time held or owing by such Lender to or for the credit or for the account of such Borrower or any of its Subsidiaries, against and on account of any of the Obligations; except that no Lender shall exercise any such right without the prior written consent of Agent. Any Lender exercising a right to set off shall purchase for cash (and the other Lenders shall sell) interests in each of such other Lender's Pro Rata Share of the Obligations as would be necessary to cause all Lenders to share the amount so set off with each other Lender in accordance with their respective Pro Rata Share of the Obligations. Each Borrower agrees, to the fullest extent permitted by law, that any Lender and any of such Lender's Affiliates may exercise its right to set off with respect to the Obligations as provided in this Section 10.6.

Section 10.7 Application of Proceeds.

(a) Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, each Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of such Borrower or any Guarantor of all or any part of the Obligations, and, as between Borrowers on the one hand and Agent and Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent.

(b) Following the occurrence and continuance of an Event of Default, but absent the occurrence and continuance of an Acceleration Event, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in such order as Agent may from time to time elect.

(c) Notwithstanding anything to the contrary contained in this Agreement, if an Acceleration Event shall have occurred, and so long as it continues, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in the following order: *first*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to Agent with respect to this Agreement, the other Financing Documents or the Collateral; *second*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to any Lender with respect to this Agreement, the other Financing Documents or the Collateral; *third*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts); *fourth*, to the principal amount of the Obligations outstanding; and *fifth* to any other indebtedness or obligations of Borrowers owing to Agent or any Lender under the Financing Documents. Any balance remaining shall be delivered to Borrowers or to whomever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (y) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (z) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its Pro Rata Share of amounts available to be applied pursuant thereto for such category.

Section 10.8 Waivers.

(a) Except as otherwise provided for in this Agreement and to the fullest extent permitted by applicable law, each Borrower waives: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all Financing Documents, the Notes or any other notes, commercial paper, accounts, contracts, documents, Instruments, Chattel Paper and Guarantees at any time held by Lenders on which any Borrower may in any way be liable, and hereby ratifies and confirms whatever Lenders may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's taking possession or control of, or to Agent's or any Lender's replevy, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of its remedies; and (iii) the benefit of all valuation, appraisal and exemption Laws. Each Borrower acknowledges that it has been advised by counsel of its choices and decisions with respect to this Agreement, the other Financing Documents and the transactions evidenced hereby and thereby.

(b) Each Borrower for itself and all its successors and assigns, (i) agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; (ii) consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Agent or any Lender with respect to the payment or other provisions of the Financing Documents, and to any substitution, exchange or release of the Collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any Borrower, endorsers, guarantors, or sureties, or whether primarily or secondarily liable, without notice to any other Borrower and without affecting its liability hereunder; (iii) agrees that its liability shall be unconditional and without regard to the liability of any other Borrower, Agent or any Lender for any tax on the indebtedness; and (iv) to the fullest extent permitted by law, expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(c) To the extent that Agent or any Lender may have acquiesced in any noncompliance with any requirements or conditions precedent to the closing of the Loans or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Agent or any Lender of such requirements with respect to any future disbursements of Loan proceeds and Agent may at any time after such acquiescence require Borrowers to comply with all such requirements. Any forbearance by Agent or Lender in exercising any right or remedy under any of the Financing Documents, or otherwise afforded by applicable law, including any failure to accelerate the maturity date of the Loans, shall not be a waiver of or preclude the exercise of any right or remedy nor shall it serve as a novation of the Notes or as a reinstatement of the Loans or a waiver of such right of acceleration or the right to insist upon strict compliance of the terms of the Financing Documents. Agent's or any Lender's acceptance of payment of any sum secured by any of the Financing Documents after the due date of such payment shall not be a waiver of Agent's and such Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other Liens or charges by Agent as the result of an Event of Default shall not be a waiver of Agent's right to accelerate the maturity of the Loans, nor shall Agent's receipt of any condemnation awards, insurance proceeds, or damages under this Agreement operate to cure or waive any Credit Party's default in payment of sums secured by any of the Financing Documents.

(d) Without limiting the generality of anything contained in this Agreement or the other Financing Documents, each Borrower agrees that if an Event of Default is continuing (i) Agent and Lenders shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Agent or Lenders shall remain in full force and effect until Agent or Lenders have exhausted all remedies against the Collateral and any other properties owned by Borrowers and the Financing Documents and other security instruments or agreements securing the Loans have been foreclosed, sold and/or otherwise realized upon in satisfaction of Borrowers' obligations under the Financing Documents.

(e) Nothing contained herein or in any other Financing Document shall be construed as requiring Agent or any Lender to resort to any part of the Collateral for the satisfaction of any of Borrowers' obligations under the Financing Documents in preference or priority to any other Collateral, and Agent may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of Borrowers' obligations under the Financing Documents. In addition, Agent shall have the right from time to time to partially foreclose upon any Collateral in any manner and for any amounts secured by the Financing Documents then due and payable as determined by Agent in its sole discretion, including, without limitation, the following circumstances: (i) in the event any Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and/or interest, Agent may foreclose upon all or any part of the Collateral to recover such delinquent payments, or (ii) in the event Agent elects to accelerate less than the entire outstanding principal balance of the Loans, Agent may foreclose all or any part of the Collateral to recover so much of the principal balance of the Loans as Lender may accelerate and such other sums secured by one or more of the Financing Documents as Agent may elect. Notwithstanding one or more partial foreclosures, any unforeclosed Collateral shall remain subject to the Financing Documents to secure payment of sums secured by the Financing Documents and not previously recovered.

(f) To the fullest extent permitted by law, each Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Collateral any equitable right otherwise available to any Credit Party which would require the separate sale of any of the Collateral or require Agent or Lenders to exhaust their remedies against any part of the Collateral before proceeding against any other part of the Collateral; and further in the event of such foreclosure each Borrower does hereby expressly consent to and authorize, at the option of Agent, the foreclosure and sale either separately or together of each part of the Collateral.

Section 10.9 Injunctive Relief. The parties acknowledge and agree that, in the event of a breach or threatened breach of any Credit Party's obligations under any Financing Documents, Agent and Lenders may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction (including, without limitation, a temporary restraining order, preliminary injunction, writ of attachment, or order compelling an audit) against such breach or threatened breach, including, without limitation, maintaining any cash management and collection procedure described herein. However, no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach or threatened breach of any provision of this Agreement. Each Credit Party waives, to the fullest extent permitted by law, the requirement of the posting of any bond in connection with such injunctive relief. By joining in the Financing Documents as a Credit Party, each Credit Party specifically joins in this Section as if this Section were a part of each Financing Document executed by such Credit Party.

Section 10.10 Marshalling; Payments Set Aside. Neither Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower makes any payment or Agent enforces its Liens or Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

Section 10.11 Transfer of Licenses. In the event any Permit is terminated or in the event of foreclosure or other acquisition of any location owned or leased by Borrower, any Inventory or other Collateral by Agent or its designee or any purchaser at a foreclosure sale, Borrower shall cooperate with Agent to cause all Permits to be reissued or transferred to Agent or Agent's designee, including, without limitation, any subsequent purchaser.

ARTICLE 11 - AGENT

Section 11.1 Appointment and Authorization. Each Lender hereby irrevocably appoints and authorizes Agent to enter into each of the Financing Documents to which it is a party (other than this Agreement) on its behalf and to take such actions as Agent on its behalf and to exercise such powers under the Financing Documents as are delegated to Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. Subject to the terms of Section 11.16 and to the terms of the other Financing Documents, Agent is authorized and empowered to amend, modify, or waive any provisions of this Agreement or the other Financing Documents on behalf of Lenders. The provisions of this Article 11 are solely for the benefit of Agent and Lenders and neither any Borrower nor any other Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Borrower or any other Credit Party. Agent may perform any of its duties hereunder, or under the Financing Documents, by or through its agents, servicers, trustees, investment managers or employees.

Section 11.2 Agent and Affiliates. Agent shall have the same rights and powers under the Financing Documents as any other Lender and may exercise or refrain from exercising the same as though it were not Agent, and Agent and its Affiliates may lend money to, invest in and generally engage in any kind of business with each Credit Party or Affiliate of any Credit Party as if it were not Agent hereunder.

Section 11.3 Action by Agent. The duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Financing Documents is intended to or shall be construed to impose upon Agent any obligations in respect of this Agreement or any of the Financing Documents except as expressly set forth herein or therein.

Section 11.4 Consultation with Experts. Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 11.5 Liability of Agent. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be liable to any Lender for any action taken or not taken by it in connection with the Financing Documents, except that Agent shall be liable with respect to its specific duties set forth hereunder but only to the extent of its own gross negligence or willful misconduct in the discharge thereof as determined by a final non-appealable judgment of a court of competent jurisdiction. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any Financing Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements specified in any Financing Document; (c) the satisfaction of any condition specified in any Financing Document; (d) the validity, effectiveness, sufficiency or genuineness of any Financing Document, any Lien purported to be created or perfected thereby or any other instrument or writing furnished in connection therewith; (e) the existence or non-existence of any Default or Event of Default; or (f) the financial condition of any Credit Party. Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile or electronic transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties. Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them).

Section 11.6 Indemnification. Each Lender shall, in accordance with its Pro Rata Share, indemnify Agent (to the extent not reimbursed by Borrowers) upon demand against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction) that Agent may suffer or incur in connection with the Financing Documents or any action taken or omitted by Agent hereunder or thereunder. If any indemnity furnished to Agent for any purpose shall, in the opinion of Agent, be insufficient or become impaired, Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against even if so directed by Required Lenders until such additional indemnity is furnished.

Section 11.7 Right to Request and Act on Instructions. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Financing Documents Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Financing Documents until it shall have received such instructions from Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Financing Documents in accordance with the instructions of Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of Required Lenders (or such other applicable portion of the Lenders), Agent shall have no obligation to take any action if it believes, in good faith, that such action would violate applicable Law or exposes Agent to any liability for which it has not received satisfactory indemnification in accordance with the provisions of Section 11.6.

Section 11.8 Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Financing Documents.

Section 11.9 Collateral Matters. Lenders irrevocably authorize Agent, at its option and in its discretion, to (a) release any Lien granted to or held by Agent under any Security Document (i) upon termination of the Term Loan Commitment and payment in full of all Obligations; or (ii) constituting property sold or disposed of as part of or in connection with any disposition permitted under any Financing Document (it being understood and agreed that Agent may conclusively rely without further inquiry on a certificate of a Responsible Officer as to the sale or other disposition of property being made in full compliance with the provisions of the Financing Documents); and (b) subordinate any Lien granted to or held by Agent under any Security Document to a Permitted Lien that is allowed to have priority over the Liens granted to or held by Agent pursuant to the definition of "Permitted Liens". Upon request by Agent at any time, Lenders will confirm Agent's authority to release and/or subordinate particular types or items of Collateral pursuant to this Section 11.9.

Section 11.10 Agency for Perfection. Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Agent's security interest in assets which, in accordance with the Uniform Commercial Code in any applicable jurisdiction, can be perfected by possession or control. Should any Lender (other than Agent) obtain possession or control of any such assets, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor, shall deliver such assets to Agent or in accordance with Agent's instructions or transfer control to Agent in accordance with Agent's instructions. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Loan unless instructed to do so by Agent (or consented to by Agent), it being understood and agreed that such rights and remedies may be exercised only by Agent.

Section 11.11 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Agent will notify each Lender of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) in accordance with the terms hereof. Unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interests of Lenders.

Section 11.12 Assignment by Agent; Resignation of Agent; Successor Agent.

(a) Agent may at any time assign its rights, powers, privileges and duties hereunder to (i) another Lender or an Affiliate of Agent or any Lender or any Approved Fund, or (ii) any Person to whom Agent, in its capacity as a Lender, has assigned (or will assign, in conjunction with such assignment of agency rights hereunder) 50% or more of its Loan, in each case without the consent of the Lenders or Borrowers. Following any such assignment, Agent shall endeavor to give notice to the Lenders and Borrowers. Failure to give such notice shall not affect such assignment in any way or cause the assignment to be ineffective. An assignment by Agent pursuant to this subsection (a) shall not be deemed a resignation by Agent for purposes of subsection (b) below.

(b) Without limiting the rights of Agent to designate an assignee pursuant to subsection (a) above, Agent may at any time give notice of its resignation to the Lenders and Borrowers. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within ten (10) Business Days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent; *provided, however,* that if Agent shall notify Borrowers and the Lenders that no Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice from Agent that no Person has accepted such appointment and, from and following delivery of such notice, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Financing Documents, and (ii) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as Required Lenders appoint a successor Agent as provided for above in this paragraph.

(c) Upon (i) an assignment permitted by subsection (a) above, or (ii) the acceptance of a successor's appointment as Agent pursuant to subsection (b) above, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Financing Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Financing Documents, the provisions of this Article and Section 11.12 shall continue in effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as Agent.

Section 11.13 Payment and Sharing of Payment.

(a) Reserved.

(b) Term Loan Payments. Payments of principal, interest and fees in respect of the Term Loans will be settled on the date of receipt if received by Agent on the last Business Day of a month or on the Business Day immediately following the date of receipt if received on any day other than the last Business Day of a month.

(c) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from a Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind, together with interest accruing on a daily basis at the Federal Funds Rate.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to any Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Financing Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to any Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(d) Defaulted Lenders. The failure of any Defaulted Lender to make any payment required by it hereunder shall not relieve any other Lender of its obligations to make payment, but neither any other Lender nor Agent shall be responsible for the failure of any Defaulted Lender to make any payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Defaulted Lender shall not have any voting or consent rights under or with respect to any Financing Document or constitute a "Lender" (or be included in the calculation of "Required Lenders" hereunder) for any voting or consent rights under or with respect to any Financing Document.

(e) Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Section 2.8(d)) in excess of its Pro Rata Share of payments entitled pursuant to the other provisions of this Section 11.13, such Lender shall purchase from the other Lenders such participations in extensions of credit made by such other Lenders (without recourse, representation or warranty) as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; *provided, however,* that if all or any portion of the excess payment or other recovery is thereafter required to be returned or otherwise recovered from such purchasing Lender, such portion of such purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such return or recovery, without interest. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this clause (e) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 10.6) with respect to such participation as fully as if such Lender were the direct creditor of Borrowers in the amount of such participation). If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this clause (e) applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this clause (e) to share in the benefits of any recovery on such secured claim.

Section 11.14 Right to Perform, Preserve and Protect. If any Credit Party fails to perform any obligation hereunder or under any other Financing Document, Agent itself may, but shall not be obligated to, cause such obligation to be performed at Borrowers' expense. Agent is further authorized by Borrowers and the Lenders to make expenditures from time to time which Agent, in its reasonable business judgment, deems necessary or desirable to (a) preserve or protect the business conducted by Borrowers, the Collateral, or any portion thereof, and/or (b) enhance the likelihood of, or maximize the amount of, repayment of the Loan and other Obligations. Each Borrower hereby agrees to reimburse Agent on demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14. Each Lender hereby agrees to indemnify Agent upon demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14, in accordance with the provisions of Section 11.6.

Section 11.15 Additional Titled Agents. Except for rights and powers, if any, expressly reserved under this Agreement to any bookrunner, arranger or to any titled agent named on the cover page of this Agreement, other than Agent (collectively, the "**Additional Titled Agents**"), and except for obligations, liabilities, duties and responsibilities, if any, expressly assumed under this Agreement by any Additional Titled Agent, no Additional Titled Agent, in such capacity, has any rights, powers, liabilities, duties or responsibilities hereunder or under any of the other Financing Documents. Without limiting the foregoing, no Additional Titled Agent shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Additional Titled Agent shall have transferred to any other Person (other than any Affiliates) all of its interests in the Loan, such Lender shall be deemed to have concurrently resigned as such Additional Titled Agent.

Section 11.16 Amendments and Waivers.

(a) No provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by Borrowers, the Required Lenders and any other Lender to the extent required under Section 11.16(b); *provided, however*, any Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

(b) In addition to the required signatures under Section 11.16(a), no provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by the following Persons:

(i) if any amendment, waiver or other modification would increase a Lender's funding obligations in respect of any Loan, by such Lender; and/or

(ii) if the rights or duties of Agent are affected thereby, by Agent;

provided, however, that, in each of (i) and (ii) above, no such amendment, waiver or other modification shall, unless signed or otherwise approved in writing by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Loan; (B) postpone the date fixed for, or waive, any payment (other than any mandatory prepayment pursuant to Section 2.1(a)(ii)) of principal of any Loan, or of interest on any Loan (other than default interest) or any fees provided for hereunder (other than late charges) or postpone the date of termination of any commitment of any Lender hereunder; (C) change the definition of the term Required Lenders or the percentage of Lenders which shall be required for Lenders to take any action hereunder; (D) release all or substantially all of the Collateral, authorize any Borrower to sell or otherwise dispose of all or substantially all of the Collateral, release any Guarantor of all or any portion of the Obligations or its Guarantee obligations with respect thereto, or consent to a transfer of any of the Intellectual Property, except, in each case with respect to this clause (D), as otherwise may be provided in this Agreement or the other Financing Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 11.16(b) or the definitions of the terms used in this Section 11.16(b) insofar as the definitions affect the substance of this Section 11.16(b); (F) consent to the assignment, delegation or other transfer by any Credit Party of any of its rights and obligations under any Financing Document or release any Borrower of its payment obligations under any Financing Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; or (G) amend any of the provisions of Section 10.7 or amend any of the definitions Pro Rata Share, Term Loan Commitment, Term Loan Tranche 1 Commitments, Term Loan Tranche 2 Commitments, Term Loan Tranche 4 Commitments, Term Loan Tranche 5 Commitments Term Loan Commitment Amount, Term Loan Tranche 1 Commitment Amount, Term Loan Tranche 2 Commitment Amount, Term Loan Tranche 3 Commitment Amount, Term Loan Tranche 4 Commitment Amount, Term Loan Tranche 5 Commitment Amount, Term Loan Commitment Percentage, Term Loan Tranche 1 Commitment Percentage, Term Loan Tranche 2 Commitment Percentage, Term Loan Tranche 3 Commitment Percentage, Term Loan Tranche 4 Commitment Percentage, Term Loan Tranche 5 Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F) and (G) of the preceding sentence.

Section 11.17 Assignments and Participations.

(a) Assignments.

(i) Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Loan together with all related obligations of such Lender hereunder. Except as Agent may otherwise agree, the amount of any such assignment (determined as of the date of the applicable Assignment Agreement or, if a "Trade Date" is specified in such Assignment Agreement, as of such Trade Date) shall be in a minimum aggregate amount equal to $1,000,000 or, if less, the assignor's entire interests in the outstanding Loan; *provided, however,* that, in connection with simultaneous assignments to two or more related Approved Funds, such Approved Funds shall be treated as one assignee for purposes of determining compliance with the minimum assignment size referred to above. Borrowers and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned to an Eligible Assignee until Agent shall have received and accepted an effective Assignment Agreement executed, delivered and fully completed by the applicable parties thereto and a processing fee of $3,500 to be paid by the assigning Lender; *provided, however,* that only one processing fee shall be payable in connection with simultaneous assignments to two or more related Approved Funds.

(ii) From and after the date on which the conditions described above have been met, (A) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent of the interests assigned to such Eligible Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder, and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights and obligations hereunder (other than those that survive termination pursuant to Section 12.1). Upon the request of the Eligible Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, each Borrower shall execute and deliver to Agent for delivery to the Eligible Assignee (and, as applicable, the assigning Lender) Notes in the aggregate principal amount of the Eligible Assignee's Loan (and, as applicable, Notes in the principal amount of that portion of the principal amount of the Loan retained by the assigning Lender). Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to Borrower Representative any prior Note held by it.

(iii) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at the office of its servicer located in Bethesda, Maryland a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of each Lender, and the commitments of, and principal amount of the Loan owing to, such Lender pursuant to the terms hereof (the "**Register**"). The entries in such Register shall be conclusive, absent manifest effort, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such Register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent. Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrower maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Obligations (each, a "Participant Register"). The entries in the Participant Registers shall be conclusive, absent manifest error. Each Participant Register shall be available for inspection by Borrower and Agent at any reasonable time upon reasonable prior notice to the applicable Lender; provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Financing Document) to any Person (including Borrower) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. For the avoidance of doubt, Agent (in its capacity as Agent) shall have no responsibility for maintaining a participant register.

(iv) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided, however,* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(v) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, Agent has the right, but not the obligation, to effectuate assignments of Loan via an electronic settlement system acceptable to Agent as designated in writing from time to time to the Lenders by Agent (the "**Settlement Service**"). At any time when Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be consistent with the other provisions of this Section 11.17(a). Each assigning Lender and proposed Eligible Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loan pursuant to the Settlement Service. With the prior written approval of Agent, Agent's approval of such Eligible Assignee shall be deemed to have been automatically granted with respect to any transfer effected through the Settlement Service. Assignments and assumptions of the Loan shall be effected by the provisions otherwise set forth herein until Agent notifies Lenders of the Settlement Service as set forth herein.

(b) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or Agent, sell to one or more Persons (other than any Borrower or any Borrower's Affiliates) participating interests in its Loan, commitments or other interests hereunder (any such Person, a "**Participant**"). In the event of a sale by a Lender of a participating interest to a Participant, (i) such Lender's obligations hereunder shall remain unchanged for all purposes, (ii) Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder, and (iii) all amounts payable by each Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. Each Borrower agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; *provided, however*, that such right of set-off shall be subject to the obligation of each Participant to share with Lenders, and Lenders agree to share with each Participant, as provided in Section 11.5.

(c) Replacement of Lenders. Within thirty (30) days after: (i) receipt by Agent of notice and demand from any Lender for payment of additional costs as provided in Section 2.8(d), which demand shall not have been revoked, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), (iii) any Lender is a Defaulted Lender, and the circumstances causing such status shall not have been cured or waived; or (iv) any failure by any Lender to consent to a requested amendment, waiver or modification to any Financing Document in which Required Lenders have already consented to such amendment, waiver or modification but the consent of each Lender, or each Lender affected thereby, is required with respect thereto (each relevant Lender in the foregoing clauses (i) through (iv) being an "**Affected Lender**") each of Borrower Representative and Agent may, at its option, notify such Affected Lender and, in the case of Borrowers' election, Agent, of such Person's intention to obtain, at Borrowers' expense, a replacement Lender ("**Replacement Lender**") for such Lender, which Replacement Lender shall be an Eligible Assignee and, in the event the Replacement Lender is to replace an Affected Lender described in the preceding clause (iv), such Replacement Lender consents to the requested amendment, waiver or modification making the replaced Lender an Affected Lender. In the event Borrowers or Agent, as applicable, obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender shall sell, at par, and assign all of its Loan and funding commitments hereunder to such Replacement Lender in accordance with the procedures set forth in Section 11.17(a); *provided, however,* that (A) Borrowers shall have reimbursed such Lender for its increased costs and additional payments for which it is entitled to reimbursement under Section 2.8(a) or Section 2.8(d), as applicable, of this Agreement through the date of such sale and assignment, and (B) Borrowers shall pay to Agent the $3,500 processing fee in respect of such assignment. In the event that a replaced Lender does not execute an Assignment Agreement pursuant to Section 11.17(a) within five (5) Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 11.17(c) and presentation to such replaced Lender of an Assignment Agreement evidencing an assignment pursuant to this Section 11.17(c), such replaced Lender shall be deemed to have consented to the terms of such Assignment Agreement, and any such Assignment Agreement executed by Agent, the Replacement Lender and, to the extent required pursuant to Section 11.17(a), Borrowers, shall be effective for purposes of this Section 11.17(c) and Section 11.17(a). Upon any such assignment and payment, such replaced Lender shall no longer constitute a "**Lender**" for purposes hereof, other than with respect to such rights and obligations that survive termination as set forth in Section 12.1.

(d) Credit Party Assignments. No Credit Party may assign, delegate or otherwise transfer any of its rights or other obligations hereunder or under any other Financing Document without the prior written consent of Agent and each Lender.

Section 11.18 Funding and Settlement Provisions Applicable When Non-Funding Lenders Exist. So long as Agent has not waived the conditions to the funding of Loans set forth in Section 7.2 or Section 2.1, any Lender may deliver a notice to Agent stating that such Lender shall cease making Term Loans due to the non-satisfaction of one or more conditions to funding Loans set forth in Section 7.2 or Section 2.1, and specifying any such non-satisfied conditions. Any Lender delivering any such notice shall become a non-funding Lender (a "**Non-Funding Lender**") for purposes of this Agreement commencing on the Business Day following receipt by Agent of such notice, and shall cease to be a Non-Funding Lender on the date on which such Lender has either revoked the effectiveness of such notice or acknowledged in writing to each of Agent the satisfaction of the condition(s) specified in such notice, or Required Lenders waive the conditions to the funding of such Loans giving rise to such notice by Non-Funding Lender. Each Non-Funding Lender shall remain a Lender for purposes of this Agreement to the extent that such Non-Funding Lender has Term Loans outstanding in excess of Zero Dollars ($0); *provided, however,* that during any period of time that any Non-Funding Lender exists, and notwithstanding any provision to the contrary set forth herein, the following provisions shall apply:

(a) For purposes of determining the Pro Rata Share of each Lender under clause (c) of the definition of such term, each Non-Funding Lender shall be deemed to have a Term Loan Commitment Amount as in effect immediately before such Lender became a Non-Funding Lender.

(b) Except as provided in clause (a) above, the Term Loan Commitment Amount of each Non-Funding Lender shall be deemed to be Zero Dollars ($0).

(c) The Term Loan Commitment at any date of determination during such period shall be deemed to be equal to the sum of (i) the aggregate Term Loan Commitment Amounts of all Lenders, other than the Non-Funding Lenders as of such date *plus* (ii) the aggregate principal amount outstanding under the Term Loans of all Non-Funding Lenders as of such date.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Survival. All agreements, representations and warranties made herein and in every other Financing Document shall survive the execution and delivery of this Agreement and the other Financing Documents and the other Operative Documents. The provisions of Section 2.10 and Articles 11 and 12 shall survive the payment of the Obligations (both with respect to any Lender and all Lenders collectively) and any termination of this Agreement and any judgment with respect to any Obligations, including any final foreclosure judgment with respect to any Security Document, and no unpaid or unperformed, current or future, Obligations will merge into any such judgment.

Section 12.2 No Waivers. No failure or delay by Agent or any Lender in exercising any right, power or privilege under any Financing Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any reference in any Financing Document to the "continuing" nature of any Event of Default shall not be construed as establishing or otherwise indicating that any Borrower or any other Credit Party has the independent right to cure any such Event of Default, but is rather presented merely for convenience should such Event of Default be waived in accordance with the terms of the applicable Financing Documents.

Section 12.3 Notices.

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of any such Lender who becomes a Lender after the date hereof, in an assignment agreement or in a notice delivered to Borrower Representative and Agent by the assignee Lender forthwith upon such assignment) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Borrower Representative; *provided*, *however*, that notices, requests or other communications shall be permitted by electronic means only in accordance with the provisions of Section 12.3(b) and (c). Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, or (ii) if given by mail, prepaid overnight courier or any other means, when received or when receipt is refused at the applicable address specified by this Section 12.3(a).

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved from time to time by Agent, *provided*, *however*, that the foregoing shall not apply to notices sent directly to any Lender if such Lender has notified Agent that it is incapable of receiving notices by electronic communication. Agent or Borrower Representative may, in their discretion, agree to accept notices and other communications to them hereunder by electronic communications pursuant to procedures approved by it, *provided*, *however*, that approval of such procedures may be limited to particular notices or communications.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor, *provided*, *however*, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

Section 12.4 Severability. In case any provision of or obligation under this Agreement or any other Financing Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 12.5 Headings. Headings and captions used in the Financing Documents (including the Exhibits, Schedules and Annexes hereto and thereto) are included for convenience of reference only and shall not be given any substantive effect.

Section 12.6 Confidentiality.

(a) Each Credit Party agrees (i) not to transmit or disclose provisions of any Financing Document to any Person (other than to Borrowers' advisors, directors and officers on a need-to-know basis or as otherwise may be required by Law) without Agent's prior written consent, (ii) to inform all Persons of the confidential nature of the Financing Documents and to direct them not to disclose the same to any other Person and to require each of them to be bound by these provisions.

(b) Agent and each Lender shall hold all non-public information regarding the Credit Parties and their respective businesses identified as such by Borrowers and obtained by Agent or any Lender pursuant to the requirements hereof in accordance with such Person's customary and reasonable procedures for handling information of such nature, except that disclosure of such information may be made (i) to their respective agents, employees, Subsidiaries, Affiliates, attorneys, auditors, professional consultants, rating agencies, insurance industry associations and portfolio management services, (ii) to prospective transferees or purchasers of any interest in the Loans, Agent or a Lender, *provided*, *however*, that any such Persons are bound by obligations of confidentiality, (iii) as required by Law, subpoena, judicial order or similar order and in connection with any litigation, (iv) as may be required in connection with the examination, audit or similar investigation of such Person, and (v) to a Person that is a trustee, investment advisor or investment manager, collateral manager, servicer, noteholder or secured party in a Securitization (as hereinafter defined) in connection with the administration, servicing and reporting on the assets serving as collateral for such Securitization. For the purposes of this Section, "**Securitization**" means (A) the pledge of the Loans as collateral security for loans to a Lender, or (B) a public or private offering by a Lender or any of its Affiliates or their respective successors and assigns, of securities which represent an interest in, or which are collateralized, in whole or in part, by the Loans. Confidential information shall include only such information identified as such at the time provided to Agent and shall not include information that either: (y) is in the public domain, or becomes part of the public domain after disclosure to such Person through no fault of such Person, or (z) is disclosed to such Person by a Person other than a Credit Party, *provided*, *however*, Agent does not have actual knowledge that such Person is prohibited from disclosing such information. The obligations of Agent and Lenders under this Section 12.6 shall supersede and replace the obligations of Agent and Lenders under any confidentiality agreement in respect of this financing executed and delivered by Agent or any Lender prior to the date hereof.

Section 12.7 Waiver of Consequential and Other Damages. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee (as defined below), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, any other Financing Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Financing Documents or the transactions contemplated hereby or thereby.

Section 12.8 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) THIS AGREEMENT, EACH NOTE AND EACH OTHER FINANCING DOCUMENT, AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW). EACH BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE STATE OF NEW YORK IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN AND IRREVOCABLY AGREES THAT, SUBJECT TO AGENT'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. EACH BORROWER EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH BORROWER BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

(b) Each Borrower, Agent and each Lender agree that each Loan (including those made on the Closing Date) shall be deemed to be made in, and the transactions contemplated hereunder and in any other Financing Document shall be deemed to have been performed in, the State of Maryland.

Section 12.9 **WAIVER OF JURY TRIAL**.

(a) EACH BORROWER, AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH BORROWER, AGENT AND EACH LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH BORROWER, AGENT AND EACH LENDER WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

(b) **In the event any such action or proceeding is brought or filed in any United States federal court sitting in the State of California or in any state court of the State of California, and the waiver of jury trial set forth in Section 12.9(a) hereof is determined or held to be ineffective or unenforceable, the parties agree that all actions or proceedings shall be resolved by reference to a private judge sitting without a jury, pursuant to California Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Los Angeles County, California. Such proceeding shall be conducted in Los Angeles County, California, with California rules of evidence and discovery applicable to such proceeding. In the event any actions or proceedings are to be resolved by judicial reference, any party may seek from any court having jurisdiction thereover any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by Law notwithstanding that all actions or proceedings are otherwise subject to resolution by judicial reference.**

Section 12.10 Publication; Advertisement.

(a) Publication. No Credit Party will directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of MCF or any of its Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except (i) as required by Law, subpoena or judicial or similar order, in which case the applicable Credit Party shall give Agent prior written notice of such publication or other disclosure, or (ii) with MCF's prior written consent.

(b) Advertisement. Each Lender and each Credit Party hereby authorizes MCF to publish the name of such Lender and Credit Party, the existence of the financing arrangements referenced under this Agreement, the primary purpose and/or structure of those arrangements, the amount of credit extended under each facility, the title and role of each party to this Agreement, and the total amount of the financing evidenced hereby in any "tombstone", comparable advertisement or press release which MCF elects to submit for publication. In addition, each Lender and each Credit Party agrees that MCF may provide lending industry trade organizations with information necessary and customary for inclusion in league table measurements after the Closing Date. With respect to any of the foregoing, MCF shall provide Borrowers with an opportunity to review and confer with MCF regarding the contents of any such tombstone, advertisement or information, as applicable, prior to its submission for publication and, following such review period, MCF may, from time to time, publish such information in any media form desired by MCF, until such time that Borrowers shall have requested MCF cease any such further publication.

Section 12.11 Counterparts; Integration. This Agreement and the other Financing Documents may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. This Agreement and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 12.12 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 12.13 Lender Approvals. Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent or Lenders with respect to any matter that is the subject of this Agreement, the other Financing Documents may be granted or withheld by Agent and Lenders in their sole and absolute discretion and credit judgment.

Section 12.14 Expenses; Indemnity

(a) Borrowers hereby agree to promptly pay (i) all costs and expenses of Agent (including, without limitation, the fees, costs and expenses of counsel to, and independent appraisers and consultants retained by Agent) in connection with the examination, review, due diligence investigation, documentation, negotiation, closing and syndication of the transactions contemplated by the Financing Documents, in connection with the performance by Agent of its rights and remedies under the Financing Documents and in connection with the continued administration of the Financing Documents including (A) any amendments, modifications, consents and waivers to and/or under any and all Financing Documents, and (B) any periodic public record searches conducted by or at the request of Agent (including, without limitation, title investigations, UCC searches, fixture filing searches, judgment, pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons); (ii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with the creation, perfection and maintenance of Liens pursuant to the Financing Documents; (iii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with (A) protecting, storing, insuring, handling, maintaining or selling any Collateral, (B) any litigation, dispute, suit or proceeding relating to any Financing Document, and (C) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Financing Documents; (iv) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with Agent's reservation of funds in anticipation of the funding of the initial Loans to be made hereunder; and (v) all costs and expenses incurred by Lenders in connection with any litigation, dispute, suit or proceeding relating to any Financing Document and in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all Financing Documents, whether or not Agent or Lenders are a party thereto. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

(b) Each Borrower hereby agrees to indemnify, pay and hold harmless Agent and Lenders and the officers, directors, employees, trustees, agents, investment advisors and investment managers, collateral managers, servicers, and counsel of Agent and Lenders (collectively called the "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitee) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnitee shall be designated a party thereto and including any such proceeding initiated by or on behalf of a Credit Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Agent or Lenders) asserting any right to payment for the transactions contemplated hereby, which may be imposed on, incurred by or asserted against such Indemnitee as a result of or in connection with the transactions contemplated hereby or by the other Operative Documents (including (i)(A) as a direct or indirect result of the presence on or under, or escape, seepage, leakage, spillage, discharge, emission or release from, any property now or previously owned, leased or operated by Borrower, any Subsidiary or any other Person of any Hazardous Materials, (B) arising out of or relating to the offsite disposal of any materials generated or present on any such property, or (C) arising out of or resulting from the environmental condition of any such property or the applicability of any governmental requirements relating to Hazardous Materials, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Borrower or any Subsidiary, and (ii) proposed and actual extensions of credit under this Agreement) and the use or intended use of the proceeds of the Loans, except that Borrower shall have no obligation hereunder to an Indemnitee with respect to any liability resulting from the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent that the undertaking set forth in the immediately preceding sentence may be unenforceable, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all such indemnified liabilities incurred by the Indemnitees or any of them.

(c) Notwithstanding any contrary provision in this Agreement, the obligations of Borrowers under this Section 12.14 shall survive the payment in full of the Obligations and the termination of this Agreement. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO THE BORROWERS OR TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

(d) **Each Borrower for itself and all endorsers, guarantors and sureties and their heirs, legal representatives, successors and assigns, hereby further specifically waives any rights that it may have under Section 1542 of the California Civil Code (to the extent applicable), which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR," and further waives any similar rights under applicable Laws.**

Section 12.15 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a fraudulent preference reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 12.16 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers and Agent and each Lender and their respective successors and permitted assigns.

Section 12.17 USA PATRIOT Act Notification. Agent (for itself and not on behalf of any Lender) and each Lender hereby notifies Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record certain information and documentation that identifies Borrowers, which information includes the name and address of Borrower and such other information that will allow Agent or such Lender, as applicable, to identify Borrowers in accordance with the USA PATRIOT Act.

Section 12.18 Cross Default and Cross Collateralization.

(ii) Cross-Default. As stated under Section 10.1 hereof, an Event of Default under any of the Affiliated Financing Documents shall be an Event of Default under this Agreement. In addition, a Default or Event of Default under any of the Financing Documents shall be a Default under the Affiliated Financing Documents.

(jj) Cross Collateralization. Borrowers acknowledge and agree that the Collateral securing this Loan, also secures the Affiliated Obligations.

(kk) Consent. Each Borrower authorizes Agent, without giving notice to any Borrower or obtaining the consent of any Borrower and without affecting the liability of any Borrower for the Affiliated Obligations directly incurred by the Borrowers, from time to time to:

(i) compromise, settle, renew, extend the time for payment, change the manner or terms of payment, discharge the performance of, decline to enforce, or release all or any of the Affiliated Obligations; grant other indulgences to any Borrowers in respect thereof; or modify in any manner any documents relating to the Affiliated Obligations;

(ii) declare all Affiliated Obligations due and payable upon the occurrence and during the continuance of an Event of Default;

(iii) take and hold security for the performance of the Affiliated Obligations of any Borrowers and exchange, enforce, waive and release any such security;

(iv) apply and reapply such security and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine;

(v) release, surrender or exchange any deposits or other property securing the Affiliated Obligations or on which Agent at any time may have a Lien; release, substitute or add any one or more endorsers or guarantors of the Affiliated Obligations of any Borrowers; or compromise, settle, renew, extend the time for payment, discharge the performance of, decline to enforce, or release all or any obligations of any such endorser or guarantor or other Person who is now or may hereafter be liable on any Affiliated Obligations or release, surrender or exchange any deposits or other property of any such Person;

(vi) apply payments received by Lender from Borrower to any Obligations or Affiliated Obligations, as permitted in accordance with the terms of this Agreement and in such order as Lender shall determine, in its sole discretion; and

(vii) assign the Affiliated Financing Documents in whole or in part

Section 12.19 Existing Agreements Superseded; Exhibits and Schedules.

(a) The Original Credit Agreement, including the schedules thereto, is superseded by this Agreement, including the schedules hereto, which has been executed in amendment, restatement and modification of, but not in novation or extinguishment of, the obligations under the Original Credit Agreement. It is the express intention of the parties hereto to reaffirm the indebtedness and other obligations created under the Original Credit Agreement. Any and all outstanding amounts under the Original Credit Agreement including, but not limited to principal, accrued interest, fees (except as otherwise provided herein) and other charges, as of the Closing Date shall be carried over and deemed outstanding under this Agreement.

(b) Each Credit Party reaffirms its obligations under each Financing Document to which it is a party, including but not limited to the Security Documents and the schedules thereto.

(c) Each Credit Party acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Financing Documents secure the indebtedness, liabilities and obligations of the Borrowers and the other Credit Parties to Agent and the Lenders under the Original Credit Agreement, as amended and restated hereby, and that the term "Obligations" as used in the Financing Documents (or any other term used therein to describe or refer to the indebtedness, liabilities and obligations of the Borrowers to Agent and the Lenders) includes, without limitation, the indebtedness, liabilities and obligations of the Borrowers under this Agreement and the Notes to be delivered hereunder, if any, and under the Original Credit Agreement, as amended and restated hereby, as the same further may be amended, restated, supplemented and/or modified from time to time, and (ii) the grants of Liens under and pursuant to the Financing Documents shall continue unaltered, and each other Financing Document shall continue in full force and effect in accordance with its terms unless otherwise amended by the parties thereto, and the parties hereto hereby ratify and confirm the terms thereof as being in full force and effect and unaltered by this Agreement and all references in the any of the Financing Documents to the "Credit Agreement" shall be deemed to refer to this Amended and Restated Credit Agreement.

(d) Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Original Credit Agreement or the other Financing Documents. Nothing in this Agreement shall be construed as a release or other discharge of any Borrower or any other Credit Party from its obligations and liabilities under the Original Credit Agreement or the other Financing Documents. On the Closing Date, any and all references in any Financing Documents to the Original Credit Agreement shall be deemed to be amended to refer to this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, each of the parties have caused this Agreement to be executed day and year first above mentioned.

BORROWERS:

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: Treasurer

AZIYO MED, LLC

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: Treasurer

Address for Borrowers:

c/o Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, Maryland 20904
Attn: [XXX]
Facsimile:
E-
mail: [XXX]

with a copy to:

Shipman & Goodwin LLP
One Constitution Plaza
Hartford, Connecticut 06103
Attn: [XXX]
Facsimile: 860-251-5311
E-
mail: [XXX]

AGENT:

MIDCAP FINANCIAL TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Aziyo transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Payment Account Designation:

SunTrust Bank, N.A.
ABA #: [XXX]
Account Name: MidCap Financial Trust – Collections
Account #: [XXX]
Attention: Aziyo Facility

LENDER:

MIDCAP FINANCIAL TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Aziyo transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

LENDER:

FLEXPOINT MCLS SPV LLC

By: /s/ Daniel Edelman
Name: Daniel Edelman
Title: Vice President

Address:

Flexpoint MCLS SPV, LLC
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Aziyo transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

Flexpoint MCLS SPV, LLC
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

ANNEXES, EXHIBITS AND SCHEDULES

ANNEXES

Annex A	Commitment Annex

EXHIBITS

Exhibit A	[Reserved]
Exhibit B	Form of Compliance Certificate
Exhibit C	[Reserved]
Exhibit D	Form of Notice of Borrowing
Exhibit F-1	Form of U.S. Tax Compliance Certificate
Exhibit F-2	Form of U.S. Tax Compliance Certificate
Exhibit F-3	Form of U.S. Tax Compliance Certificate
Exhibit F-4	Form of U.S. Tax Compliance Certificate

SCHEDULES

Schedule 2.1	Scheduled Principal Payments for Term Loan
Schedule 3.1	Existence, Organizational ID Numbers, Foreign Qualification, Prior Names
Schedule 3.4	Capitalization
Schedule 3.6	Litigation
Schedule 3.17	Material Contracts
Schedule 3.18	Environmental Compliance
Schedule 3.19	Intellectual Property
Schedule 4.9	Litigation, Governmental Proceedings and Other Notice Events
Schedule 4.17	Products and Permits
Schedule 5.1	Debt; Contingent Obligations
Schedule 5.2	Liens
Schedule 5.7	Permitted Investments
Schedule 5.8	Affiliate Transactions
Schedule 5.14	Deposit Accounts and Securities Accounts
Schedule 6.1	Minimum Net Product Revenue
Schedule 7.4	Post-Closing Obligations
Schedule 9.1	Collateral
Schedule 9.2(b)	Location of Collateral
Schedule 9.2(d)	Chattel Paper, Letter of Credit Rights, Commercial Tort Claims, Instruments, Documents, Investment Property

Annex A to Credit Agreement (Commitment Annex)

Lender	Term Loan Tranche 1 Commitment Amount	Term Loan Tranche 1 Commitment Percentage	Term Loan Tranche 2 Commitment Amount	Term Loan Tranche 2 Commitment Percentage	Term Loan Tranche 3 Commitment Amount	Term Loan Tranche 3 Commitment Percentage	Term Loan Tranche 4 Commitment Amount	Term Loan Tranche 4 Commitment Percentage	Term Loan Tranche 5 Commitment Amount	Term Loan Tranche 5 Commitment Percentage
MidCap Financial Trust	$ 0	0%	$ 0	0%	$ 0	0%	$ 3,252,083.33	92.92%	$ 4,645,833.33	92.92%
Elm 2018-2 Trust	$ 3,497,916.67	41.15%	$ 0	0%	$ 2,787,500	92.92%	$ 0	0%	$ 0	0%
Flexpoint MCLS SPV LLC	$ 602,083.33	7.08%	$ 354,166.67	7.08%	$ 212,500	7.08%	$ 247,916.67	7.08%	$ 354,166.67	7.08%
Elm 2016-1 Trust	$ 4,400,000	51.76%	$ 4,645,833.33	92.92%	$ 0	0%	$ 0	0%	$ 0	0%
TOTALS	**$ 8,500,000.00**	**100%**	**$ 5,000,000**	**100%**	**$ 3,000,000**	**100%**	**$ 3,500,000.00**	**100%**	**$ 5,000,000**	**100%**

Exhibit A to Credit Agreement (Reserved)

Exhibit B to Credit Agreement (Form of Compliance Certificate)

COMPLIANCE CERTIFICATE

This Compliance Certificate is given by _____, a Responsible Officer of Aziyo Biologics, Inc. (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of July 15, 2019 among the Borrower Representative and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby certifies to Agent and Lenders that:

(a) the financial statements delivered with this certificate in accordance with Section 4.1 of the Credit Agreement fairly present in all material respects the results of operations and financial condition of Borrowers and their Consolidated Subsidiaries as of the dates and the accounting period covered by such financial statements;

(b) the representations and warranties of each Credit Party contained in the Financing Documents are true, correct and complete in all material respects on and as of the date hereof, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof;

(c) I have reviewed the terms of the Credit Agreement and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and conditions of Borrowers and their Consolidated Subsidiaries during the accounting period covered by such financial statements, and such review has not disclosed the existence during or at the end of such accounting period, and I have no knowledge of the existence as of the date hereof, of any condition or event that constitutes a Default or an Event of Default, except as set forth in **Schedule 1** hereto, which includes a description of the nature and period of existence of such Default or an Event of Default and what action Borrowers have taken, are undertaking and propose to take with respect thereto;

(d) except as noted on **Schedule 2** attached hereto, Schedule 9.2(b) to the Credit Agreement contains a complete and accurate list of all business locations of Borrowers and Guarantors and all names under which Borrowers and Guarantors currently conduct business; Schedule 2 specifically notes any changes in the names under which any Borrower or Guarantors conduct business;

(e) except as noted on **Schedule 3** attached hereto, the undersigned has no knowledge of (i) any federal or state tax liens having been filed against any Borrower, Guarantor or any Collateral, or (ii) any failure of any Borrower or any Guarantors to make required payments of withholding or other tax obligations of any Borrower or any Guarantors during the accounting period to which the attached statements pertain or any subsequent period;

(f) Schedule 5.14 to the Credit Agreement contains a complete and accurate statement of all deposit accounts or investment accounts maintained by Borrowers and Guarantors;

(g) except as noted on **Schedule 4** attached hereto and Schedule 3.6 to the Credit Agreement, the undersigned has no knowledge of any current, pending or threatened: (i) litigation against the Borrowers or any Guarantors, (ii) inquiries, investigations or proceedings concerning the business affairs, practices, licensing or reimbursement entitlements of Borrowers or any Guarantors, or (iii) default by Borrowers or any Guarantors under any Material Contract to which it is a party;

(h) except as noted on **Schedule 5** attached hereto, no Borrower or Guarantor has acquired, by purchase, by the approval or granting of any application for registration (whether or not such application was previously disclosed to Agent by Borrowers) or otherwise, any Intellectual Property that is registered with any United States or foreign Governmental Authority, or has filed with any such United States or foreign Governmental Authority, any new application for the registration of any Intellectual Property, or acquired rights under a license as a licensee with respect to any such registered Intellectual Property (or any such application for the registration of Intellectual Property) owned by another Person, that has not previously been reported to Agent on Schedule 3.17 to the Credit Agreement or any **Schedule 5** to any previous Compliance Certificate delivered by Borrower to Agent;

(i) except as noted on **Schedule 6** attached hereto, no Borrower or Guarantor has acquired, by purchase or otherwise, any Chattel Paper, Letter of Credit Rights, Instruments, Documents or Investment Property that has not previously been reported to Agent on any **Schedule 6** to any previous Compliance Certificate delivered by Borrower Representative to Agent;

(j) except as noted on Schedule 7 attached hereto, no Borrower or Guarantor is aware of any commercial tort claim that has not previously been reported to Agent on any Schedule 7 to any previous Compliance Certificate delivered by Borrower Representative to Agent;

(k) Borrowers and Guarantor are in compliance with the covenants contained in Article 6 of the Credit Agreement, and in any Guarantee constituting a part of the Financing Documents, as demonstrated by the calculation of such covenants below, except as set forth below; in determining such compliance, the following calculations have been made: [See attached worksheets]. Such calculations and the certifications contained therein are true, correct and complete;

(l) [Fixed Charge Coverage Ratio for the Defined Period ending [_____] is [___]:[___]][1];

(m) [Liquidity as of the date hereof is $[_____]][2].

The foregoing certifications and computations are made as of _____, 20__ (end of month) and as of _____, 20__.

---

[1] Solely to the extent required for Aziyo to make a payment to DNW or HighCape.

[2] Solely to the extent required for Aziyo to make a payment to DNW or HighCape.

Sincerely,

AZIYO BIOLOGICS, INC.

By: _____
Name: _____
Title: _____

Exhibit C

[Reserved]

Exhibit D to Credit Agreement (Form of Notice of Borrowing)

NOTICE OF BORROWING

This Notice of Borrowing is given by _____, a Responsible Officer of Aziyo Biologics, Inc. (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of July 15, 2019 among the Borrower Representative, and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby gives notice to Agent of Borrower Representative's request to borrow $_____ of Term Loans on _____, 20__.

The undersigned officer hereby certifies that, both before and after giving effect to the request above (a) each of the conditions precedent set forth in Section 7.2 have been satisfied, (b) all of the representations and warranties contained in the Credit Agreement and the other Financing Documents are true, correct and complete in all material respects as of the date hereof, except to the extent such representation or warranty relates to a specific date, in which case such representation or warranty is true, correct and complete in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof, and (c) no Default or Event of Default has occurred and is continuing on the date hereof.

IN WITNESS WHEREOF, the undersigned officer has executed and delivered this Notice of Borrowing this ____ day of _____, 20__.

Sincerely,

AZIYO BIOLOGICS, INC.

By: _____
Name: _____
Title: _____

Exhibit F-1 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of _____, 20__ among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower Representative with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-2 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of _____, 20__ among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-3 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of _____, 20__ among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-4 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Term Loan) dated as of _____, 20__ among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Financing Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower Representative with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

Date: _____ __, 20[ ]

Schedule 2.1 – Amortization

Commencing on February 1, 2021 (the "**Initial Amortization Start Date**") and continuing on the first day of each calendar month thereafter, Borrower shall pay to Agent as a principal payment on the Term Loan(s) an amount equal to the total principal amount of the Term Loan(s) made to Borrower *divided by* forty-two (42), for a forty-two (42) month straight-line amortization of equal monthly principal payments; *provided, however*, Borrower Representative may, on any Business Day during the period beginning on December 1, 2020 and ending on the date that is fifteen (15) days prior to the Initial Amortization Start Date, request in writing that Agent and the Lenders extend the Initial Amortization Start Date (an "**IO Extension Request**") by six (6) months, and if the IO Extension Conditions (as defined below) are satisfied to Agent's and each Lender's reasonable satisfaction, then the Initial Amortization Start Date shall be extended to August 1, 2021 and the principal payments to be made in respect of the Term Loan(s) shall be in an amount equal to the total principal amount of the Term Loan(s) made to Borrower *divided by* thirty-six (36), for a thirty-six (36) month straight-line amortization of equal monthly principal payments.

For purposes hereof, the "**IO Extension Conditions**" means the satisfaction of each of the following conditions: (i) the Agent has received evidence satisfactory to it that the Borrower Representative has consummated a Qualified IPO, and (ii) as of the date of the IO Extension Request and the Initial Amortization Start Date (without giving effect to any extension thereof), no Default or Event of Default has occurred and is continuing.

Notwithstanding anything to the contrary contained in the foregoing, the entire remaining outstanding principal balance under the Term Loans shall mature and be due and payable upon the Termination Date.

Schedule 3.1 – Existence, Organizational ID Numbers, Foreign Qualification, Prior Names

Schedule 3.4 – Capitalization

Schedule 3.6 – Litigation

Schedule 3.17 – Material Contracts

Schedule 3.18 – Environmental Compliance

Schedule 3.19 – Intellectual Property

Patents

US Patents - Aziyo Med, LLC

Schedule 4.9 – Litigation, Governmental Proceedings and Other Notice Events

Schedule 5.1 – Debt; Contingent Obligations

Schedule 5.2 – Liens

Schedule 5.7 – Permitted Investments

Schedule 5.8 – Affiliate Transactions

Schedule 5.14 – Deposit Accounts and Securities Accounts

Schedule 6.1– Minimum Net Product Revenue

Defined Period Ending	Minimum Net Product Revenue Amount
June 30, 2019	$25,300,000
July 31, 2019	$25,400,000
August 31, 2019	$25,500,000
September 30, 2019	$26,100,000
October 31, 2019	$26,200,000
November 30, 2019	$26,400,000
December 31, 2019	$28,500,000
January 31, 2020	$28,800,000
February 29, 2020	$29,000,000
March 31, 2020	$29,200,000
April 30, 2020	$29,500,000
May 31, 2020	$30,200,000
June 30, 2020	$30,700,000
July 31, 2020	$31,200,000
August 31, 2020	$31,900,000
September 30, 2020	$32,500,000
October 31, 2020	$33,800,000
November 30, 2020	$34,500,000
December 31, 2020	$35,000,000
January 31, 2021	$35,500,000
February 28, 2021	$35,700,000
March 31, 2021	$36,000,000
April 30, 2021	$36,500,000
May 31, 2021	$37,100,000
June 30, 2021	$37,600,000
July 31, 2021	$37,900,000
August 31, 2021	$38,200,000
September 30, 2021	$38,500,000
October 31, 2021	$38,600,000
November 30, 2021	$38,800,000
December 31, 2021	$40,000,000
January 31, 2022	$40,400,000
February 28, 2022	$40,800,000
March 31, 2022	$41,200,000
April 30, 2022	$41,600,000
May 31, 2022	$42,000,000
June 30, 2022	$42,400,000
July 31, 2022	$42,800,000
August 31, 2022	$43,200,000
September 30, 2022	$43,600,000
October 31, 2022	$44,000,000
November 30, 2022	$44,400,000
December 31, 2022	$44,800,000
January 31, 2023	$45,000,000
February 28, 2023	$45,200,000
March 31, 2023	$45,400,000
April 30, 2023	$45,600,000
May 31, 2023	$45,800,000
June 30, 2023	$46,000,000
July 31, 2023	$46,200,000
August 31, 2023	$46,400,000
September 30, 2023	$46,600,000
October 31, 2023	$46,800,000
November 30, 2023	$47,000,000
December 31, 2023	$47,200,000
January 31, 2024	$47,400,000
February 29, 2024	$47,600,000
March 31, 2024	$47,800,000
April 30, 2024	$48,000,000
May 31, 2024	$48,200,000
June 30, 2024	$48,200,000

Schedule 7.4 – Post-Closing Requirements

Borrowers shall satisfy and complete each of the following obligations, or provide Agent each of the items listed below, as applicable, on or before the date indicated below, all to the satisfaction of Agent in its sole and absolute discretion:

None.

Borrower's failure to complete and satisfy any of the above obligations on or before the date indicated above, or Borrower's failure to deliver any of the above listed items on or before the date indicated above, shall constitute an immediate an automatic Event of Default.

Schedule 9.1 – Collateral

The Collateral consists of all of each Borrower's assets, including without limitation, all of each Borrower's right, title and interest in and to the following, whether now owned or hereafter created, acquired or arising:

(a) all goods, Accounts (including health-care insurance receivables), equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims (including each such claim listed on Schedule 9.2(d)), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, securities accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located;

(b) all of Borrowers' books and records relating to any of the foregoing; and

(c) any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Schedule 9.2(b) – Collateral Information

Aziyo Biologics, Inc.

12510 Prosperity Drive, Suite 370, Silver Spring, MD 20904 (principal place of business)

880 Harbour Way South, Suite 100, Richmond, CA 94804

Certain collateral is located at various hospital locations in accordance with consignment or other agreements entered in the ordinary course of business

Aziyo Med, LLC

12510 Prosperity Drive, Suite 370, Silver Spring, MD 20904 (principal place of business)

1100 Old Ellis Rd, Suite 1200, Roswell, GA 30076

Certain collateral is located at various hospital locations in accordance with consignment or other agreements entered in the ordinary course of business

Schedule 9.2(d) – Chattel Paper, Letter of Credit Rights, Commercial Tort Claims, Instruments, Documents, Investment Property

None.

Exhibit 10.11

Execution Version

AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (REVOLVING LOAN)

dated as of July 15, 2019

by and among

AZIYO BIOLOGICS, INC.,

AZIYO MED, LLC

and any additional borrower that hereafter becomes party hereto, each as Borrower, and collectively as Borrowers,

and

MIDCAP FUNDING IV TRUST,

as Agent and as a Lender,

and

THE ADDITIONAL LENDERS

FROM TIME TO TIME PARTY HERETO

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AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (REVOLVING LOAN)

This **AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (REVOLVING LOAN)** (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**") is dated as of July 15, 2019 by and among **AZIYO BIOLOGICS, INC.**, a Delaware corporation ("**Aziyo**"), **AZIYO MED, LLC**, a Delaware limited liability company ("**Aziyo Med**") and any additional borrower that may hereafter be added to this Agreement (individually as a "**Borrower**", and collectively with any entities that become party hereto as Borrower and each of their successors and permitted assigns, the "**Borrowers**"), **MIDCAP FUNDING IV TRUST,** a Delaware statutory trust, individually as a Lender, and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender.

RECITALS

WHEREAS, Agent, Lenders and Borrowers have entered into that certain Credit and Security Agreement (Revolving Loan), dated as of May 31, 2017 (as amended by that certain Amendment No. 1 and Limited Waiver to Credit and Security Agreement (Term Loan), dated as of December 14, 2017 and as further amended, modified, supplemented and restated prior to the date hereof, the "**Original Credit Agreement**" and as the same is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers in the amounts and manner set forth in the Credit Agreement;

WHEREAS, in connection with the continued working capital and other needs of the Borrowers, Borrowers have requested, among other things, that Agent and Lenders amend certain economic terms, covenants and other provisions of the Original Credit Agreement; and

WHEREAS, Agent and Lenders have agreed to the requests of Borrowers on the terms and conditions set forth herein and in the other Financing Documents.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, Borrowers, Lenders and Agent agree to amend and restate the Original Credit Agreement as follows:

ARTICLE 1 - DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms have the following meanings:

"**Acceleration Event**" means the occurrence of an Event of Default (a) in respect of which Agent has declared all or any portion of the Obligations to be immediately due and payable pursuant to Section 10.2, (b) pursuant to Section 10.1(a), and in respect of which Agent has suspended or terminated the Revolving Loan Commitment pursuant to Section 10.2, and/or (c) pursuant to either Section 10.1(e) and/or Section 10.1(f).

"**Account Debtor**" means "account debtor", as defined in Article 9 of the UCC, and any other obligor in respect of an Account.

"**Accounts**" means, collectively, (a) any right to payment of a monetary obligation, whether or not earned by performance, (b) without duplication, any "account" (as defined in the UCC), any accounts receivable (whether in the form of payments for services rendered or goods sold, rents, license fees or otherwise), any "health-care-insurance receivables" (as defined in the UCC), any "payment intangibles" (as defined in the UCC) and all other rights to payment and/or reimbursement of every kind and description, whether or not earned by performance, (c) all accounts, "general intangibles" (as defined in the UCC), Intellectual Property, rights, remedies, Guarantees, "supporting obligations" (as defined in the UCC), "letter-of-credit rights" (as defined in the UCC) and security interests in respect of the foregoing, all rights of enforcement and collection, all books and records evidencing or related to the foregoing, and all rights under the Financing Documents in respect of the foregoing, (d) all information and data compiled or derived by any Borrower or to which any Borrower is entitled in respect of or related to the foregoing, and (e) all proceeds of any of the foregoing.

"**Additional Titled Agents**" has the meaning set forth in Section 11.15.

"**Additional Tranche**" means an additional amount of Revolving Loan Commitment equal to $2,000,000.

"**Affiliate**" means, with respect to any Person, (a) any Person that directly or indirectly controls such Person, (b) any Person which is controlled by or is under common control with such controlling Person, and (c) each of such Person's (other than, with respect to any Lender, any Lender's) officers or directors (or Persons functioning in substantially similar roles) and the spouses, parents, descendants and siblings of such officers, directors or other Persons. As used in this definition, the term "control" of a Person means the possession, directly or indirectly, of the power to vote five percent (5%) or more of any class of voting securities of such Person or to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affiliated Credit Agreement**" means that certain Amended and Restated Credit and Security Agreement (Term Loan) (as the same may be amended, restated, supplemented or otherwise modified from time to time), among MCF, as Agent and a lender, the other lenders party thereto and Borrowers pursuant to which such Agent and lenders have extended a term credit facility to Borrowers.

"**Affiliated Financing Agent**" means the "Agent" under and as defined in the Affiliated Credit Agreement.

"**Affiliated Financing Documents**" means the "**Financing Documents**" as defined in the Affiliated Credit Agreement.

"**Affiliated Intercreditor Agreement**" means that certain Intercreditor Agreement dated as of the Original Closing Date between Agent and the Affiliated Financing Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**Affiliated Obligations**" means all "Obligations", as such term is defined in the Affiliated Financing Documents.

"**Agent**" means MidCap Funding IV Trust, in its capacity as administrative agent for itself and for Lenders hereunder, as such capacity is established in, and subject to the provisions of, Article 11, and the successors and assigns of MidCap Funding IV Trust in such capacity.

"**Anti-Terrorism Laws**" means any Laws relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Margin**" means four and ninety five one hundredths percent (4.95%).

"**Approved Fund**" means any (a) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course of Business, or (b) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (a) and that, with respect to each of the preceding clauses (a) and (b), is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender, or (iii) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Asset Disposition**" means any sale, lease, license, transfer, assignment or other consensual disposition by any Credit Party or any Subsidiary thereof of any asset.

"**Assignment Agreement**" means an assignment agreement in form and substance acceptable to Agent.

"**Aziyo**" has the meaning set forth in the introductory paragraph hereto.

"**Aziyo Med**" has the meaning set forth in the introductory paragraph hereto.

"**Aziyo Med Operating Account**" means the Deposit Account maintained by Aziyo Med at Silicon Valley Bank with account number [XXX] in accordance with the terms of Section 4.18.

"**Aziyo Med Controlled Account**" has the meaning set forth in Section 2.11(b).

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy", as the same may be amended, modified or supplemented from time to time, and any successor statute thereto.

"**Base LIBOR Rate**" means, for each Interest Period, the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it considers appropriate (rounded upwards, if necessary, to the next 1/100%), to be the rate at which Dollar deposits (for delivery on the first day of such Interest Period or, if such day is not a Business Day on the preceding Business Day) in the amount of $1,000,000 are offered to major banks in the London interbank market on or about 11:00 a.m. (London, England time) two (2) Business Days prior to the commencement of such Interest Period, for a term comparable to such Interest Period, which determination shall be conclusive in the absence of manifest error; *provided*, *however*, that Agent may, upon prior written notice to Borrower Representative, choose a reasonably comparable index or source to use as the basis for Base LIBOR Rate.

"**Base Rate**" means a per annum rate of interest equal to the greater of (a) two and one-quarter percent (2.25%) per annum and (b) the rate of interest announced, from time to time, within Wells Fargo Bank, National Association ("**Wells Fargo**") at its principal office in San Francisco as its "prime rate," with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate; *provided, however,* that Agent may, upon prior written notice to Borrower, choose a reasonably comparable index or source to use as the basis for the Base Rate.

"**Blocked Person**" means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list or is named as a "listed person" or "listed entity" on other lists made under any Anti-Terrorism Law.

"**Borrower**" and "**Borrowers**" has the meaning set forth in the introductory paragraph hereto. If there is more than one Person that constitutes a Borrower, then the term "Borrower" shall mean, on a joint and several basis, the singular and the collective reference to any or all entities constituting or comprising Borrower, as the context may require.

"**Borrower Representative**" means Aziyo, in its capacity as Borrower Representative pursuant to the provisions of Section 2.9, or any successor Borrower Representative selected by Borrowers and approved by Agent.

"**Borrowing Base**" means:

(a) the product of (i) eighty-five percent (85%) *multiplied by* (ii) the aggregate net amount at such time of the Eligible Accounts; *plus*

(b) the product of (i) fifty percent (50%) *multiplied by* (ii) the value of the Eligible Inventory, valued at the lower of first-in-first-out cost or market cost, and after factoring in all rebates, discounts and other incentives or rewards associated with the purchase of the applicable Inventory; *provided* that the Borrowing Base will be automatically adjusted down, if necessary, such that the aggregate availability from Eligible Inventory shall never exceed the lesser of (x) an amount equal to forty percent (40%) of the Borrowing Base and (y) $2,000,000; *minus*

(c) the amount of any reserves and/or adjustments provided for in this Agreement.

"**Borrowing Base Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and in the form attached to this Agreement as Exhibit C.

"**Business Day**" means any day except a Saturday, Sunday or other day on which either the New York Stock Exchange is closed, or on which commercial banks in New York City are authorized by Law to close and, in the case of a Business Day which relates to a Loan bearing interest at a rate based on the LIBOR Rate, a day on which dealings are carried on in the London interbank eurodollar market.

"**Capital Expenditures**" means all liabilities incurred or expenditures made by Borrower or any of its Subsidiaries for the acquisition of fixed assets, or any improvements, substitutions or additions thereto with a useful life of more than one year.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. § 9601 *et seq*., as the same may be amended from time to time.

"**Change in Control**" means any event, transaction, or occurrence as a result of which: (a) the owners of the voting and economic interests of the equity interests of Aziyo as of the Original Closing Date shall collectively cease to, directly or indirectly, own and control at least (i) fifty-one percent (51%) of the voting and economic interests of the equity interests of Aziyo (other than by the sale of Aziyo's common stock in or following a Qualified IPO; *provided* that upon the consummation of a Qualified IPO, a Change in Control under this clause (a)(i) shall occur when any "person" (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than the owners of the voting and economic interests of the equity interests of Aziyo as of the Original Closing Date, is or becomes a beneficial owner (within the meaning Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of equity securities of Aziyo, representing thirty-five percent (35%) or more of the combined voting power of Aziyo's then outstanding securities) and/or (ii) that percentage of the outstanding voting equity interests of Aziyo necessary at all times to elect a majority of the board of directors (or similar governing body) of Aziyo and to direct the management policies and decisions of Aziyo; (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the board of directors or board of managers or similar governing Person(s) of each Borrower (together with any new directors or managers whose election by the board of directors or board of managers or similar governing Person(s) of each Borrower was approved by a vote of not less than two-thirds of the directors or managers then still in office who either were directors or managers at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors or managers then in office; (c) any Credit Party ceases to own and control, directly or indirectly, all of the economic and voting rights associated with the outstanding securities of each of its Subsidiaries; or (d) the occurrence of any "Change of Control", "Change in Control", or terms of similar import under any document or instrument governing or relating to Debt of or equity in such Person. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934. For the avoidance of doubt, a Qualified IPO shall not constitute a Change in Control.

"**Closing Date**" means the date of this Agreement.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"**Collateral**" means all property, now existing or hereafter acquired, mortgaged or pledged to, or purported to be subjected to a Lien in favor of, Agent, for the benefit of Agent and Lenders, pursuant to this Agreement and the Security Documents, including, without limitation, all of the property described in Schedule 9.1 hereto.

"**Commitment Annex**" means Annex A to this Agreement.

"**Compliance Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit B hereto.

"**Consolidated Subsidiary**" means, at any date, any Subsidiary the accounts of which would be consolidated with those of "parent" Borrower (or any other Person, as the context may require hereunder) in its consolidated financial statements if such statements were prepared as of such date.

"**Contingent Obligation**" means, with respect to any Person, any direct or indirect liability of such Person: (a) with respect to any Debt of another Person (a "**Third Party Obligation**") if the purpose or intent of such Person incurring such liability, or the effect thereof, is to provide assurance to the obligee of such Third Party Obligation that such Third Party Obligation will be paid or discharged, or that any agreement relating thereto will be complied with, or that any holder of such Third Party Obligation will be protected, in whole or in part, against loss with respect thereto; (b) with respect to any undrawn portion of any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for the reimbursement of any drawing; (c) under any Swap Contract, to the extent not yet due and payable; (d) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (e) for any obligations of another Person pursuant to any Guarantee or pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to preserve the solvency, financial condition or level of income of another Person. The amount of any Contingent Obligation shall be equal to the amount of the obligation so Guaranteed or otherwise supported or, if not a fixed and determinable amount, the maximum amount so Guaranteed or otherwise supported.

"**Controlled Group**" means all members of a group of corporations and all members of a group of trades or businesses (whether or not incorporated) under common control which, together with any Borrower, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA and, solely for purposes of Section 412 and 436 of the Code, Section 414(m) or (o) of the Code.

"**Cook License Agreement**" means that certain License Agreement, dated as of the Original Closing Date, among Cook Biotech Incorporated and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**Cook Supply Agreement**" means that certain Material Supply Agreement, dated as of the Original Closing Date, among Cook Biotech Incorporated and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**CorMatrix**" means CorMatrix Cardiovascular, Inc., a Georgia corporation.

"**Correction**" means repair, modification, adjustment, relabeling, destruction or inspection (including patient monitoring) of a product without its physical removal to some other location.

"**Credit Exposure**" means, at any time, any portion of the Revolving Loan Commitment and of any other Obligations that remains outstanding; *provided, however,* that no Credit Exposure shall be deemed to exist solely due to the existence of contingent indemnification liability, absent the assertion of a claim, or the known existence of a claim reasonably likely to be asserted, with respect thereto.

"**Credit Party**" means each Borrower and each Guarantor; and "**Credit Parties**" means all such Persons, collectively.

"**Cross License Agreement**" means that certain License Agreement, dated as of the Original Closing Date, by and between CorMatrix and Aziyo Med, as amended, supplemented or otherwise modified from time to time following the Original Closing Date in accordance with the terms of the Financing Documents.

"**DEA**" means the Drug Enforcement Administration of the United States of America, any comparable state or local Governmental Authority, any comparable Governmental Authority in any non-United States jurisdiction, and any successor agency of any of the foregoing.

"**Debt**" of a Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business, (d) all capital leases of such Person, (e) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, (f) all equity securities of such Person subject to repurchase or redemption other than at the sole option of such Person, (g) all obligations secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (h) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts, (i) all Debt of others Guaranteed by such Person, and (j) off-balance sheet liabilities and/or Pension Plan or Multiemployer Plan liabilities of such Person. Without duplication of any of the foregoing, Debt of Borrowers shall include any and all Loans.

"**Default**" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Defaulted Lender**" means, so long as such failure shall remain in existence and uncured, any Lender which shall have failed to make any Loan or other credit accommodation, disbursement, settlement or reimbursement required pursuant to the terms of any Financing Document.

"**Defined Period**" means for any given calendar month or date of determination, the twelve (12) month period ending on the last day of such calendar month or if such date of determination is not the last day of a calendar month, the twelve (12) month period immediately preceding any such date of determination.

"**Deposit Account**" means a "deposit account" (as defined in Article 9 of the UCC), an investment account, or other account in which funds are held or invested for credit to or for the benefit of any Borrower.

"**Deposit Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any Borrower and each financial institution in which such Borrower maintains a Deposit Account, which agreement provides that (a) such financial institution shall comply with instructions originated by Agent directing disposition of the funds in such Deposit Account without further consent by the applicable Borrower, and (b) such financial institution shall agree that it shall have no Lien on, or right of setoff or recoupment against, such Deposit Account or the contents thereof, other than in respect of usual and customary service fees and returned items for which Agent has been given value, in each such case expressly consented to by Agent, and containing such other terms and conditions as Agent may require, including as to any such agreement pertaining to any Lockbox Account, providing that such financial institution shall wire, or otherwise transfer, in immediately available funds, on a daily basis to the Payment Account (or, prior to the time of the initial borrowing of the Revolving Loans, such Deposit Account of Borrower, as Agent may direct in its sole discretion) all funds received or deposited into such Lockbox or Lockbox Account.

"**Distribution**" means as to any Person (a) any dividend or other distribution (whether in cash, securities or other property) on any equity interest in such Person (except those payable solely in its equity interests of the same class), (b) any payment by such Person on account of (i) the purchase, redemption, retirement, defeasance, surrender, cancellation, termination or acquisition of any equity interests in such Person or any claim respecting the purchase or sale of any equity interest in such Person, or (ii) any option, warrant or other right to acquire any equity interests in such Person, (c) any management fees, salaries or other fees or compensation to any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower (other than reasonable and customary (i) payments of salaries to individuals, (ii) directors fees, and (iii) advances and reimbursements to employees or directors, all in the Ordinary Course of Business), an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower, (d) any lease or rental payments to an Affiliate or Subsidiary of a Borrower, or (e) repayments of or debt service on loans or other indebtedness held by any Person holding an equity interest in a Borrower or a Subsidiary of a Borrower, an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower unless permitted under and made pursuant to a Subordination Agreement applicable to such loans or other indebtedness.

"**Dollars**" or "**$**" means the lawful currency of the United States of America.

"**Donor Network West**" means Donor Network West, a California nonprofit corporation.

"**Donor Network West Note**" means that certain Promissory Note issued by Aziyo in favor of Donor Network West, dated as of March 2, 2017 in the original principal amount of $2,068,492.00.

"**Drug Application**" means a new drug application, an abbreviated drug application, or a product license application for any Product, as appropriate, as those terms are defined in the FDCA.

"**EBITDA**" means, for any period, determined on a consolidated basis for Borrower and its Subsidiaries, net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, gains or losses arising from the sale of capital assets, gains arising from the write-up of assets, any extraordinary gains and any non-cash equity compensation (in each case, to the extent included in determining net income) *plus* (a) extraordinary losses of Borrower and its Subsidiaries approved by Agent in its sole discretion, and (b) the "Acquiror Buydown Payments" (as defined in the Ligand Royalty Agreement) made pursuant to the terms of the Ligand Royalty Agreement during such period to the extent included in the determination of net income for such period.

"**Eligible Account**" means, subject to the criteria below, an account receivable of a Borrower, which was generated in the Ordinary Course of Business, which was generated originally in the name of a Borrower and not acquired via assignment or otherwise, and which Agent, in its good faith credit judgment and discretion, deems to be an Eligible Account. The net amount of an Eligible Account at any time shall be (a) the face amount of such Eligible Account as originally billed *minus* all cash collections and other proceeds of such Account received from or on behalf of the Account Debtor thereunder as of such date and any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time, and (b) adjusted by applying percentages (known as "**liquidity factors**") by payor and/or payor class based upon the applicable Borrower's actual recent collection history for each such payor and/or payor class in a manner consistent with Agent's underwriting practices and procedures. Such liquidity factors may be adjusted by Agent from time to time as warranted by Agent's underwriting practices and procedures and using Agent's good faith credit judgment. Without limiting the generality of the foregoing, no Account shall be an Eligible Account if:

(a) the Account remains unpaid more than ninety (90) days past the claim or invoice date;

(b) the Account is subject to any defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment of any kind (but only to the extent of such defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment), or the applicable Borrower is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;

(c) if the Account arises from the sale of goods, any part of any goods the sale of which has given rise to the Account has been returned, rejected, lost, or damaged (but only to the extent that such goods have been so returned, rejected, lost or damaged);

(d) if the Account arises from the sale of goods, the sale was not an absolute, bona fide sale, or the sale was made on consignment or on approval or on a sale-or-return or bill-and-hold or progress billing basis, or the sale was made subject to any other repurchase or return agreement, or the goods have not been shipped to the Account Debtor or its designee or the sale was not made in compliance with applicable Laws;

(e) if the Account arises from the performance of services, the services have not actually been performed or the services were undertaken in violation of any law (including, without limitation, the National Organ Transplant Act) or the Account represents a progress billing for which services have not been fully and completely rendered;

(f) to the extent that the Account is not owned by a Borrower (including by reason of its prior sale to Ligand) or such Account or the proceeds thereof constitutes a "Royalty Interest" (as defined in the Ligand Royalty Agreement);

(g) the Account is subject to a Lien (other than Liens in favor of Agent or Liens that have been expressly subordinated to the Liens of Agent);

(h) Agent does not have a first priority, perfected Lien on such Account;

(i) the Account is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment, unless such Chattel Paper or Instrument has been delivered to Agent;

(j) the Account Debtor is an Affiliate or Subsidiary of a Credit Party, or if the Account Debtor holds any Debt of a Credit Party;

(k) more than fifty percent (50%) of the aggregate balance of all Accounts owing from the Account Debtor obligated on the Account are ineligible under subclause (a) above (in which case all Accounts from such Account Debtor shall be ineligible);

(l) without limiting the provisions of clause (k) above, fifty percent (50%) or more of the aggregate unpaid Accounts from the Account Debtor obligated on the Account are not deemed Eligible Accounts under this Agreement for any reason;

(m) the total unpaid Accounts of the Account Debtor obligated on the Account exceed (i) with respect to Osiris Therapeutics Inc. and all Affiliates of such Account Debtor exceed (A) prior to September 30, 2017, sixty percent (60%) of the net amount of all Eligible Accounts owing from all Account Debtors, (B) between October 1, 2017 and December 31, 2017, fifty percent (50%) of the net amount of all Eligible Accounts owing from all Account Debtors or (C) from and after January 1, 2018 forty percent (40%) of the net amount of all Eligible Accounts owing from all Account Debtors (but only the amount of the Accounts of such Account Debtor exceeding such 60%, 50% or 40% limitation, as applicable, shall be considered ineligible); and (ii) with respect to all other Account Debtors, thirty percent (30%) of the net amount of all Eligible Accounts owing from all Account Debtors (but only the amount of the Accounts of such Account Debtor exceeding such thirty percent (30%) limitation shall be considered ineligible);

(n) any covenant, representation or warranty contained in the Financing Documents with respect to such Account has been breached in any respect;

(o) the Account is unbilled or has not been invoiced to the Account Debtor in accordance with the procedures and requirements of the applicable Account Debtor;

(p) the Account is an obligation of an Account Debtor that is the federal, state or local government or any political subdivision thereof, unless Agent has agreed to the contrary in writing and Agent has received from the Account Debtor the acknowledgement of Agent's notice of assignment of such obligation pursuant to this Agreement;

(q) the Account is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors,

(r) the Account is an Account as to which any facts, events or occurrences exist which could reasonably be expected to impair the validity, enforceability or collectability of such Account or reduce the amount payable or delay payment thereunder, including, without limitation, the failure of a Borrower to provide goods or services giving rise to such Account a manner that complies in all material respects with all Laws applicable to the payment therefore, or such Accounts have been generated in violation of the National Organ Transplant Act;

(s) the Account Debtor has its principal place of business or executive office outside the United States, except to the extent that the applicable Account is supported or secured by a letter of credit or credit insurance acceptable to Agent;

(t) the Account is payable in a currency other than United States dollars;

(u) the Account Debtor is an individual;

(v) the Borrower owning such Account has not signed and delivered to Agent notices, in the form requested by Agent, directing the Account Debtors to make payment to the applicable Lockbox Account or the Aziyo Med Controlled Account;

(w) the Account includes late charges or finance charges (but only such portion of the Account shall be ineligible);

(x) the Account arises out of the sale of any Inventory upon which any other Person holds, claims or asserts a Lien (other than Liens in favor of Agent or the Affiliated Financing Agent); or

(y) the Account or Account Debtor fails to meet such other specifications and requirements which may from time to time be established by Agent in its good faith credit judgment and discretion.

"**Eligible Assignee**" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by Agent; *provided, however*, that notwithstanding the foregoing, (x) "**Eligible Assignee**" shall not include any Borrower or any of a Borrower's Affiliates, and (y) no proposed assignee intending to assume all or any portion of the Revolving Loan Commitment shall be an Eligible Assignee unless such proposed assignee either already holds a portion of such Revolving Loan Commitment, or has been approved as an Eligible Assignee by Agent.

"**Eligible Inventory**" means Inventory owned by a Borrower and acquired and dispensed by such Borrower in the Ordinary Course of Business that Agent, in its good faith credit judgment and discretion, deems to be Eligible Inventory. Without limiting the generality of the foregoing, no Inventory shall be Eligible Inventory if:

(a) such Inventory is not owned by a Borrower free and clear of all Liens and rights of any other Person (including (i) the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure such Borrower's performance with respect to that Inventory and (ii) liens favor of Ligand pursuant to the terms of the Ligand Royalty Agreement;) except for Agent and Affiliated Financing Agent;

(b) such Inventory is placed on consignment or is in transit;

(c) such Inventory is covered by a negotiable document of title, unless such document has been delivered to Agent with all necessary endorsements, free and clear of all Liens except those in favor of Agent;

(d) such Inventory is excess, obsolete, unsalable, shopworn, seconds, damaged, unfit for sale, unfit for further processing, is of substandard quality or is not of good and merchantable quality, free from any defects;

(e) such Inventory consists of raw materials, marketing materials, display items or packing or shipping materials, manufacturing supplies or Work-In-Process;

(f) such Inventory is not subject to a first priority Lien in favor of Agent;

(g) such Inventory consists of goods that can be transported or sold only with licenses that are not readily available;

(h) such Inventory consists of substances defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic substance, or similar term, by any environmental law or any Governmental Authority applicable to Borrowers or their business, operations or assets;

(i) such Inventory is not covered by casualty insurance acceptable to Agent;

(j) any covenant, representation or warranty contained in the Financing Documents with respect to such Inventory has been breached in any material respect;

(k) such Inventory is located (i) outside of the continental United States or (ii) on premises where the aggregate amount of all Inventory (valued at cost) of Borrowers located thereon is less than $10,000;

(l) such Inventory is located on premises with respect to which Agent has not received a landlord, warehouseman, bailee or mortgagee letter acceptable in form and substance to Agent;

(m) such Inventory consists of (A) discontinued items, (B) slow-moving or excess items held in inventory, or (C) used items held for resale;

(n) such Inventory does not consist of finished goods;

(o) such Inventory does not meet all standards imposed by any applicable Law (including, without limitation, the National Organ Transportation Act) or by any applicable Governmental Authority, including with respect to its production, distribution, pricing, acquisition or importation (as the case may be);

(p) such Inventory has a remaining shelf life of less than twelve (12) months;

(q) such Inventory is held for rental or lease by or on behalf of Borrowers;

(r) such Inventory is subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third parties, which agreement restricts the ability of Agent or any Lender to sell or otherwise dispose of such Inventory (except to the extent such restriction is unenforceable under applicable Law); or

(s) such Inventory fails to meet such other specifications and requirements which may from time to time be established by Agent in its good faith credit judgment. Agent and Borrowers agree that Inventory shall be subject to periodic appraisal by Agent and that valuation of Inventory shall be subject to adjustment pursuant to the results of such appraisal. Notwithstanding the foregoing, the valuation of Inventory shall be subject to any legal limitations on sale and transfer of such Inventory.

"**Environmental Laws**" means any and all Laws pertaining to the environment, natural resources, pollution, Hazardous Materials, or, to the extent relating to exposure to substances that are harmful or detrimental to the environment, employee health or safety, including any environmental clean-up Laws which pertain to or impose liability or standards of conduct concerning medical waste or medical products, equipment or supplies.

"**Equity Investment Documents**" means, collectively, (i) the Series A Preferred Stock Purchase Agreement, dated as of the Original Closing Date among Aziyo, HighCape and/or certain Affiliates of HighCape and the other parties thereto (the "**Series A Purchase Agreement**"), pursuant to which Borrower received $10,500,000 from HighCape and such Affiliates in exchange for issuing equity interests pursuant thereto on or prior to the Original Closing Date and an additional $1,500,000 thereafter, (ii) the Joinder and Acknowledgement Agreement, dated as of the Original Closing Date among Aziyo, MCF and/or certain Affiliates of MCF, pursuant to which MCF and/or such Affiliates joined and became a party to such Series A Purchase Agreement, the Investor Rights Agreement (as defined in the Series A Purchase Agreement) and the ROFR Agreement (as defined in the Series A Purchase Agreement), (iii) the Investor Rights Agreement (as defined in the Series A Purchase Agreement) and (iv) the ROFR Agreement (as defined in the Series A Purchase Agreement).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as the same may be amended, modified or supplemented from time to time, and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

"**ERISA Plan**" means any "employee benefit plan", as such term is defined in Section 3(3) of ERISA (other than a Multiemployer Pension Plan), which any Credit Party or any Subsidiary maintains, sponsors or contributes to, or, in the case of an employee benefit plan which is subject to Section 412 of the Code or Title IV of ERISA, to which any Credit Party or any Subsidiary has any liability, including on account of any member of the Controlled Group, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"**Event of Default**" has the meaning set forth in Section 10.1.

"**Excluded Accounts**" has the meaning set forth in Section 5.14(b).

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to Agent, any Lender or any other recipient of any payment to be made by or on behalf of any obligation of Credit Parties hereunder or the Obligations or required to be withheld or deducted from a payment to Agent, such Lender or such recipient (including any interest and penalties thereon): (a) Taxes to the extent imposed on or measured by Agent's, any Lender's or such recipient's net income (however denominated), branch profits Taxes, and franchise Taxes and similar Taxes, in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under which Agent, such Lender or such recipient is organized, has its principal office or conducts business with respect to entering into any of the Financing Documents or taking any action thereunder or (ii) that are Other Connection Taxes; (b) in the case of a Lender, United States withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans pursuant to a Law in effect on the date on which (i) such Lender becomes a party to this Agreement other than as a result of an assignment requested by a Credit Party under the terms hereof or (ii) such Lender changes its lending office for funding its Loan, except in each case to the extent that, pursuant to Section 2.8, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan or Revolving Loan Commitment or to such Lender immediately before it changed its lending office; (c) Taxes attributable to such Lender's failure to comply with Section 2.8(c); and (d) any U.S. federal withholding taxes imposed in respect of a Lender under FATCA.

"**FATCA**" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future U.S. Treasury regulations or official interpretations thereof and any agreement entered into pursuant to the implementation of Section 1471(b)(1) of the Code, and any intergovernmental agreement between the United States Internal Revenue Service, the U.S. Government and any governmental or taxation authority under any other jurisdiction which agreement's principal purposes deals with the implement such sections of the Code.

"**FDA**" means the Food and Drug Administration of the United States of America, any comparable state or local Governmental Authority, any comparable Governmental Authority in any non-United States jurisdiction, and any successor agency of any of the foregoing.

"**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended, 21 U.S.C. Section 301 et seq., and all regulations promulgated thereunder.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided, however*, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next preceding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent.

"**Financing Documents**" means this Agreement, any Notes, the Security Documents, the Affiliated Intercreditor Agreement, each subordination or intercreditor agreement pursuant to which any Debt and/or any Liens securing such Debt is subordinated to all or any portion of the Obligations and all other documents, instruments and agreements related to the Obligations and heretofore executed, executed concurrently with the Original Credit Agreement or executed at any time and from time to time thereafter, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Fixed Charge Coverage Ratio**" means, for any period, the quotient obtained by dividing (a) the difference between (i) EBITDA for such period, minus (ii) without duplication, the sum of (A) all of Borrower's Unfinanced Capital Expenditures made in such period, and (B) any Distributions paid by Borrower in such period, and (C) cash Taxes paid by Borrower in such period (without benefit of any refund), *divided* (b) the sum of (i) principal payments on Debt for Money Borrowed in such period plus (ii) cash interest payments paid by Borrower in such period.

"**Foreign Lender**" has the meaning set forth in Section 2.8(c)(i).

"**GAAP**" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination.

"**General Intangible**" means any "general intangible" as defined in Article 9 of the UCC, and any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas or other minerals before extraction, but including payment intangibles and software.

"**Good Manufacturing Practices**" means current good manufacturing practices, as set forth in 21 C.F.R. Parts 210 and 211.

"**Governmental Authority**" means any nation or government, any state, local or other political subdivision thereof, and any agency, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term Guarantee shall not include endorsements for collection or deposit in the Ordinary Course of Business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantor**" means any Credit Party that has executed or delivered, or shall in the future execute or deliver, any Guarantee of any portion of the Obligations.

"**Hazardous Materials**" means (a) any "hazardous substance" as defined in CERCLA, (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act, (c) asbestos, (d) polychlorinated biphenyls, (e) petroleum and its derivatives, by-products and other hydrocarbons, and (f) any other pollutant, toxic, radioactive, caustic or otherwise hazardous substance regulated under Environmental Laws.

"**Hazardous Materials Contamination**" means contamination (whether now existing or hereafter occurring) of the improvements, buildings, facilities, personalty, soil, groundwater, air or other elements on or of the relevant property by Hazardous Materials, or any derivatives thereof, or on or of any other property as a result of Hazardous Materials, or any derivatives thereof, generated on, emanating from or disposed of in connection with the relevant property.

"**Healthcare Laws**" means all applicable Laws relating to the procurement, development, provision, clinical and non-clinical evaluation or investigation, product approval or clearance, manufacture, production, analysis, distribution, dispensing, importation, exportation, use, handling, quality, reimbursement, sale, labeling, advertising, promotion, or postmarket requirements of any drug, medical device, food, dietary supplement, or other product (including, without limitation, any ingredient or component of, or accessory to, the foregoing products) subject to regulation under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. et seq.), and similar state or foreign laws, controlled substances laws, pharmacy laws, consumer product safety laws, the National Organ Transplant Act or any regulations promulgated thereunder or any state laws and/or regulations of similar import, Medicare, Medicaid, and all laws, policies, procedures, requirements and regulations pursuant to which Permits are issued, in each case, as the same may be amended from time to time.

"**HighCape**" means, collectively, HighCape Partners QP, L.P., its Affiliates and their respective related funds and management entities.

"**HighCape Portfolio Company**" means any operating portfolio company of HighCape.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrowers or any other Credit Party under any Financing Documents and (b) to the extent not otherwise described in (a), Other Taxes.

"**Instrument**" means "instrument", as defined in Article 9 of the UCC.

"**Intellectual Property**" means all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same, trademarks, trade names, service marks, mask works, rights of use of any name, domain names, or any other similar rights, any applications therefor, whether registered or not, know-how, operating manuals, trade secret rights, clinical and non-clinical data, rights to unpatented inventions, and any claims for damage by way of any past, present, or future infringement of any of the foregoing.

"**Interest Period**" means any period commencing on the first day of a calendar month and ending on the last day of such calendar month.

"**Inventory**" means "inventory" as defined in Article 9 of the UCC, whether now existing or hereafter arising.

"**Investment**" means, with respect to any Person, directly or indirectly, (a) to purchase or acquire any stock or stock equivalents, or any obligations or other securities of, or any interest in, any Person, including the establishment or creation of a Subsidiary, (b) to make or commit to make any acquisition (including through licensing) of (i) of all or substantially all of the assets of another Person, or (ii) any business, business line or product line, division or other unit operation of any Person or any Product or Intellectual Property of any Person (in each case, an "**Acquisition**") or (c) make or purchase any advance, loan, extension of credit or capital contribution to, or any other investment in, any Person. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect thereto.

"**Investment Company Act**" means the Investment Company Act of 1940, as amended.

"**IRS**" has the meaning set forth in Section 2.8(c)(i).

"**Laws**" means any and all federal, state, provincial, territorial, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, governmental agreements and governmental restrictions, whether now or hereafter in effect, which are applicable to any Credit Party in any particular circumstance. "**Laws**" includes, without limitation, Healthcare Laws and Environmental Laws.

"**Lender**" means each of (a) Midcap Funding IV Trust, in its capacity as a lender hereunder, (b) each other Person party hereto in its capacity as a lender hereunder, (c) each other Person that becomes a party hereto as Lender pursuant to Section 11.17, and (d) the respective successors of all of the foregoing, and "**Lenders**" means all of the foregoing.

"**LIBOR Rate**" means, for each Loan, a per annum rate of interest equal to the greater of (a) two and one-quarter percent (2.25%) and (b) the rate determined by Agent (rounded upwards, if necessary, to the next 1/100th%) by *dividing* (i) the Base LIBOR Rate for the Interest Period, *by* (ii) the sum of one *minus* the daily average during such Interest Period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the Board of Governors of the Federal Reserve System (or any successor thereto) for "Eurocurrency Liabilities" (as defined therein).

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, in respect of such asset. For the purposes of this Agreement and the other Financing Documents, any Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"**Ligand**" means Ligand Pharmaceuticals Incorporated, a Delaware corporation.

"**Ligand Intercreditor Agreement**" means that certain Intercreditor Agreement, dated as of the Original Closing Date, among Ligand, Agent, Affiliated Financing Agent and Borrowers, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"**Ligand Parent Guaranty**" means that certain Guaranty Agreement, dated as of the Original Closing Date, entered into between Aziyo and Ligand in respect of certain of Aziyo Med's obligations under the Ligand Royalty Agreement, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement and the Ligand Intercreditor Agreement.

"**Ligand Royalty Agreement**" means that certain Royalty Agreement, dated as of the Original Closing Date, by and among Aziyo Med and Ligand, pursuant to which Ligand has the right to receive certain payments from Aziyo Med on the terms and conditions set forth therein as amended, supplemented or otherwise modified from time to time on or prior to the Original Closing Date or following the Original Closing Date in accordance with the terms of the Financing Documents.

"**Ligand Royalty Payments**" means the regularly scheduled payments by Aziyo Med to Ligand on a non-accelerated basis pursuant to Section 2.02 of the Ligand Royalty Agreement.

"**Litigation**" means any action, suit or proceeding before any court, mediator, arbitrator or Governmental Authority.

"**Liquidity**" means, as of any date of calculation, the *sum* of (a) Borrower's cash and cash equivalents and (b) the Revolving Loan Availability.

"**Loan Account**" has the meaning set forth in Section 2.6(b).

"**Loan(s)**" means the Revolving Loans.

"**Lockbox**" has the meaning set forth in Section 2.11.

"**Lockbox Account**" means an account or accounts maintained at the Lockbox Bank into which collections of Accounts are paid, which account or accounts shall be, if requested by Agent, opened in the name of Agent (or a nominee of Agent).

"**Lockbox Bank**" has the meaning set forth in Section 2.11.

"**Management Agreement**" means that certain Management Services Agreement, dated as of January 1, 2016, between HighCape Partners Management, L.P. and Aziyo, as amended from time to time prior to the Closing Date.

"**Market Withdrawal**" means a Person's Removal or Correction of a distributed product which involves a minor violation that would not be subject to legal action by the FDA or which involves no violation, e.g., normal stock rotation practices, routine equipment adjustments and repairs, etc.

"**Material Adverse Effect**" means with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the condition (financial or otherwise), operations, business or properties of any of the Credit Parties, (b) the rights and remedies of Agent or Lenders under any Financing Document, or the ability of any Credit Party to perform any of its obligations under any Financing Document to which it is a party, (c) the legality, validity or enforceability of any Financing Document, (d) the existence, perfection or priority of any security interest granted in any Financing Document, (e) the value of any material Collateral, or (f) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Material Contracts**" means (a) the Operative Documents, including the Ligand Royalty Agreement, the Ligand Parent Guaranty and each Subordinated Debt Document, (b) the agreements listed on Schedule 3.17, including the Cook License Agreement , the Cook Supply Agreement and the Cross License Agreement, and (c) (i) each agreement or contract to which a Credit Party is a party relating to Material Intangible Assets or development of Products or Intellectual Property, (ii) any agreement with respect to any Product, the loss of which would materially impair Borrower's ability to sell or market such Product, and (iii) any agreement or contract to which such Credit Party or its Subsidiaries is a party the termination of which could reasonably be expected to result in a Material Adverse Effect.

"**Material Intangible Assets**" means all of (a) Borrower's Intellectual Property and (b) license or sublicense agreements or other agreements with respect to rights in Intellectual Property, in each case that are material to the condition (financial or other), business or operations of Borrower, as determined by Agent.

"**Maturity Date**" means July 15, 2024.

"**Maximum Lawful Rate**" has the meaning set forth in Section 2.7.

"**MCF**" means MidCap Financial Trust, a Delaware statutory trust, and its successors and assigns.

"**Medicaid**" means, collectively, the healthcare assistance program established by Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq*.) and any statutes succeeding thereto, all state statutes and plans for medical assistance enacted in connection with such program, and all laws, rules, regulations, manuals, orders, guidelines or requirements (whether or not having the force of Law) pertaining to such program, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"**Medicare**" means, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq*.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or guidelines (whether or not having the force of Law) pertaining to such program, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"**Minimum Balance**" means, at any time, an amount that equals the product of: (a) the average Borrowing Base (or, if less on any given day, the Revolving Loan Commitment) during the immediately preceding month *multiplied by* (b) the Minimum Balance Percentage for such month.

"**Minimum Balance Fee**" means a fee equal to (a) the positive difference, if any, remaining after subtracting (i) the average end-of-day principal balance of Revolving Loans outstanding during the immediately preceding month (without giving effect to the clearance day calculations referenced above or in Section 2.2(a) from (ii) the Minimum Balance *multiplied by* (b) the highest interest rate applicable to the Revolving Loans during such month (or, during the existence of an Event of Default, the default rate of interest set forth in Section 10.5(a)).

"**Minimum Balance Percentage**" means forty percent (40%).

"**Money Borrowed**" means, as applied to any Credit Party, without duplication: (a) Debt arising from the lending of money by any other Person to such Credit Party; (b) Debt, whether or not in any such case arising from the lending of money by another Person to such Credit Party, (i) which is represented by notes payable or drafts accepted that evidence extensions of credit, (ii) which constitutes obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) upon which interest charges are customarily paid (other than accounts payable) or that was issued or assumed as full or partial payment for property; (c) Debt under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP; (d) reimbursement obligations with respect to letters of credit or guarantees relating thereto; and (e) Debt of such Credit Party under any guaranty of obligations that would constitute Debt for Money Borrowed under clauses (a) through (d) hereof, if owed directly by such Credit Party.

"**Multiemployer Plan**" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any Borrower or any other member of the Controlled Group (or any Person who in the last five years was a member of the Controlled Group) is making or accruing an obligation to make contributions or has within the preceding five plan years (as determined on the applicable date of determination) made contributions.

"**National Organ Transplant Act**" means the National Organ Transplant Act of 1984 ("NOTA") 42 U.S.C. § 274e, as amended.

"**Net Product Revenue**" means, for any period, (a) the consolidated gross revenues of Borrowers and their Subsidiaries generated solely through the commercial sale of all Products by Borrowers and their Subsidiaries in the Ordinary Course of Business during such period, less (b) (i) sales of Products whose specifications are owned by the customer and are sold through a contract manufacturing services agreement, (ii) sales of sports medicine, cancellous bone and cervical spacer Products, (iii) trade, quantity and cash discounts allowed by Borrower or its Subsidiaries, (iv) discounts, refunds, rebates, charge backs, retroactive price adjustments and any other allowances which effectively reduce net selling price, (v) product returns and allowances, (vi) allowances for shipping or other distribution expenses, (vii) set-offs and counterclaims, and (viii) any other similar and customary deductions used by Borrower or its Subsidiaries in determining net revenues, all, in respect of (a) and (b), as determined in accordance with GAAP and in the Ordinary Course of Business.

"**Notes**" has the meaning set forth in Section 2.3.

"**Notice of Borrowing**" means a notice of a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit D hereto.

"**Obligations**" means all obligations, liabilities and indebtedness (monetary (including, without limitation, the payment of interest and other amounts arising after the commencement of any case with respect to any Credit Party under the Bankruptcy Code or any similar statute which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case) or otherwise) of each Credit Party under this Agreement or any other Financing Document, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. "**Obligations**" does not include obligations under any warrants issued to Agent or a Lender.

"**OFAC**" means the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operative Documents**" means the Financing Documents, the Equity Investment Documents, the Subordinated Debt Documents and the Transaction Documents.

"**Ordinary Course of Business**" means, in respect of any transaction involving any Credit Party, the ordinary course of business of such Credit Party, as conducted by such Credit Party in accordance with past practices.

"**Organizational Documents**" means, with respect to any Person other than a natural person, the documents by which such Person was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Person (such as by-laws, a partnership agreement or an operating agreement, joint venture agreement, limited liability company agreement or members agreement), including any and all shareholder agreements or voting agreements relating to the capital stock or other equity interests of such Person.

"**Original Closing Date**" means May 31, 2017.

"**Original Credit Agreement**" has the meaning set forth in the recitals hereto.

"**Other Connection Taxes**" means taxes imposed as a result of a present or former connection between Agent or any Lender and the jurisdiction imposing such tax (other than connections arising from Agent or such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, engaged in any other transaction pursuant to or enforced any Financing Document, or sold or assigned an interest in any Loans or any Financing Document).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Financing Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.8(i)).

"**Participant**" has the meaning set forth in Section 11.17(b).

"**Participant Register**" has the meaning set forth in Section 11.17(a)(iii).

"**Payment Account**" means the account specified on the signature pages hereof into which all payments by or on behalf of each Borrower to Agent under the Financing Documents shall be made, or such other account as Agent shall from time to time specify by notice to Borrower Representative.

"**Payroll Account**" has the meaning set forth in Section 5.14(b).

"**PBGC**" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"**Pension Plan**" means any ERISA Plan that is subject to Section 412 of the Code or Title IV of ERISA.

"**Perfection Certificate**" means the Perfection Certificate delivered to Agent as of the Closing Date, together with any amendments thereto required under this Agreement.

"**Permit**" means all licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, supplier numbers, marketing authorizations, drug or device authorizations and approvals, other authorizations, franchises, qualifications, accreditations, registrations, permits, consents and approvals of a Credit Party issued or required under Laws applicable to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Laws applicable to the business of Borrower or any of its Subsidiaries. Without limiting the generality of the foregoing, "**Permit**" includes any Regulatory Required Permit.

"**Permitted Asset Dispositions**" means the following Asset Dispositions; *provided*, however, that at the time of such Asset Disposition, no Default or Event of Default exists or would result from such Asset Disposition:

(a) dispositions of (i) Inventory in the Ordinary Course of Business and not pursuant to any bulk sale and (ii) equipment that is obsolete, worn out, replaced, is no longer used or useful, unmerchantable, or unsaleable, in each case, in the Ordinary Course of Business;

(b) abandonment or lapse of Intellectual Property (other than any Material Intangible Asset) that is, in the reasonable good faith judgment of a Credit Party, no longer useful in the conduct of the business of the Credit Parties or any of their Subsidiaries;

(c) sales, forgiveness or discounting, on a non-recourse basis and in the Ordinary Course of Business, of past due Accounts (other than Eligible Accounts included in the Borrowing Base) in connection with the collection or compromise thereof of the settlement of delinquent Accounts or in connection with the bankruptcy or reorganization of suppliers or customers in accordance with the applicable terms of this Agreement;

(d) Permitted Licenses;

(e) Permitted Distributions; and

(f) other dispositions approved by Agent from time to time in its sole discretion.

"**Permitted Contest**" means a contest maintained in good faith by appropriate proceedings promptly instituted and diligently conducted and with respect to which such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made; *provided* that compliance with the obligation that is the subject of such contest is effectively stayed during such challenge.

"**Permitted Contingent Obligations**" means

(a) Contingent Obligations arising in respect of the Debt under the Financing Documents;

(b) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business;

(c) Contingent Obligations outstanding on the date of this Agreement and set forth on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to the indebtedness underlying such Contingent Obligations other than extensions of the maturity thereof without any other change in terms);

(d) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations not to exceed $250,000 in the aggregate at any time outstanding;

(e) Contingent Obligations arising under indemnity agreements with title insurers to cause such title insurers to issue to Agent mortgagee title insurance policies;

(f) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under Section 5.6;

(g) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Contingent Obligations existing or arising under any Swap Contract, *provided, however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(h) Guarantees by any Credit Party of any Permitted Debt of any Subsidiary that is a Credit Party provided that (x) any such Contingent Obligation is subordinated to the Obligations to the same extent as the Debt to which it relates is subordinated to the Obligations, (y) no Credit Party may incur Contingent Obligations under this clause (h) in respect of Debt incurred by any Person that is not a Borrower or Guarantor and (z) no guaranties shall be provided by Aziyo in respect of the Aziyo Med's obligations under the Ligand Royalty Agreement; and

(i) other Contingent Obligations not permitted by clauses (a) through (h) above, not to exceed $250,000 in the aggregate at any time outstanding.

"**Permitted Debt**" means:

(a) Borrowers' and its Subsidiaries' Debt to Agent and each Lender under this Agreement and the other Financing Documents;

(b) Debt incurred as a result of endorsing negotiable instruments received in the Ordinary Course of Business;

(c) purchase money Debt not to exceed $250,000 in the aggregate at any time (whether in the form of a loan or a lease) used solely to acquire equipment used in the Ordinary Course of Business and secured only by such equipment;

(d) Debt existing on the date of this Agreement and described on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to such Debt other than extensions of the maturity thereof without any other change in terms);

(e) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Debt existing or arising under any Swap Contract, *provided, however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(f) Debt not to exceed $250,000 in the aggregate at any time outstanding owed to any Person providing property, casualty, liability, or other insurance to the Credit Parties, including to finance insurance premiums, so long as the amount of such Debt is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the policy year in which such Debt is incurred and such Debt is outstanding only during such policy year;

(g) trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business;

(h) Debt of the Credit Parties incurred under the Affiliated Financing Documents; and

(i) Subordinated Debt (including the Ligand Royalty Payments).

"**Permitted Distributions**" means the following Distributions:

(a) dividends by any Subsidiary of any Borrower to such parent Borrower;

(b) dividends payable solely in common stock;

(c) repurchases of stock of former employees, directors or consultants pursuant to stock purchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, *provided, however,* that such repurchase does not exceed $50,000 in the aggregate per fiscal year;

(d) so long as (i) no Event of Default exists at the time of such payment or would exist after giving effect thereto, (ii) Borrower is in pro forma compliance with all of its Obligations hereunder after the making of any such payment, (iii) the payment of such management fees is subordinated to the payment of the Obligations pursuant to the terms of a management fee subordination agreement reasonably satisfactory to Lender and (iv) either (x) the pro forma Fixed Charge Coverage Ratio is greater than 1.20 to 1.00 or (y) Liquidity is greater than $5,000,000, in each case, computed on a pro forma basis as of the last day of the most recent month for which Lender should have received monthly financial statements in accordance with Section 4.1(a) (hereinafter such last day shall be referred to as the "**Management Fee Computation Date**"), with such pro forma calculation being made for the twelve (12) month period ending as of the Management Fee Computation Date and with the amount of any such payment being included in such computation and being deemed to have been made on the Management Fee Computation Date, payment by Aziyo of, the accrued and unpaid management fees owing to HighCape pursuant to the terms of the Management Agreement in an aggregate amount not to exceed $250,000 per fiscal year.

"**Permitted Investments**" means:

(a) [reserved];

(b) Investments shown on Schedule 5.7 and existing on the Closing Date;

(c) Investments consisting of cash and cash equivalents;

(d) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the Ordinary Course of Business;

(e) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the Ordinary Course of Business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrowers or their Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrowers' Board of Directors (or other governing body), but the aggregate of all such loans outstanding may not exceed $250,000 at any time;

(f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the Ordinary Course of Business;

(g) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the Ordinary Course of Business, *provided, however*, that this subpart (g) shall not apply to Investments of Borrowers in any Subsidiary;

(h) deposits required to be made in the Ordinary Course of Business made to a landlord in the Ordinary Course of Business to secure or support obligations of any Credit Party or any Subsidiary under a lease of real property;

(i) Investments consisting of Deposit Accounts in which Agent has received a Deposit Account Control Agreement;

(j) Investments of cash and cash equivalents by any Borrower in any Subsidiary now owned or hereafter created by such Borrower, which Subsidiary is a Borrower or has provided a Guarantee of the Obligations of the Borrowers which Guarantee is secured by a Lien granted by such Subsidiary to Agent in all or substantially all of its property of the type described in Schedule 9.1 hereto and otherwise made in compliance with Section 4.11(d); *provided* that no Borrower shall make any Investment in Aziyo Med so long as any obligations of Borrowers under the Ligand Royalty Agreement or obligations of Aziyo under the Ligand Parent Guaranty remain outstanding without Agent's prior consent; and

(k) so long as no Event of Default exists at the time of such Investment or after giving effect to such Investment, other Investments of cash and cash equivalents in an amount not exceeding $250,000 in the aggregate.

"**Permitted License**" means (a) the licenses of patent rights granted by Aziyo Med to CorMatrix on the Closing Date pursuant to the Cross License Agreement, and (b) any non-exclusive license of patent rights of Borrower or its Subsidiaries so long as all such Permitted Licenses are granted to third parties in the Ordinary Course of Business, do not result in a legal transfer of title to the licensed property, and have been granted in exchange for fair consideration.

"**Permitted Liens**" means:

(a) (i) Liens and encumbrances in favor of Agent under the Financing Documents and (ii) Liens and encumbrances in favor of the holders of the Affiliated Financing Documents;

(b) Liens, other than on Collateral that is part of the Borrowing Base, existing on the date hereof and set forth on Schedule 5.2;

(c) Liens on equipment securing Debt permitted under subpart (c) of the definition of Permitted Debt, *provided*, *however*, that such Lien attaches concurrently with or within twenty (20) days after the acquisition thereof;

(d) deposits or pledges of cash to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance (but excluding Liens arising under ERISA or, with respect to any Pension Plan or Multiemployer Plan, the Code) pertaining to a Borrower's or its Subsidiary's employees, if any;

(e) deposits or pledges of cash to secure bids, tenders, contracts (other than contracts for the payment of money or the deferred purchase price of property or services), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business;

(f) carrier's, warehousemen's, mechanic's, workmen's, materialmen's or other like Liens on Collateral, other than any Collateral which is part of the Borrowing Base, arising in the Ordinary Course of Business with respect to obligations which are not due, or which are being contested pursuant to a Permitted Contest;

(g) Liens for taxes, assessments or other governmental charges (i) not at the time delinquent or thereafter payable without penalty or (ii) which are the subject of a Permitted Contest;

(h) attachments, appeal bonds, judgments and other similar Liens on Collateral, other than on Collateral that is part of the Borrowing Base, for sums not exceeding $100,000 in the aggregate arising in connection with court proceedings; *provided*, *however*, that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are the subject of a Permitted Contest;

(i) easements, zoning restrictions, rights of way, restrictions, minor defects or irregularities in title and other similar Liens on real property not interfering in any material respect with the ordinary conduct of the business of any Credit Party or any Subsidiary; and Liens of landlords and mortgagees of landlords (i) arising by statute or under any lease or related contractual obligation entered into in the Ordinary Course of Business, (ii) on fixtures and movable tangible property located on the real property leased or subleased from such landlord and (iii) for amounts not yet due or that are subject to a Permitted Contest;

(j) Liens that are rights of set-off, bankers' liens or similar non-consensual Liens relating to deposit or securities accounts in favor of banks, other depositary institutions and securities intermediaries arising in the Ordinary Course of Business;

(k) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases or consignments of personal property entered into the Ordinary Course of Business;

(l) any Lien arising under conditional sale, title retention, consignment or similar arrangements for the sale of goods in the Ordinary Course of Business; *provided* that such Lien attaches only to the goods subject to such sale, title retention, consignment or similar arrangement;

(m) Liens (i) of a collection bank on items in the course of collection arising under Section 4-210 of the UCC or (ii) in favor of a banking or other financial institution arising in the ordinary course of business encumbering deposits or other funds maintained with such financial institution (including the right of setoff) and that are within the general parameters customary in the banking industry (and not securing any Debt for borrowed money);

(n) Liens granted in the Ordinary Course of Business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted clause (f) of the definition of Permitted Debt;

(o) Liens in favor of customs and revenue authorities arising as a matter of Law to secure payment of customs duties in connection with the importation of goods;

(p) to the extent constituting a Lien, the granting of a Permitted License; and

(q) Liens granted by Aziyo Med in favor of Ligand under the Ligand Royalty Agreement (as the same is in effect on the Closing Date) to secure Aziyo Med's obligations under the Ligand Royalty Agreement, including on the Permitted Ligand Account, so long as such Liens remain subject to the Ligand Intercreditor Agreement at all times following the Closing Date.

"**Permitted Ligand Account**" means a Deposit Account maintained by Aziyo Med at Silicon Valley Bank with account number [XXX] so long as such Deposit Account is the "Special Account" under the Ligand Royalty Agreement and is used solely for the purpose of holding amounts in respect of regularly scheduled payments due and owing on a non-accelerated basis under the Ligand Royalty Agreement and permitted to be paid pursuant to this Agreement and the Ligand Intercreditor Agreement and holding and distributing to a Credit Party amounts constituting "Excluded Costs" (as defined in the Ligand Royalty Agreement).

"**Permitted Modifications**" means (a) such amendments or other modifications to a Borrower's or Subsidiary's Organizational Documents as are required under this Agreement or by applicable Law and disclosed to Agent within thirty (30) days after such amendments or modifications have become effective, and (b) such amendments or modifications to a Borrower's or Subsidiary's Organizational Documents (other than those involving a change in the name of a Borrower or Subsidiary or involving a reorganization of a Borrower or Subsidiary under the laws of a different jurisdiction) that would not adversely affect the rights and interests of Agent or Lenders and are disclosed to Agent within thirty (30) days after such amendments or modifications have become effective.

"**Person**" means any natural person, corporation, limited liability company, professional association, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Products**" means, from time to time, any products currently manufactured, sold, developed, tested or marketed by any Borrower or any of its Subsidiaries, including without limitation, those products set forth on Schedule 4.17 (as updated from time to time in accordance with Section 4.15); provided, that, for the avoidance of doubt, any new Product not disclosed on Schedule 4.17 shall still constitute a "Product" as herein defined.

"**Pro Rata Share**" means (a) with respect to a Lender's obligation to make Revolving Loans, the Revolving Loan Commitment Percentage of such Lender, (b) with respect to a Lender's right to receive payments of principal and interest with respect to Revolving Loans, such Lender's Revolving Loan Exposure with respect thereto; and (c) for all other purposes (including, without limitation, the indemnification obligations arising under Section 11.6) with respect to any Lender, the percentage obtained by *dividing* (i) the Revolving Loan Commitment Amount of such Lender (or, in the event the Revolving Loan Commitment shall have been terminated, such Lender's then existing Revolving Loan Outstandings), *by* (ii) the sum of the Revolving Loan Commitment (or, in the event the Revolving Loan Commitment shall have been terminated, the then existing Revolving Loan Outstandings) of all Lenders.

"**Purchase Agreement**" means that certain Asset Purchase Agreement, dated as of the Original Closing Date, by and among Borrowers, as purchasers, and CorMatrix and certain subsidiaries thereof as sellers (collectively, "**Seller**"), pursuant to which Borrower has purchased certain commercial assets from Seller on the terms and conditions as set forth therein.

"**Qualified IPO**" means the issuance and sale by Aziyo of its common stock in an underwritten public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement (whether alone or in connection with a secondary public offering) filed with the SEC in accordance with the Securities Act of 1933, as amended, following which Aziyo's common stock is listed on a nationally-recognized stock exchange in the United States and in respect of which Aziyo has delivered evidence satisfactory to Agent that Aziyo has received net cash proceeds of not less than $40,000,000 (subject to no clawback, escrow or other terms limiting the Aziyo's ability to freely use such proceeds).

"**Recall**" means a Person's Removal or Correction of a marketed product that the FDA considers to be in violation of the laws it administers and against which the FDA would initiate legal action, e.g., seizure.

"**Registered Intellectual Property**" means any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing.

"**Regulatory Required Permit**" means any and all licenses, approvals and permits issued by the FDA, DEA or any other applicable Governmental Authority, including without limitation Drug Applications, necessary for the testing, manufacture, marketing or sale of any Product by any applicable Borrower(s) and its Subsidiaries as such activities are being conducted by such Borrower and its Subsidiaries with respect to such Product at such time and any drug listings and drug establishment registrations under 21 U.S.C. Section 510, registrations issued by DEA under 21 U.S.C. Section 823 (if applicable to any Product), and those issued by State or local governments for the conduct of Borrower's or any Subsidiary's business, including without limitation, all licenses, approvals and permits necessary in connection with the removal, transportation, implantation, processing, preservation, quality control, and storage of human tissue.

"**Removal**" means the physical removal of a product from its point of use to some other location for repair, modification, adjustment, relabeling, destruction, or inspection.

"**Required Lenders**" means at any time Lenders holding (a) sixty percent (60%) or more of the sum of the Revolving Loan Commitment (taken as a whole), or (b) if the Revolving Loan Commitment has been terminated, sixty percent (60%) or more of the then aggregate outstanding principal balance of the Loans.

"**Responsible Officer**" means any of the Chief Executive Officer, Chief Financial Officer, Treasurer or any other officer of the applicable Borrower acceptable to Agent.

"**Revolving Lender**" means each Lender having a Revolving Loan Commitment Amount in excess of Zero Dollars ($0) (or, in the event the Revolving Loan Commitment shall have been terminated at any time, each Lender at such time having Revolving Loan Outstandings in excess of Zero Dollars ($0)).

"**Revolving Loan Availability**" means, at any time, the Revolving Loan Limit *minus* the Revolving Loan Outstandings.

"**Revolving Loan Commitment**" means, as of any date of determination, the aggregate Revolving Loan Commitment Amounts of all Lenders as of such date.

"**Revolving Loan Commitment Amount**" means, as to any Lender, the dollar amount set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Amount" (if such Lender's name is not so set forth thereon, then the dollar amount on the Commitment Annex for the Revolving Loan Commitment Amount for such Lender shall be deemed to be Zero Dollars ($0)), as such amount may be adjusted from time to time by (a) any amounts assigned (with respect to such Lender's portion of Revolving Loans outstanding and its commitment to make Revolving Loans) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party and (b) any Additional Tranche(s) activated by Borrowers in accordance with the terms of this Agreement. For the avoidance of doubt, the aggregate Revolving Loan Commitment Amount of all Lenders on the Closing Date shall be $ 8,000,000 and if the Additional Tranche is fully activated by Borrowers pursuant to the terms of the Agreement such amount shall increase to $10,000,000.

"**Revolving Loan Commitment Percentage**" means, as to any Lender, (a) on the Closing Date, the percentage set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Percentage" (if such Lender's name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero), and (b) on any date following the Closing Date, the percentage equal to the Revolving Loan Commitment Amount of such Lender on such date *divided by* the Revolving Loan Commitment on such date.

"**Revolving Loan Exposure**" means, with respect to any Lender on any date of determination, the percentage equal to the amount of such Lender's Revolving Loan Outstandings on such date *divided by* the aggregate Revolving Loan Outstandings of all Lenders on such date.

"**Revolving Loan Limit**" means, at any time, the lesser of (a) the Revolving Loan Commitment and (b) the Borrowing Base.

"**Revolving Loan Outstandings**" means, at any time of calculation, (a) the then existing aggregate outstanding principal amount of Revolving Loans, and (b) when used with reference to any single Lender, the then existing outstanding principal amount of Revolving Loans advanced by such Lender.

"**Revolving Loans**" has the meaning set forth in Section 2.1(b).

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Account**" means a "securities account" (as defined in Article 9 of the UCC), an investment account, or other account in which investment property or securities are held or invested for credit to or for the benefit of any Borrower.

"**Securities Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any applicable Borrower and each securities intermediary in which such Borrower maintains a Securities Account pursuant to which Agent shall obtain "control" (as defined in Article 9 of the UCC) over such Securities Account.

"**Security Document**" means this Agreement and any other agreement, document or instrument executed concurrently with the Original Credit Agreement or at any time thereafter pursuant to which one or more Credit Parties or any other Person either (a) Guarantees payment or performance of all or any portion of the Obligations, and/or (b) provides, as security for all or any portion of the Obligations, a Lien on any of its assets in favor of Agent for its own benefit and the benefit of the Lenders, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Solvent**" means, with respect to any Person, that such Person (a) owns and will own assets the fair saleable value of which are (i) greater than the total amount of its debts and liabilities (including subordinated and Contingent Obligations), and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (b) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (c) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

"**Stated Rate**" has the meaning set forth in Section 2.7.

"**Subordinated Debt**" means the (a) the Debt or Contingent Obligations (as applicable) under the (i) Ligand Royalty Agreement, (ii) the Ligand Parent Guaranty, and (iii) the Donor Network West Note, and (b) any other Debt of Borrowers incurred pursuant to the terms of the Subordinated Debt Documents and with the prior written consent of Agent, all of which documents must be in form and substance acceptable to Agent in its sole discretion.

"**Subordinated Debt Documents**" means (a) the Ligand Royalty Agreement, (b) the Ligand Parent Guaranty, (c) the Donor Network West Note and (d) any other documents evidencing and/or securing Debt governed by a Subordination Agreement, all of which documents must be in form and substance acceptable to Agent in its sole discretion.

"**Subordination Agreements**" means (a) the Ligand Intercreditor Agreement, (b) that certain Debt Subordination Agreement (Donor Network West), dated as of the date hereof, by and among Donor Network West and Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms of the Financing Documents (the "**Debt Subordination Agreement (Donor Network West)**"), and (c) each other agreement between Agent and another creditor of Borrowers, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Debt owing from any Borrower(s) and/or the Liens securing such Debt granted by any Borrower(s) to such creditor are subordinated in any way to the Obligations and the Liens created under the Security Documents, the terms and provisions of such Subordination Agreements to have been agreed to by and be acceptable to Agent in the exercise of its sole discretion.

"**Subsidiary**" means, with respect to any Person, (a) any corporation of which an aggregate of more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of more than fifty percent (50%) of such capital stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of a Borrower.

"**Swap Contract**" means any "swap agreement", as defined in Section 101 of the Bankruptcy Code, that is obtained by Borrower to provide protection against fluctuations in interest or currency exchange rates, but only if Agent provides its prior written consent to the entry into such "swap agreement".

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Termination Date**" means the earlier to occur of (a) the Maturity Date, (b) any date on which Agent accelerates the maturity of the Loans pursuant to Section 10.2, or (c) the termination date stated in any notice of termination of this Agreement provided by Borrowers in accordance with Section 2.12.

"**Term Loan**" has the meaning set forth in the Affiliated Credit Agreement.

"**Third Party Payor**" means Medicare, Medicaid, TRICARE, and other state or federal health care program, Blue Cross and/or Blue Shield, private insurers, managed care plans and any other Person or entity which presently or in the future maintains Third Party Payor Programs.

"**Third Party Payor Programs**" means all payment and reimbursement programs, sponsored by a Third Party Payor, in which a Borrower participates.

"**Transaction Documents**" means the Purchase Agreement, including the exhibits and schedules thereto, and all agreements, documents and instruments executed and delivered pursuant thereto or in connection therewith.

"**TRICARE**" means the program administered pursuant to 10 U.S.C. Section 1071 et. seq), Sections 1320a-7 and 1320a-7a of Title 42 of the United States Code and the regulations promulgated pursuant to such statutes.

"**UCC**" means the Uniform Commercial Code of the State of New York or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"**Unfinanced Capital Expenditures**" means, for any fiscal period, Capital Expenditures made by Borrower and its consolidated Subsidiaries that are not funded by Debt for Money Borrowed (other than Loans made hereunder) or purchase money Debt, in each case incurred by Borrower and its Subsidiaries during such period.

"**United States**" means the United States of America.

"**U.S. Tax Compliance Certificate**" has the meaning set forth in Section 2.8(c)(i).

"**Withholding Agent**" means any Borrower or Agent.

"**Work-In-Process**" means Inventory that is not a product that is finished and approved by a Borrower in accordance with applicable Laws and such Borrower's normal business practices for release and delivery to customers.

Section 1.2 Accounting Terms and Determinations

. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including, without limitation, determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of each Borrower and its Consolidated Subsidiaries delivered to Agent and each of the Lenders on or prior to the Closing Date. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Financing Document, and either Borrowers or the Required Lenders shall so request, Agent, the Lenders and Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided*, *however*, that until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrowers shall provide to Agent and the Lenders financial statements and other documents required under this Agreement which include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Debt or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value", as defined therein.

Section 1.3 Other Definitional and Interpretive Provisions. References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits", or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation". Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. References to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. References to any statute or act, without additional reference, shall be deemed to refer to federal statutes and acts of the United States. References to any agreement, instrument or document shall include all schedules, exhibits, annexes and other attachments thereto. As used in this Agreement, the meaning of the term "material" or the phrase "in all material respects" is intended to refer to an act, omission, violation or condition which reflects or could reasonably be expected to result in a Material Adverse Effect. References to capitalized terms that are not defined herein, but are defined in the UCC, shall have the meanings given them in the UCC. All references herein to times of day shall be references to daylight or standard time, as applicable.

Section 1.4 Time is of the Essence. Time is of the essence in Borrower's and each other Credit Party's performance under this Agreement and all other Financing Documents.

ARTICLE 2 - LOANS

Section 2.1 Loans.

(a) Reserved.

(b) Revolving Loans.

(i) Revolving Loans and Borrowings. On the terms and subject to the conditions set forth herein, each Lender severally agrees to make loans to Borrowers from time to time as set forth herein (each a "**Revolving Loan**", and collectively, "**Revolving Loans**") equal to such Lender's Revolving Loan Commitment Percentage of Revolving Loans requested by Borrowers hereunder, *provided*, *however*, that after giving effect thereto, the Revolving Loan Outstandings shall not exceed the Revolving Loan Limit. Borrowers shall deliver to Agent a Notice of Borrowing with respect to each proposed borrowing of a Revolving Loan, such Notice of Borrowing to be delivered before 1:00 p.m. (Eastern time) two (2) Business Days (or such shorter time as Agent may reasonably agree) prior to the date of such proposed borrowing. Each Borrower and each Revolving Lender hereby authorizes Agent to make Revolving Loans on behalf of Revolving Lenders, at any time in its sole discretion, to pay principal owing in respect of the Loans and interest, fees, expenses and other charges payable by any Credit Party from time to time arising under this Agreement or any other Financing Document. The Borrowing Base shall be determined by Agent based on the most recent Borrowing Base Certificate delivered to Agent in accordance with this Agreement and such other information as may be available to Agent. Without limiting any other rights and remedies of Agent hereunder or under the other Financing Documents, the Revolving Loans shall be subject to Agent's continuing right to withhold from the Borrowing Base reserves, and to increase and decrease such reserves from time to time, if and to the extent that in Agent's good faith credit judgment and discretion, such reserves are necessary. Immediately prior to the effectiveness of this Agreement, the outstanding principal balance of the Revolving Loans under the Original Credit Agreement is $3,422,089.46, which amount shall be deemed to have been, and hereby is, converted into a portion of the outstanding principal amount of the Revolving Loans hereunder in like amount without constituting a novation. Each Borrower hereby (x) represents, warrants, agrees, covenants and reaffirms that it has no defense, set off, claim or counterclaim against the Agent and the Lenders with regard to its Obligations in respect of such Revolving Loans and (y) reaffirms its obligation to repay such Revolving Loans in accordance with the terms and provisions of this Agreement and the other Financing Documents.

(ii) Mandatory Revolving Loan Repayments and Prepayments.

(A) The Revolving Loan Commitment shall terminate on the Termination Date. On such Termination Date, there shall become due, and Borrowers shall pay, the entire outstanding principal amount of each Revolving Loan, together with accrued and unpaid Obligations pertaining thereto incurred to, but excluding the Termination Date; *provided, however,* that such payment is made not later than 12:00 12:00 P.M (Eastern time) on the Termination Date.

(B) If at any time the Revolving Loan Outstandings exceed the Revolving Loan Limit, then, on the next succeeding Business Day, Borrowers shall repay the Revolving Loans, in an aggregate amount equal to such excess.

(C) Principal payable on account of Revolving Loans shall be payable by Borrowers to Agent (I) immediately upon the receipt by any Borrower or Agent of any payments on or proceeds from any of the Accounts, to the extent of such payments or proceeds, as further described in Section 2.11 below, and (II) in full on the Termination Date.

(iii) Optional Prepayments. Borrowers may from time to time prepay the Revolving Loans in whole or in part; *provided*, *however*, that any such partial prepayment shall be in an amount equal to $100,000 or a higher integral multiple of $25,000. For the avoidance of doubt, nothing in this clause shall permit termination of the Revolving Loan Commitment by Borrower other than in accordance with Section 2.12(b).

(iv) LIBOR Rate.

(A) Except as provided in subsection (C) below, Revolving Loans shall accrue interest at the LIBOR Rate *plus* the Applicable Margin.

(B) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding loans bearing interest based upon the LIBOR Rate; *provided, however,* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (I) require such Lender to furnish to Borrowers a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (II) repay the Loans bearing interest based upon the LIBOR Rate with respect to which such adjustment is made.

(C) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain Loans bearing interest based upon the LIBOR Rate or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (I) in the case of any outstanding Loans of such Lender bearing interest based upon the LIBOR Rate, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such Loans, and interest upon such Lender's Loans thereafter shall accrue interest at Base Rate *plus* the Applicable Margin, and (II) such Loans shall continue to accrue interest at Base Rate *plus* the Applicable Margin until such Lender determines that it would no longer be unlawful or impractical to maintain such Loans at the LIBOR Rate.

(D) Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues based on the LIBOR Rate.

(v) Restriction on Termination. Notwithstanding any prepayment of the Revolving Loan Outstandings or any other termination of Lenders' Credit Exposure under this Agreement, Agent and Lenders shall have no obligation to release any of the Collateral securing the Obligations under this Agreement while any portion of the Affiliated Obligations shall remain outstanding.

(c) Additional Tranche. After the Closing Date, so long as no Default or Event of Default exists and subject to the terms of this Agreement, with the prior written consent of Agent and each of the Required Lenders, the Revolving Loan Commitment may be increased upon the written request of Borrower Representative (which such request shall state the aggregate amount of the Additional Tranche requested and shall be made at least thirty (30) days prior to the proposed effective date of such Additional Tranche) to Agent to activate the Additional Tranche; *provided, however*, that Agent and Lenders shall have no obligation whatsoever to consent to any requested activation of the Additional Tranche and the written consent of Agent and each of the Required Lenders shall be required in order to activate the Additional Tranche. Upon activating the Additional Tranche, each Lender's Commitment shall increase by a proportionate amount so as to maintain the same Pro Rata Share of the Revolving Loan Commitment as such Lender held immediately prior to such activation.

Section 2.2 Interest, Interest Calculations and Certain Fees.

(a) Interest. From and following the Closing Date, except as expressly set forth in this Agreement, Loans and the other Obligations shall bear interest at the sum of the LIBOR Rate *plus* the Applicable Margin. Interest on the Loans shall be paid in arrears on the first (1st) day of each month and on the maturity of such Loans, whether by acceleration or otherwise. Interest on all other Obligations shall be payable upon demand. For purposes of calculating interest, all funds transferred to the Payment Account for application to any Revolving Loans shall be subject to a five (5) Business Day clearance period and all interest accruing on such funds during such clearance period shall accrue for the benefit of Agent, and not for the benefit of the Lenders. The Borrowers hereby agree that all accrued and unpaid interest, unused line fees, minimum balance fees and collateral management fees due and owing to the "Lenders" or "Agent" (each, as defined in the Original Credit Agreement) as of the Closing Date shall be paid in cash by the Borrowers to the Agent, for the benefit of such Lenders or Agent, on the first (1st) day of the first calendar month following the Closing Date. All Loans made under the Original Credit Agreement shall bear interest at the sum of the LIBOR Rate plus the Applicable Margin starting on and after the Closing Date.

(b) Unused Line Fee. From and following the Closing Date, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Revolving Loans, in accordance with their respective Pro Rata Shares, a fee in an amount equal to (1) if the average daily balance of the sum of the Revolving Loan Outstandings during the preceding month is greater than or equal to the Minimum Balance: (i) (A) the Revolving Loan Commitment minus (B) the average daily balance of the sum of the Revolving Loan Outstandings during the preceding month, multiplied by (ii) one half of one percent (0.5%) per annum or (2) if the Minimum Balance is greater than the average daily balance of the sum of the Revolving Loan Outstandings during the preceding month: (i) (A) the Revolving Loan Commitment minus (B) the Minimum Balance, multiplied by (ii) one half of one percent (0.5%) per annum; provided that, notwithstanding the foregoing, no Defaulted Lender shall be entitled to receive its Pro Rata Share of the fee payable in accordance with this Section 2.2(b) and the fee payable by Borrowers pursuant to this subsection shall be reduced by an amount equal to such Defaulted Lender's Pro Rata Share thereof. The unused line fee shall be paid monthly in arrears on the first day of each month and shall be deemed fully earned when due and payable and, once paid, shall be non-refundable.

(c) Reserved.

(d) Minimum Balance Fee. On the first day of each month, the Borrowers agree to pay to Agent, for the ratable benefit of all Lenders, the sum of the Minimum Balance Fees due for the prior month. The Minimum Balance Fee shall be deemed fully earned when due and payable and, once paid, shall be non-refundable.

(e) Collateral Management Fee. From and following the Closing Date, Borrowers shall pay Agent, for its own account and not for the benefit of any other Lenders, a fee in an amount equal to the product obtained by *multiplying* (i) the greater of (A) the average end-of-day principal balance of Revolving Loans outstanding during the immediately preceding month and (B) the Minimum Balance, *by* (ii) one half of one percent (0.5%) per annum. For purposes of calculating the average end-of-day principal balance of Revolving Loans, all funds paid into the Payment Account (or which were required to be paid into the Payment Account hereunder) or otherwise received by Agent for the account of Borrowers shall be subject to a five (5) Business Day clearance period. The collateral management fee shall be payable monthly in arrears on the first day of each calendar month and shall be deemed fully earned when due and payable and, once paid, shall be non-refundable.

(f) [Reserved].

(g) Deferred Revolving Loan Origination Fee. If Lenders' funding obligations in respect of the Revolving Loan Commitment under this Agreement terminate or are permanently reduced for any reason whether by voluntary termination by Borrowers, by reason of the occurrence of an Event of Default or the automatic termination of the Revolving Loan Commitments (including any automatic termination due to the occurrence of an Event of Default described in Section 10.1(f)) or otherwise) prior to the Maturity Date, Borrowers shall pay to Agent on the date of such reduction, for the benefit of all Lenders committed to make Revolving Loans on the Closing Date, a fee as compensation for the costs of such Lenders being prepared to make funds available to Borrowers under this Agreement, equal to an amount determined by *multiplying* the amount of the Revolving Loan Commitment so terminated or permanently reduced *by* the following applicable percentage amount: four percent (4.0%) for the first year following the Closing Date, three percent (3.0%) for the second year following the Closing Date, and two percent (2.0%) thereafter. All fees payable pursuant to this paragraph shall be deemed fully-earned and non-refundable as of the Closing Date.

(h) Reserved.

(i) Reserved.

(j) Audit Fees. Borrowers shall pay to Agent, for its own account and not for the benefit of any other Lenders, all reasonable fees and expenses in connection with audits and inspections of Borrowers' books and records, audits, valuations or appraisals of the Collateral, audits of Borrowers' compliance with applicable Laws and such other matters as Agent shall deem appropriate, which shall be due and payable on the first Business Day of the month following the date of issuance by Agent of a written request for payment thereof to Borrowers.

(k) Wire Fees. Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, on written demand, fees for incoming and outgoing wires made for the account of Borrowers, such fees to be based on Agent's then current wire fee schedule (available upon written request of the Borrowers).

(l) Late Charges. If payments of principal (other than a final installment of principal upon the Termination Date), interest due on the Obligations, or any other amounts due hereunder or under the other Financing Documents are not timely made and remain overdue for a period of five (5) days, Borrowers, without notice or demand by Agent, promptly shall pay to Agent, for its own account and not for the benefit of any other Lenders, as additional compensation to Agent in administering the Obligations, an amount equal to five percent (5.0%) of each delinquent payment.

(m) Computation of Interest and Related Fees. All interest and fees under each Financing Document shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding of a Loan shall be included in the calculation of interest. The date of payment of a Loan shall be excluded from the calculation of interest. If a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

(n) Automated Clearing House Payments. If Agent (or its designated servicer or trustee on behalf of a securitization vehicle) so elects, monthly payments of principal, interest, fees, expenses or any other amounts due and owing from Borrower to Agent hereunder shall be paid to Agent by Automated Clearing House debit of immediately available funds from the financial institution account designated by Borrower Representative in the Automated Clearing House debit authorization executed by Borrowers or Borrower Representative in connection with this Agreement, and shall be effective upon receipt. Borrowers shall execute any and all forms and documentation necessary from time to time to effectuate such automatic debiting. In no event shall any such payments be refunded to Borrowers.

Section 2.3 Notes. The portion of the Loans made by each Lender shall be evidenced, if so requested by such Lender, by one or more promissory notes executed by Borrowers on a joint and several basis (each, a "**Note**") in an original principal amount equal to such Lender's Revolving Loan. Upon activation of the Additional Tranche in accordance with Section 2.1(c) hereof, Borrowers shall deliver to each Lender to whom Borrowers previously delivered a Note, a restated Note evidencing such Lender's Revolving Loan Commitment Amount.

Section 2.4 Reserved.

Section 2.5 Reserved.

Section 2.6 General Provisions Regarding Payment; Loan Account.

(a) All payments to be made by each Borrower under any Financing Document, including payments of principal and interest made hereunder and pursuant to any other Financing Document, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension (it being understood and agreed that, solely for purposes of calculating financial covenants and computations contained herein and determining compliance therewith, if payment is made, in full, on any such extended due date, such payment shall be deemed to have been paid on the original due date without giving effect to any extension thereto). Any payments received in the Payment Account before 12:00 P.M (Eastern time) on any date shall be deemed received by Agent on such date, and any payments received in the Payment Account at or after 12:00 P.M (Eastern time) on any date shall be deemed received by Agent on the next succeeding Business Day.

(b) Agent shall maintain a loan account (the "**Loan Account**") on its books to record Loans and other extensions of credit made by the Lenders hereunder or under any other Financing Document, and all payments thereon made by each Borrower. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded in Agent's books and records at any time shall be conclusive and binding evidence of the amounts due and owing to Agent by each Borrower absent manifest error; *provided*, *however*, that any failure to so record or any error in so recording shall not limit or otherwise affect any Borrower's duty to pay all amounts owing hereunder or under any other Financing Document. Agent shall endeavor to provide Borrowers with a monthly statement regarding the Loan Account (but neither Agent nor any Lender shall have any liability if Agent shall fail to provide any such statement). Unless any Borrower notifies Agent of any objection to any such statement (specifically describing the basis for such objection) within ninety (90) days after the date of receipt thereof, it shall be deemed final, binding and conclusive upon Borrowers in all respects as to all matters reflected therein.

Section 2.7 Maximum Interest. In no event shall the interest charged with respect to the Loans or any other Obligations of any Borrower under any Financing Document exceed the maximum amount permitted under the laws of the State of New York or of any other applicable jurisdiction. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable hereunder or under any Note or other Financing Document (the "**Stated Rate**") would exceed the highest rate of interest permitted under any applicable law to be charged (the "**Maximum Lawful Rate**"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable shall be equal to the Maximum Lawful Rate; *provided*, *however*, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, each Borrower shall, to the extent permitted by law, continue to pay interest at the Maximum Lawful Rate until such time as the total interest received is equal to the total interest which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable. Thereafter, the interest rate payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest received by any Lender exceed the amount which it could lawfully have received had the interest been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, any Lender has received interest hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Loans or to other amounts (other than interest) payable hereunder, and if no such principal or other amounts are then outstanding, such excess or part thereof remaining shall be paid to Borrowers. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate *divided by* the number of days in the year in which such calculation is made.

Section 2.8 Taxes; Capital Adequacy; Mitigation Obligations.

(a) All payments of principal and interest on the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future Taxes, except as required by applicable Law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and if any such withholding or deduction is in respect of any Indemnified Taxes, then the Borrowers shall pay such additional amount or amounts as is necessary to ensure that the net amount actually received by Agent and each Lender will equal the full amount Agent and such Lender would have received had no such withholding or deduction been required (including, without limitation, such withholdings and deductions applicable to additional sums payable under this Section 2.8). After payment of any Tax by a Borrower to a Governmental Authority pursuant to this Section 2.8, such Borrower shall promptly forward to Agent the original or a certified copy of an official receipt, a copy of the return reporting such payment, or other documentation satisfactory to Agent evidencing such payment to such authority. Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of Agent timely reimburse it for the payment of, any Other Taxes.

(b) The Borrowers shall indemnify Agent and Lenders, within ten (10) days after demand thereof, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.8) payable or paid by Agent or any Lender or required to be withheld or deducted from a payment to Agent or any Lender and any expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate in reasonable detail as to the amount of such payment or liability delivered to Borrowers by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(c) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Financing Document shall deliver to Borrower Representative and Agent, at the time or times prescribed by applicable Law or reasonably requested by Borrower Representative or Agent, such properly completed and executed documentation reasonably requested by Borrower Representative or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower Representative or Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by Borrowers or Agent as will enable Borrowers or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.8(c)(i), 2.8(c)(ii) and 2.8(e) below) shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Each Lender that is not a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) for U.S. federal income tax purposes and is a party hereto on the Closing Date or purports to become an assignee of an interest pursuant to Section 11.17(a) after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) (each such Lender a "**Foreign Lender**") shall, to the extent permitted by Law, execute and deliver to Borrower Representative and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent) whichever of the following is applicable: (A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Financing Document, two (2) properly completed and executed originals of United States Internal Revenue Service ("**IRS**") Forms W-8BEN or W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Financing Documents, two (2) properly completed and executed originals of IRS Forms W-8BEN or W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "business profits" or "other income" article of such tax treaty; (B) two (2) executed originals of Form W-8ECI (or successor form); (C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) two (2) executed originals of IRS Forms W-8BEN or W-8BEN-E (or successor form); (D) to the extent a Foreign Lender is not the beneficial owner, two (2) executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9 (or successor form), and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner; or (E) other applicable forms, certificates or documents prescribed by the IRS. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower Representative and Agent in writing of its legal inability to do so. In addition, to the extent permitted by applicable Law, such forms shall be delivered by each Foreign Lender upon the obsolescence or invalidity of any form previously delivered by such Foreign Lender. Each Foreign Lender shall promptly notify Borrower Representative at any time it determines that it is no longer in a position to provide any previously delivered certificate to Borrower Representative (or any other form of certification adopted by the U.S. taxing authorities for such purpose).

(ii) Each Lender that is a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) for U.S. federal income tax purposes and is a party hereto on the Closing Date or purports to become an assignee of an interest pursuant to Section 11.17(a) after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) shall, to the extent permitted by Law, provide to Borrower Representative and Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent), a properly completed and executed IRS Form W-9 or any successor form certifying as to such Lender's entitlement to an exemption from U.S. backup withholding and other applicable forms, certificates or documents prescribed by the IRS or reasonably requested by Borrower Representative or Agent. Each such Lender shall promptly notify Borrowers at any time it determines that any certificate previously delivered to Borrower Representative (or any other form of certification adopted by the U.S. governmental authorities for such purposes) is no longer valid.

(iii) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower Representative and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrowers or Agent to determine the withholding or deduction required to be made.

(d) If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund in respect of any Taxes as to which it has been indemnified by any Borrower pursuant to this Section 2.8 (including by the payment of additional amounts pursuant to this Section 2.8), then it shall promptly pay an amount equal to such refund to Borrowers, net of all reasonable out-of-pocket expenses of such Lender or of Agent with respect thereto, including any Taxes; *provided*, *however*, that Borrowers, upon the written request of such Lender or Agent, agree to repay any amount paid over to Borrowers to such Lender or to Agent (plus any related penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Lender or Agent is required, for any reason, to disgorge or otherwise repay such refund. Notwithstanding anything to the contrary in this Section 2.8, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.8(d) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.8 shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(e) If a payment made to a Lender under any Financing Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower Representative and Agent at the time or times prescribed by Law and at such time or times reasonably requested by Borrower Representative or Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower Representative or Agent as may be necessary for Borrowers and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.17 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Agent in connection with any Financing Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Financing Document or otherwise payable by Agent to such Lender from any other source against any amount due to Agent under this paragraph (f).

(g) Each party's obligations under Section 2.8(a) through (f) shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all Obligations hereunder.

(h) If any Lender shall reasonably determine that the adoption or taking effect of, or any change in, any applicable Law regarding capital adequacy, in each instance, after the Closing Date, or any change after the Closing Date in the interpretation, administration or application thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation, administration or application thereof, or the compliance by any Lender or any Person controlling such Lender with any request, guideline or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank or comparable agency adopted or otherwise taking effect after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such controlling Person could have achieved but for such adoption, taking effect, change, interpretation, administration, application or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) then from time to time, upon demand by such Lender (which demand shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrowers shall promptly pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which such Lender first made demand therefor; *provided* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued.

(i) If any Lender requests compensation under either Section 2.1(b)(iv) or Section 2.8(h), or requires Borrowers to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8, then, upon the written request of Borrower Representative, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder (subject to the provisions of Section 11.17) to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or materially reduce amounts payable pursuant to any such Section, as the case may be, in the future, (ii) would not subject such Lender to any unreimbursed cost or expense and (iii) would not otherwise be disadvantageous to such Lender (as determined in its sole good faith discretion). Without limitation of the provisions of Section 12.14, each Borrower hereby agrees to pay all reasonable and documented, out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

Section 2.9 Appointment of Borrower Representative.

(a) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent and attorney-in-fact to request and receive Loans in the name or on behalf of such Borrower and any other Borrowers, deliver Notices of Borrowing and Borrowing Base Certificates, give instructions with respect to the disbursement of the proceeds of the Loans, give and receive all other notices and consents hereunder or under any of the other Financing Documents and taking all other actions (including in respect of compliance with covenants) in the name or on behalf of any Borrower or Borrowers pursuant to this Agreement and the other Financing Documents. Agent and Lenders may disburse the Loans to such bank account of Borrower Representative or a Borrower or otherwise make such Loans to a Borrower, in each case as Borrower Representative may designate or direct, without notice to any other Borrower. Notwithstanding anything to the contrary contained herein, Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Borrower Representative hereby accepts the appointment by Borrowers to act as the agent and attorney-in-fact of Borrowers pursuant to this Section 2.9. Borrower Representative shall ensure that the disbursement of any Loans that are at any time requested by or to be remitted to or for the account of a Borrower, shall be remitted or issued to or for the account of such Borrower.

(c) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent to receive statements on account and all other notices from Agent, Lenders with respect to the Obligations or otherwise under or in connection with this Agreement and the other Financing Documents.

(d) Any notice, election, representation, warranty, agreement or undertaking made or delivered by or on behalf of any Borrower by Borrower Representative shall be deemed for all purposes to have been made or delivered by such Borrower, as the case may be, and shall be binding upon and enforceable against such Borrower to the same extent as if made or delivered directly by such Borrower.

(e) No resignation by or termination of the appointment of Borrower Representative as agent and attorney-in-fact as aforesaid shall be effective, except after ten (10) Business Days' prior written notice to Agent. If the Borrower Representative resigns under this Agreement, Borrowers shall be entitled to appoint a successor Borrower Representative (which shall be a Borrower and shall be reasonably acceptable to Agent as such successor). Upon the acceptance of its appointment as successor Borrower Representative hereunder, such successor Borrower Representative shall succeed to all the rights, powers and duties of the retiring Borrower Representative and the term "Borrower Representative" means such successor Borrower Representative for all purposes of this Agreement and the other Financing Documents, and the retiring or terminated Borrower Representative's appointment, powers and duties as Borrower Representative shall be thereupon terminated.

Section 2.10 Joint and Several Liability; Rights of Contribution; Subordination and Subrogation.

(a) Borrowers are defined collectively to include all Persons named as one of the Borrowers herein; *provided, however*, that any references herein to "any Borrower", "each Borrower" or similar references, shall be construed as a reference to each individual Person named as one of the Borrowers herein. Each Person so named shall be jointly and severally liable for all of the obligations of Borrowers under this Agreement. Each Borrower, individually, expressly understands, agrees and acknowledges, that the credit facilities would not be made available on the terms herein in the absence of the collective credit of all of the Persons named as the Borrowers herein, the joint and several liability of all such Persons, and the cross-collateralization of the collateral of all such Persons. Accordingly, each Borrower individually acknowledges that the benefit to each of the Persons named as one of the Borrowers as a whole constitutes reasonably equivalent value, regardless of the amount of the credit facilities actually borrowed by, advanced to, or the amount of collateral provided by, any individual Borrower. In addition, each entity named as one of the Borrowers herein hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Agreement shall be applicable to and shall be binding upon and measured and enforceable individually against each Person named as one of the Borrowers herein as well as all such Persons when taken together. By way of illustration, but without limiting the generality of the foregoing, the terms of Section 10.1 of this Agreement are to be applied to each individual Person named as one of the Borrowers herein (as well as to all such Persons taken as a whole), such that the occurrence of any of the events described in Section 10.1 of this Agreement as to any Person named as one of the Borrowers herein shall constitute an Event of Default even if such event has not occurred as to any other Persons named as the Borrowers or as to all such Persons taken as a whole.

(b) Notwithstanding any provisions of this Agreement to the contrary, it is intended that the joint and several nature of the liability of each Borrower for the Obligations and the Liens granted by Borrowers to secure the Obligations, not constitute a Fraudulent Conveyance (as defined below). Consequently, Agent, Lenders and each Borrower agree that if the liability of a Borrower for the Obligations, or any Liens granted by such Borrower securing the Obligations would, but for the application of this sentence, constitute a Fraudulent Conveyance, the liability of such Borrower and the Liens securing such liability shall be valid and enforceable only to the maximum extent that would not cause such liability or such Lien to constitute a Fraudulent Conveyance, and the liability of such Borrower and this Agreement shall automatically be deemed to have been amended accordingly. For purposes hereof, the term "**Fraudulent Conveyance**" means a fraudulent conveyance under Section 548 of Chapter 11 of Title II of the Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the applicable provisions of any fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

(c) Agent is hereby authorized, without notice or demand (except as otherwise specifically required under this Agreement) and without affecting the liability of any Borrower hereunder, at any time and from time to time, to (i) renew, extend or otherwise increase the time for payment of the Obligations; (ii) with the written agreement of any Borrower, change the terms relating to the Obligations or otherwise modify, amend or change the terms of any Note or other agreement, document or instrument now or hereafter executed by any Borrower and delivered to Agent for any Lender; (iii) accept partial payments of the Obligations; (iv) take and hold any Collateral for the payment of the Obligations or for the payment of any guaranties of the Obligations and exchange, enforce, waive and release any such Collateral; (v) apply any such Collateral and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine; and (vi) settle, release, compromise, collect or otherwise liquidate the Obligations and any Collateral therefor in any manner, all guarantor and surety defenses being hereby waived by each Borrower. Without limitations of the foregoing, with respect to the Obligations, each Borrower hereby makes and adopts each of the agreements and waivers set forth in each Guarantee, the same being incorporated hereby by reference. Except as specifically provided in this Agreement or any of the other Financing Documents, Agent shall have the exclusive right to determine the time and manner of application of any payments or credits, whether received from any Borrower or any other source, and such determination shall be binding on all Borrowers. All such payments and credits may be applied, reversed and reapplied, in whole or in part, to any of the Obligations that Agent shall determine, in its sole discretion, without affecting the validity or enforceability of the Obligations of the other Borrower.

(d) Each Borrower hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Obligations from any obligor or other action to enforce the same; (ii) the waiver or consent by Agent with respect to any provision of any instrument evidencing the Obligations, or any part thereof, or any other agreement heretofore, now or hereafter executed by a Borrower and delivered to Agent; (iii) failure by Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against a Borrower or Agent's election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by a Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of Agent's claim(s) for repayment of any of the Obligations; or (vii) any other circumstance other than payment in full of the Obligations which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety.

(e) Borrowers hereby agree, as between themselves, that to the extent that Agent, on behalf of Lenders, shall have received from any Borrower any Recovery Amount (as defined below), then the paying Borrower shall have a right of contribution against each other Borrower in an amount equal to such other Borrower's contributive share of such Recovery Amount; *provided, however*, that in the event any Borrower suffers a Deficiency Amount (as defined below), then the Borrower suffering the Deficiency Amount shall be entitled to seek and receive contribution from and against the other Borrowers in an amount equal to the Deficiency Amount; and *provided, further*, that in no event shall the aggregate amounts so reimbursed by reason of the contribution of any Borrower equal or exceed an amount that would, if paid, constitute or result in Fraudulent Conveyance. Until all Obligations have been paid and satisfied in full, no payment made by or for the account of a Borrower including, without limitation, (i) a payment made by such Borrower on behalf of the liabilities of any other Borrower, or (ii) a payment made by any other Guarantor under any Guarantee, shall entitle such Borrower, by subrogation or otherwise, to any payment from such other Borrower or from or out of such other Borrower's property. The right of each Borrower to receive any contribution under this Section 2.10(e) or by subrogation or otherwise from any other Borrower shall be subordinate in right of payment to the Obligations and such Borrower shall not exercise any right or remedy against such other Borrower or any property of such other Borrower by reason of any performance of such Borrower of its joint and several obligations hereunder, until the Obligations have been indefeasibly paid and satisfied in full, and no Borrower shall exercise any right or remedy with respect to this Section 2.10(e) until the Obligations have been indefeasibly paid and satisfied in full. As used in this Section 2.10(e), the term "**Recovery Amount**" means the amount of proceeds received by or credited to Agent from the exercise of any remedy of the Lenders under this Agreement or the other Financing Documents, including, without limitation, the sale of any Collateral. As used in this Section 2.10(e), the term "**Deficiency Amount**" means any amount that is less than the entire amount a Borrower is entitled to receive by way of contribution or subrogation from, but that has not been paid by, the other Borrowers in respect of any Recovery Amount attributable to the Borrower entitled to contribution, until the Deficiency Amount has been reduced to Zero Dollars ($0) through contributions and reimbursements made under the terms of this Section 2.10(e) or otherwise.

Section 2.11 Collections and Lockbox Account.

(a) Borrowers shall maintain a lockbox (the "**Lockbox**") with a United States depository institution designated from time to time by Agent (the "**Lockbox Bank**"), subject to the provisions of this Agreement, and, subject to Section 7.4, shall execute with the Lockbox Bank a Deposit Account Control Agreement and such other agreements related to such Lockbox as Agent may require. Except as provided in Section 2.11(b), Borrowers shall ensure that all collections of Accounts are paid directly from Account Debtors (i) into the Lockbox for deposit into the Lockbox Account and/or (ii) directly into the Lockbox Account; *provided, however*, unless Agent shall otherwise direct by written notice to Borrowers, Borrowers shall be permitted to cause Account Debtors who are individuals to pay Accounts directly to Borrowers, which Borrowers shall then administer and apply in the manner required below. All funds deposited into a Lockbox Account shall be transferred into the Payment Account (or, prior to the time of the initial borrowing of the Revolving Loans, such Deposit Account of Borrower, as Agent may direct in its sole discretion) by the close of each Business Day. Notwithstanding the foregoing sentence, during the period beginning on the Closing Date and ending on the date that is sixty (60) days thereafter, Borrower shall be permitted to receive collections of Accounts owing to Aziyo (and not, for the avoidance of doubt, Aziyo Med) in Deposit Account #[XXX] at Alostar Bank; *provided* that all funds in such Deposit Account are transferred to the Lockbox Account at the end of each business day pursuant to irrevocable standing wire instruction.

(b) Notwithstanding the foregoing or anything else to the contrary in this Section 2.11(b), all amounts owed to Aziyo Med in respect of Accounts that are subject to, or potentially subject to, a security interest of Ligand pursuant to the Ligand Royalty Agreement or any other funds constituting "Royalty Interests" (as defined in the Ligand Royalty Agreement) or the proceeds thereof shall be paid into a segregated Deposit Account owned solely by Aziyo Med that is subject to a "springing" Deposit Account Control Agreement (the "**Aziyo Med Controlled Account**"). Once per calendar week, Aziyo Med shall cause all amounts on deposit in the Aziyo Med Controlled Account required to be transferred by the Ligand Royalty Agreement, and permitted to be so transferred pursuant to the terms of the Ligand Intercreditor Agreement, to be transferred to the Permitted Ligand Account in order to pay the Ligand Royalty Payments in accordance with the terms of the Ligand Intercreditor Agreement. Once per calendar week (and, for the avoidance of doubt, on the same day as each transfer to the Permitted Ligand Account pursuant to the preceding sentence), Aziyo Med shall transfer all amounts on deposit in the Aziyo Med Controlled Account other than those necessary to pay the Ligand Royalty Payments, in accordance with the previous sentence, to the Lockbox Account.

(c) Notwithstanding anything in any lockbox agreement or Deposit Account Control Agreement to the contrary, Borrowers agree that they shall be liable for any fees and charges in effect from time to time and charged by the Lockbox Bank in connection with the Lockbox, the Lockbox Account, and that Agent shall have no liability therefor. Borrowers hereby indemnify and agree to hold Agent harmless from any and all liabilities, claims, losses and demands whatsoever, including reasonable attorneys' fees and expenses, arising from or relating to actions of Agent or the Lockbox Bank pursuant to this Section or any lockbox agreement or Deposit Account Control Agreement or similar agreement, except to the extent of such losses arising solely from Agent's gross negligence or willful misconduct.

(d) Agent shall apply, on a daily basis, all funds transferred into the Payment Account pursuant to this Section 2.11 to reduce the outstanding Revolving Loans in such order of application as Agent shall elect. If as the result of collections of Accounts pursuant to the terms and conditions of this Section, a credit balance exists with respect to the Loan Account, such credit balance shall not accrue interest in favor of Borrowers, but Agent shall transfer such funds into an account designated by Borrower Representative for so long as no Event of Default exists.

(e) To the extent that any collections of Accounts or proceeds of other Collateral are not sent directly to the Lockbox or Lockbox Account but are received by any Borrower, such collections shall be held in trust for the benefit of Agent pursuant to an express trust created hereby and immediately remitted, in the form received, to applicable Lockbox or Lockbox Account. No such funds received by any Borrower shall be commingled with other funds of the Borrowers. Except to the extent otherwise permitted pursuant to this Section 2.11, if any funds received by any Borrower are commingled with other funds of the Borrowers, or are required to be deposited to a Lockbox or Lockbox Account and are not so deposited within five (5) Business Days, then Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, a compliance fee equal to $500 for each day that any such conditions exist.

(f) Borrowers acknowledge and agree that compliance with the terms of this Section is essential, and that Agent and Lenders will suffer immediate and irreparable injury and have no adequate remedy at law, if any Borrower, through acts or omissions, causes or permits Account Debtors to send payments other than to the Lockbox or Lockbox Accounts or if any Borrower fails to promptly deposit collections of Accounts or proceeds of other Collateral in the Lockbox Account as herein required. Accordingly, in addition to all other rights and remedies of Agent and Lenders hereunder, Agent shall have the right to seek specific performance of the Borrowers' obligations under this Section, and any other equitable relief as Agent may deem necessary or appropriate, and Borrowers waive any requirement for the posting of a bond in connection with such equitable relief.

(g) Borrowers shall not, and Borrowers shall not suffer or permit any Credit Party to, (i) withdraw any amounts from any Lockbox Account, (ii) change the procedures or sweep instructions under the agreements governing any Lockbox Accounts, or (iii) send to or deposit in any Lockbox Account any funds other than payments made with respect to and proceeds of Accounts or other Collateral. Borrowers shall, and shall cause each Credit Party to, cooperate with Agent in the identification and reconciliation on a daily basis of all amounts received in or required to be deposited into the Lockbox Accounts. If more than fifteen percent (15%) of the collections of Accounts received by Borrowers during any given fifteen (15) day period is not identified or reconciled both with respect to the Account Debtor and the Borrower to whom such Account is owed to the reasonable satisfaction of Agent within ten (10) Business Days of receipt, Agent shall not be obligated to make further advances under this Agreement until such amount is identified or is reconciled to the reasonable satisfaction of Agent, as the case may be. In addition, if any such amount cannot be identified or reconciled to the reasonable satisfaction of Agent, Agent may utilize its own staff or, if it deems necessary, engage an outside auditor, in either case at Borrowers' expense (which in the case of Agent's own staff shall be in accordance with Agent's then prevailing customary charges (*plus* expenses)), to make such examination and report as may be necessary to identify and reconcile such amount.

(h) If any Borrower breaches its obligation to direct payments of the proceeds of the Collateral to the Lockbox Account, Agent, as the irrevocably made, constituted and appointed true and lawful attorney for Borrowers, may, by the signature or other act of any of Agent's authorized representatives (without requiring any of them to do so), direct any Account Debtor to pay proceeds of the Collateral to Borrowers by directing payment to the Lockbox Account.

Section 2.12 Termination; Restriction on Termination.

(a) Termination by Lenders. In addition to the rights set forth in Section 10.2, Agent may, and at the direction of Required Lenders shall, terminate this Agreement without notice upon or after the occurrence and during the continuance of an Event of Default.

(b) Termination by Borrowers. Upon at least ten (10) days' prior written notice and pursuant to payoff documentation in form and substance satisfactory to Agent and Lenders, Borrowers may, at its option, terminate this Agreement; *provided, however,* that no such termination shall be effective until Borrowers have complied with Section 2.2 and the terms of any fee letter and paid in full all of the Affiliated Obligations in immediately available funds and terminated the Affiliated Financing Documents. Any notice of termination given by Borrowers shall be irrevocable unless all Lenders otherwise agree in writing and no Lender shall have any obligation to make any Loans on or after the termination date stated in such notice. Borrowers may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

(c) Effectiveness of Termination. All of the Obligations shall be immediately due and payable upon the Termination Date. All undertakings, agreements, covenants, warranties and representations of Borrowers contained in the Financing Documents shall survive any such termination and Agent shall retain their Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Financing Documents notwithstanding such termination until all Obligations and Affiliated Obligations have been discharged or paid, in full, in immediately available funds, including, without limitation, all Obligations under Section 2.2 and the terms of any fee letter resulting from such termination. Notwithstanding the foregoing or the payment in full of the Obligations, Agent shall not be required to terminate its Liens in the Collateral unless, with respect to any loss or damage Agent may incur as a result of dishonored checks or other items of payment received by Agent from Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement satisfactory to Agent, executed by Borrowers and by any Person whose loans or other advances to Borrowers are used in whole or in part to satisfy the Obligations, indemnifying Agent and each Lender from any such loss or damage or (ii) have retained cash Collateral or other Collateral for such period of time as Agent, in its discretion, may deem necessary to protect Agent and each Lender from any such loss or damage.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

To induce Agent and Lenders to enter into this Agreement and to make the Loans and other credit accommodations contemplated hereby, each Borrower hereby represents and warrants to Agent and each Lender that:

Section 3.1 Existence and Power. Each Credit Party (a) is an entity as specified on Schedule 3.1, (b) is duly organized, validly existing and in good standing under the laws of the jurisdiction specified on Schedule 3.1 and no other jurisdiction, (c) has the same legal name as it appears in such Credit Party's Organizational Documents and an organizational identification number (if any), in each case as specified on Schedule 3.1, (d) has all powers to own its assets and has powers and all Permits necessary or desirable in the operation of its business as presently conducted or as proposed to be conducted, except where the failure to have such Permits could not reasonably be expected to have a Material Adverse Effect, and (e) is qualified to do business as a foreign entity in each jurisdiction in which it is required to be so qualified, which jurisdictions as of the Closing Date are specified on Schedule 3.1, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.1, no Credit Party (x) has had, over the five (5) year period preceding the Closing Date, any name other than its current name, or (y) was incorporated or organized under the laws of any jurisdiction other than its current jurisdiction of incorporation or organization.

Section 3.2 Organization and Governmental Authorization; No Contravention. The execution, delivery and performance by each Credit Party of the Operative Documents to which it is a party (a) are within its powers, (b) have been duly authorized by all necessary action pursuant to its Organizational Documents, (c) require no further action by or in respect of, or filing with, any Governmental Authority and (d) do not violate, conflict with or cause a breach or a default under (i) any Law applicable to any Credit Party, (ii) any of the Organizational Documents of any Credit Party, or (iii) any agreement or instrument binding upon it, except for such violations, conflicts, breaches or defaults as could not, with respect to this clause (iii), reasonably be expected to have a Material Adverse Effect.

Section 3.3 Binding Effect. Each of the Operative Documents to which any Credit Party is a party constitutes a valid and binding agreement or instrument of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles. Each Financing Document has been duly executed and delivered by each Credit Party party thereto.

Section 3.4 Capitalization. The authorized equity securities of each of the Credit Parties as of the Closing Date are as set forth on Schedule 3.4. All issued and outstanding equity securities of each of the Credit Parties are duly authorized and validly issued, fully paid, nonassessable, free and clear of all Liens other than Permitted Liens, and such equity securities were issued in compliance with all applicable Laws. The identity of the holders of the equity securities of each of the Credit Parties and the percentage of their fully-diluted ownership of the equity securities of each of the Credit Parties as of the Closing Date is set forth on Schedule 3.4. No shares of the capital stock or other equity securities of any Credit Party, other than those described above, are issued and outstanding as of the Closing Date. Except as set forth in the Equity Investment Documents, as of the Closing Date there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Credit Party of any equity securities of any such entity.

Section 3.5 Financial Information. All financial statements delivered to Agent by any Credit Party fairly present in all material respects the financial position of such Credit Party as of such date and shall be in conformity with GAAP (and as to unaudited financial statements, subject to normal year-end adjustments and the absence of footnote disclosures). Since December 31, 2018, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect. Since December 31, 2018, to the knowledge of any Borrower (after the exercise of reasonable due diligence) there has been no material adverse change in the business, operations, properties, prospects or condition (financial or otherwise) of any business, assets or entities being purchased by Borrowers pursuant to the Transaction Documents.

Section 3.6 Litigation . Except as set forth on Schedule 3.6 as of the Closing Date, and except as hereafter disclosed to Agent in writing, there is no Litigation pending against, or to such Borrower's knowledge threatened against, any Credit Party or, to such Borrower's knowledge, any party to any Operative Document other than a Credit Party. There is no Litigation pending in which an adverse decision could reasonably be expected to have a Material Adverse Effect or which in any manner draws into question the validity of any of the Operative Documents.

Section 3.7 Ownership of Property. Each Borrower and its Subsidiaries are the lawful sole owner of, has good and marketable title to and is in lawful possession of, or has valid leasehold interests in, all properties, accounts and other assets (real or personal, tangible, intangible or mixed) purported or reported to be owned or leased (as the case may be) by such Person.

Section 3.8 No Default. No Event of Default, or to such Borrower's knowledge, Default, has occurred and is continuing. No Credit Party is in breach or default under or with respect to any contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 3.9 Labor Matters. As of the Closing Date, there are no strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party. Except as could not reasonably be expected to result in a Material Adverse Effect, (a) hours worked and payments made to the employees of each Borrower and each of its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters and (b) all payments due from each Borrower and each of its Subsidiaries, or for which any claim may be made against any of them, on account of wages and employee and retiree health and welfare insurance and other benefits have been paid or accrued as a liability on their books, as the case may be. The consummation of the transactions contemplated by the Financing Documents and the other Operative Documents will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Borrower or any Subsidiary is a party or by which it is bound.

Section 3.10 Regulated Entities. No Credit Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," all within the meaning of the Investment Company Act of 1940.

Section 3.11 Margin Regulations. None of the proceeds from the Loans have been or will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U of the Federal Reserve Board), for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any "margin stock" or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation T, U or X of the Federal Reserve Board.

Section 3.12 Compliance With Laws; Anti-Terrorism Laws.

(a) Each Credit Party is in compliance with the requirements of all applicable Laws, except for such Laws the noncompliance with which could not reasonably be expected to have a Material Adverse Effect.

(b) None of the Credit Parties and, to the knowledge of the Credit Parties, none of their Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) (i) is in violation of any Anti-Terrorism Law, (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, (iii) is a Blocked Person, or is controlled by a Blocked Person, (iv) is acting or will act for or on behalf of a Blocked Person, (v) is associated with, or will become associated with, a Blocked Person or (vi) is providing, or will provide, material, financial or technical support or other services to or in support of acts of terrorism of a Blocked Person. No Credit Party nor, to the knowledge of any Credit Party, any of its Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (B) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

Section 3.13 Taxes. All federal, state and material local tax returns, reports and statements required to be filed by or on behalf of each Credit Party have been filed with the appropriate Governmental Authorities in all jurisdictions in which such returns, reports and statements are required to be filed and, except to the extent subject to a Permitted Contest, all Taxes (including real property Taxes) and other charges shown to be due and payable in respect thereof have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof. Except to the extent subject to a Permitted Contest, all material state and local sales and use Taxes required to be paid by each Credit Party have been paid. All federal and state returns have been filed by each Credit Party for all periods for which returns were due with respect to employee income tax withholding, social security and unemployment taxes, and, except to the extent subject to a Permitted Contest, the amounts shown thereon to be due and payable have been paid in full or adequate provisions therefor have been made.

Section 3.14 Compliance with ERISA.

(a) Each ERISA Plan (and the related trusts and funding agreements) complies in form and in operation with, has been administered in compliance with, and the terms of each ERISA Plan satisfy, the applicable requirements of ERISA and the Code in all material respects. Each ERISA Plan which is intended to be qualified under Section 401(a) of the Code is so qualified, and the United States Internal Revenue Service has issued a favorable determination letter with respect to each such ERISA Plan which may be relied on currently. No Credit Party has incurred liability for any material excise tax under any of Sections 4971 through 5000 of the Code.

(b) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Borrower and each Subsidiary is in compliance with the applicable provisions of ERISA and the provision of the Code relating to ERISA Plans and the regulations and published interpretations therein. During the thirty-six (36) month period prior to the Closing Date or the making of any Loan (i) no steps have been taken to terminate any Pension Plan, and (ii) no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code and no event has occurred that would give rise to a Lien under Section 4068 of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which could result in the incurrence by any Credit Party of any material liability, fine or penalty. No Credit Party has incurred liability to the PBGC (other than for current premiums) with respect to any employee Pension Plan. All contributions (if any) have been made on a timely basis to any Multiemployer Plan that are required to be made by any Credit Party or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; no Credit Party nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan, and no Credit Party nor any member of the Controlled Group has received any notice that any Multiemployer Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

Section 3.15 Consummation of Operative Documents; Brokers. Except for fees payable to Agent and/or Lenders, no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Operative Documents, and no Credit Party has or will have any obligation to any Person in respect of any finder's or brokerage fees, commissions or other expenses in connection herewith or therewith.

Section 3.16 [Reserved].

Section 3.17 Material Contracts. Except for the Operative Documents and the other agreements set forth on Schedule 3.17, as of the Closing Date there are no Material Contracts. The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than any Credit Party), except for such Material Contracts the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.18 Compliance with Environmental Requirements; No Hazardous Materials. Except in each case as set forth on Schedule 3.18:

(a) no notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending, or to such Borrower's knowledge, threatened by any Governmental Authority or other Person with respect to any (i) alleged violation by any Credit Party of any Environmental Law, (ii) alleged failure by any Credit Party to have any Permits required in connection with the conduct of its business or to comply with the terms and conditions thereof, (iii) any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Materials, or (iv) release of Hazardous Materials; and

(b) no property now owned or leased by any Credit Party and, to the knowledge of each Borrower, no such property previously owned or leased by any Credit Party, to which any Credit Party has, directly or indirectly, transported or arranged for the transportation of any Hazardous Materials, is listed or, to such Borrower's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, or CERCLIS (as defined in CERCLA) or any similar state list or is the subject of federal, state or local enforcement actions or, to the knowledge of such Borrower, other investigations which may lead to claims against any Credit Party for clean-up costs, remedial work, damage to natural resources or personal injury claims, including, without limitation, claims under CERCLA.

For purposes of this Section 3.18, each Credit Party shall be deemed to include any business or business entity (including a corporation) that is, in whole or in part, a predecessor of such Credit Party.

Section 3.19 Intellectual Property and License Agreements. A list of all Registered Intellectual Property of each Credit Party and all material in-bound license or sublicense agreements, exclusive and material out-bound license or sublicense agreements, or other material rights of any Credit Party to use Intellectual Property (but excluding in-bound licenses of over-the-counter software that is commercially available to the public), as of the Closing Date and, as updated pursuant to Section 4.15, is set forth on Schedule 3.19. Except for Permitted Licenses, each Credit Party is the sole owner of its Intellectual Property free and clear of any Liens other than Permitted Liens. Each patent is valid and enforceable and no part of the Material Intangible Assets has been judged invalid or unenforceable, in whole or in part, and to the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party.

Section 3.20 Solvency. Each Borrower is, and after giving effect to the Loan advance and the liabilities and obligations of each Borrower under the Operative Documents, will be, Solvent; and each other Credit Party together with Borrower and its Subsidiaries, taken as a whole, is Solvent.

Section 3.21 Full Disclosure. None of the material written information (financial or otherwise, but excluding any projections and forward-looking statements, estimates, budgets and industry data of a general nature) furnished by or on behalf of any Credit Party to Agent or any Lender in connection with the consummation of the transactions contemplated by the Operative Documents (in each case, taken as a whole and as modified or supplemented by other information so furnished promptly after the same becomes available) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which such statements were made. All financial projections and forward-looking statements delivered to Agent and the Lenders by the Borrowers have been prepared on the basis of the assumptions stated therein. Such projections represent the Borrowers' best estimate of the Borrowers' future financial performance as of the date of delivery and such assumptions are believed by the Borrowers to be fair and reasonable in light of current business conditions at the time of delivery to the Agent, *provided* that it being understood that such projections are subject to uncertainties and contingencies, many of which are beyond the control of the Borrowers, and the Borrowers can give no assurance that such projections will be attained, that actual results may differ in a material manner from such projections and any failure to meet such projections shall not be deemed to be a breach of any representation or covenant herein.

Section 3.22 Reserved.

Section 3.23 Subsidiaries. Borrowers do not own any stock, partnership interests, limited liability company interests or other equity securities or Subsidiaries except for Permitted Investments.

Section 3.24 Reserved.

Section 3.25 Regulatory Matters.

(a) All of Borrower's material Products and material Regulatory Required Permits as of the Closing Date are listed on Schedule 4.17.

(b) None of the Borrowers are in violation of any Healthcare Laws in any material respect.

(c) No Borrower is participating in any Third Party Payor Program.

(d) None of the Borrower's officers, directors, employees, shareholders, their agents or affiliates has made an untrue statement of material fact or fraudulent statement to the FDA or failed to disclose a material fact required to be disclosed to the FDA, committed an act, made a statement, or failed to make a statement that could reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991).

(e) No Borrower has received any written notice that any Governmental Authority, including without limitation the FDA, DEA, the Office of the Inspector General of HHS or the United States Department of Justice has commenced or threatened to initiate any action against a Credit Party, any action to enjoin a Credit Party, their officers, directors, employees, shareholders or their agents and Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company), from conducting their businesses at any facility owned or used by them or for any material civil penalty, injunction, seizure or criminal action.

(f) No Borrower has received from the FDA or the DEA, a Warning Letter, Form FDA-483, "Untitled Letter," other correspondence or notice setting forth allegedly objectionable observations or alleged violations of laws and regulations enforced by the FDA or the DEA, or any comparable correspondence from any state or local authority responsible for regulating drug products and establishments, or any comparable correspondence from any foreign counterpart of the FDA or DEA, or any comparable correspondence from any foreign counterpart of any state or local authority with regard to any Product or the manufacture, processing, packing, or holding thereof.

(g) No Borrower is subject to any proceeding, suit or, to Borrower's knowledge, investigation by any federal, state or local government or quasi-governmental body, agency, board or authority or any other administrative or investigative body which could result in the revocation, transfer, surrender, suspension or other impairment of the Permits of such Borrower.

(h) Borrower has not engaged in any Recalls, Market Withdrawals, or other forms of product retrieval from the marketplace of any Products.

(i) Each Product, to the extent applicable (a) is not adulterated or misbranded within the meaning of the FDCA; (b) is not an article prohibited from introduction into interstate commerce under the provisions of Sections 404, 505 or 512 of the FDCA; (c) has been, to Borrower's knowledge after due inquiry, prior to the Closing Date and, thereafter, shall be manufactured, imported, possessed, owned, warehoused, marketed, promoted, sold, labeled, furnished, distributed and marketed and each service has been conducted in accordance with all applicable Permits and Laws; and (d) has been, to Borrower's knowledge after due inquiry, prior to the Closing Date and, thereafter, shall be manufactured in accordance with Good Manufacturing Practices, except in each case as could not reasonably be expected to result in a Material Adverse Effect.

(j) No Borrower is subject to any proceeding, suit or, to Borrowers' knowledge, investigation by any federal, state or local government or quasi-governmental body, agency, board or authority or any other administrative or investigative body: (i) which may result in the imposition of a fine, alternative, interim or final sanction or which would have a Material Adverse Effect on any Borrower; or (ii) which would reasonably be expected to result in the revocation, transfer, surrender, suspension or other material impairment of any material Permits of Borrower.

Section 3.26 Accuracy of Schedules. All information set forth in the Schedules to this Agreement (including Schedule 3.19 and Schedule 4.17) is true, accurate and complete as of the Closing Date, the date of delivery of the last Compliance Certificate and any other subsequent date in which Borrower is requested to update such Schedules. All information set forth in the Perfection Certificate is true, accurate and complete as of the Closing Date and any other subsequent date in which Borrower is requested to update such certificate.

ARTICLE 4 - AFFIRMATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 4.1 Financial Statements and Other Reports. Each Borrower will deliver to Agent:

(a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, cash flow and income statement covering Borrowers' and its Consolidated Subsidiaries' consolidated operations during the period, prepared under GAAP, consistently applied, certified by a Responsible Officer and in a form acceptable to Agent;

(b) [reserved];

(c) as soon as available, but no later than one hundred twenty (120) days after the last day of Borrower's fiscal year, audited consolidated and consolidating financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Agent in its reasonable discretion;

(d) within five (5) days of delivery or filing thereof, copies of all material statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and copies of all reports and other filings made by Borrower with any stock exchange on which any securities of any Borrower are traded and/or the SEC;

(e) a prompt written report of any legal actions pending or threatened against any Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to any Borrower or any of its Subsidiaries of Fifty Thousand Dollars ($50,000) or more;

(f) prompt written notice of an event that materially and adversely affects the value of any Intellectual Property;

(g) within sixty (60) days after the start of each fiscal year, projections for the forthcoming two fiscal years, on a quarterly basis for the current year and on an annual basis for the subsequent year;

(h) promptly (and in any event within ten (10) days of any request therefor) such readily available other budgets, sales projections, operating plans and other financial information and information, reports or statements regarding the Borrowers, their business and the Collateral as Agent may from time to time reasonably request;

(i) written notice to Agent promptly, and in any event within five (5) Business Days of a Responsible Officer of a Borrower receiving, becoming aware of or determining that: (i) development, testing, and/or manufacturing of any Product that is material to Borrowers' business should cease, (ii) the marketing or sales of a Product, which is material to Borrowers' business and which has been approved for marketing and sale, should cease or such Product should be withdrawn from the marketplace, (iii) any Governmental Authority is conducting an investigation or review of any material Regulatory Required Permit or (iv) any material Regulatory Required Permit has been revoked or withdrawn;

(j) promptly, but in any event within three (3) Business Days, after any Responsible Officer of any Borrower obtains knowledge of the occurrence of any event or change (including, without limitation, any notice of any violation of Healthcare Laws) that has resulted or could reasonably be expected to result in, either in any case or in the aggregate, a Material Adverse Effect, a certificate of a Responsible Officer specifying the nature and period of existence of any such event or change, or specifying the notice given or action taken by such holder or Person and the nature of such event or change, and what action the applicable Credit Party or Subsidiary has taken, is taking or proposes to take with respect thereto;

(k) within thirty (30) days after the last day of each month, a duly completed Compliance Certificate signed by a Responsible Officer setting forth calculations showing (i) cash and cash equivalents of Borrowers and Borrowers and their Consolidated Subsidiaries, and (ii) compliance with the financial covenants set forth in this Agreement;

(l) within ten (10) days after the last day of each month, a duly completed Borrowing Base Certificate signed by a Responsible Officer, with aged listings of accounts receivable and accounts payable (by invoice date); and

(m) within ten (10) Business Days of any reasonable request by Agent, deliver to Agent a schedule of Eligible Accounts denoting the thirty (30) largest Account Debtors during the calendar quarter most recently ended prior thereto; *provided* that, if no Event of Default has occurred and is continuing, Borrower shall not be required to deliver such a schedule to Agent more than once per calendar month.

Section 4.2 Payment and Performance of Obligations.

(a) Each Borrower (i) will pay and discharge, and cause each Subsidiary to pay and discharge, on a timely basis as and when due, all of their respective obligations and liabilities, except for such obligations and/or liabilities (A) that may be the subject of a Permitted Contest, and (B) the nonpayment or nondischarge of which could not reasonably be expected to have a Material Adverse Effect or result in a Lien against any Collateral, except for Permitted Liens, (ii) without limiting anything contained in the foregoing clause (i), pay all amounts due and owing in respect of Taxes (including without limitation, payroll and withholdings tax liabilities) on a timely basis as and when due, and in any case prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof, (iii) will maintain, and cause each Subsidiary to maintain, in accordance with GAAP, appropriate reserves for the accrual of all of their respective obligations and liabilities, and (iv) will not breach or permit any Subsidiary to breach, or permit to exist any default under, the terms of any lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except for such breaches or defaults which could not reasonably be expected to have a Material Adverse Effect.

(b) Upon completion of any Permitted Contest, each Borrower shall, and will cause each Subsidiary to, promptly pay the amount due, if any, except where the failure to pay such amount could not reasonably be expected to have a Material Adverse Effect.

Section 4.3 Maintenance of Existence. Each Borrower will preserve, renew and keep in full force and effect, and will cause each Subsidiary to preserve, renew and keep in full force and effect, (a) their respective existence and (b) their respective rights, privileges and franchises necessary or desirable in the normal conduct of business, except with respect to clauses (a) and (b) above in connection with a transaction permitted under Section 5.6, and (c) their respective qualification to do business and good standing in each jurisdiction except, with respect to clause (b) and this clause (c), where the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 4.4 Maintenance of Property; Insurance.

(a) Each Borrower will keep, and will cause each Subsidiary to keep, all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted. If all or any part of the Collateral useful or necessary in its business, or upon which any Borrowing Base is calculated, becomes damaged or destroyed, each Borrower will, and will cause each Subsidiary to, promptly and completely repair and/or restore the affected Collateral in a good and workmanlike manner, regardless of whether Agent agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction.

(b) Upon completion of any Permitted Contest, Borrowers shall, and will cause each Subsidiary to, promptly pay the amount due, if any, and deliver to Agent proof of the completion of the contest and payment of the amount due, if any.

(c) Each Borrower will maintain (i) casualty insurance on all real and personal property on an all risks basis (including the perils of flood, windstorm and quake), covering the repair and replacement cost of all such property and coverage, business interruption and rent loss coverages with extended period of indemnity (for the period required by Agent from time to time) and indemnity for extra expense, in each case without application of coinsurance and with agreed amount endorsements, (ii) general and professional liability insurance (including products/completed operations liability coverage), and (iii) such other insurance coverage, in each case against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons; *provided*, *however*, that, in no event shall such insurance be in amounts or with coverage less than, or with carriers with qualifications inferior to, any of the insurance or carriers in existence as of the Closing Date (or required to be in existence after the Closing Date under a Financing Document). All such insurance shall be provided by insurers having an A.M. Best policyholders rating reasonably acceptable to Agent.

(d) On or prior to the Closing Date, and at all times thereafter, each Borrower will cause Agent to be named as an additional insured, assignee and lender loss payee, as applicable, on each insurance policy required to be maintained pursuant to this Section 4.4 pursuant to endorsements in form and substance acceptable to Agent. Borrowers shall deliver to Agent and the Lenders (i) on the Closing Date, a certificate from Borrowers' insurance broker dated such date showing the amount of coverage as of such date, and that such policies will include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and additional insureds and all rights of subrogation against all loss payees and additional insureds, and that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each additional insured, assignee and loss payee and that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each additional insured, assignee and loss payee of written notice thereof, (ii) on an annual basis, and upon the request of any Lender through Agent from time to time full information as to the insurance carried, (iii) within five (5) days of receipt of notice from any insurer, a copy of any notice of cancellation, nonrenewal or material change in coverage from that existing on the date of this Agreement, (iv) forthwith, notice of any cancellation or nonrenewal of coverage by any Borrower, and (v) at least sixty (60) days prior to expiration of any policy of insurance, evidence of renewal of such insurance upon the terms and conditions herein required.

(e) In the event any Borrower fails to provide Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at Borrowers' expense to protect Agent's interests in the Collateral. This insurance may, but need not, protect such Borrower's interests. The coverage purchased by Agent may not pay any claim made by such Borrower or any claim that is made against such Borrower in connection with the Collateral. Such Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that such Borrower has obtained insurance as required by this Agreement. If Agent purchases insurance for the Collateral, Borrowers will be responsible for the costs of that insurance to the fullest extent provided by law, including interest and other charges imposed by Agent in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance such Borrower is able to obtain on its own.

Section 4.5 Compliance with Laws and Material Contracts. Each Borrower will comply, and cause each Subsidiary to comply, with the requirements of all applicable Laws and Material Contracts, except to the extent that failure to so comply could not reasonably be expected to (a) have a Material Adverse Effect, or (b) result in any Lien upon either (i) a material portion of the assets of any such Person in favor of any Governmental Authority, or (ii) any Collateral which is part of the Borrowing Base.

Section 4.6 Inspection of Property, Books and Records. Each Borrower will keep, and will cause each Subsidiary to keep, proper books of record substantially in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Subsidiary to permit, at the sole cost of the applicable Borrower or any applicable Subsidiary, representatives of Agent and of any Lender to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective operations and the Collateral (each a "**Collateral Audit**"), to evaluate and make physical verifications and appraisals of the Inventory and other Collateral in any manner and through any medium that Agent considers advisable, to verify the amount and age of the Accounts, the identity and credit of the respective Account Debtors, to review the billing practices of Borrowers and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired. In the absence of a Default or an Event of Default, Agent or any Lender exercising any rights pursuant to this Section 4.6 shall give the applicable Borrower or any applicable Subsidiary commercially reasonable prior notice of such exercise. No notice shall be required during the existence and continuance of any Default or any time during which Agent reasonably believes a Default exists.

Section 4.7 Use of Proceeds. Borrowers shall use the proceeds of Loans solely for (a) transaction fees incurred in connection with the Financing Documents and the payment in full on the Closing Date of certain existing Debt, and (b) for working capital needs of Borrowers and their Subsidiaries. No portion of the proceeds of the Loans will be used for family, personal, agricultural or household use.

Section 4.8 Estoppel Certificates. After written request by Agent, Borrowers, within fifteen (15) days and at their expense, will furnish Agent with a statement, duly acknowledged and certified, setting forth (a) the amount of the original principal amount of the Notes, and the unpaid principal amount of the Notes, (b) the rate of interest of the Notes, (c) the date payments of interest and/or principal were last paid, (d) any offsets or defenses to the payment of the Obligations, and if any are alleged, the nature thereof, (e) that the Notes and this Agreement have not been modified or if modified, giving particulars of such modification, and (f) that there has occurred and is then continuing no Default or if such Default exists, the nature thereof, the period of time it has existed, and the action being taken to remedy such Default. After written request by Agent, Borrowers, within fifteen (15) days and at their expense, will furnish Agent with a certificate, signed by a Responsible Officer of Borrowers, updating all of the representations and warranties contained in this Agreement and the other Financing Documents and certifying that all of the representations and warranties contained in this Agreement and the other Financing Documents, as updated pursuant to such certificate, are true, accurate and complete as of the date of such certificate.

Section 4.9 Notices of Material Contracts, Litigation and Defaults.

(a) Borrower shall provide (i) five (5) Business Days written notice to Agent after any Borrower or Subsidiary (1) executes and delivers any amendment, consent, waiver or other modification to any Material Contract which is material and adverse to (x) Agent or Lenders, (y) Borrowers or their Subsidiaries, or (z) which could reasonably be expected to have a Material Adverse Effect or (2) receives or delivers any notice of termination or default or similar notice in connection with any Material Contract and (ii) at such time as the Schedules are required to be updated pursuant to Section 4.15, notice of the execution of any new Material Contract and/or any new material amendment, consent, waiver or other modification to any Material Contract not previously disclosed (which, for the avoidance of doubt, may be included as an updated to Schedule 3.17).

(b) Borrowers shall promptly (but in any event within three (3) Business Days) provide written notice to Agent (i) of any litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party which would reasonably be expected to have a Material Adverse Effect with respect to Borrowers or any other Credit Party or which in any manner calls into question the validity or enforceability of any Financing Document, (ii) upon any Borrower becoming aware of the existence of any Default or Event of Default, (iii) of any strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party, (iv) if there is any infringement or claim of infringement by any other Person with respect to any Intellectual Property rights of any Credit Party that could reasonably be expected to have a Material Adverse Effect, or if there is any claim by any other Person that any Credit Party in the conduct of its business is infringing on the Intellectual Property rights of others, and (v) of all returns, recoveries, disputes and claims that involve more than $50,000. Borrowers represent and warrant that Schedule 4.9 sets forth a complete list of all matters existing as of the Closing Date for which notice could be required under this Section and all litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party as of the Closing Date.

(c) Borrower shall, and shall cause each Credit Party, to provide such further information (including copies of such documentation) as Agent or any Lender shall reasonably request with respect to any of the events or notices described in clauses (a) and (b) above. From the date hereof and continuing through the termination of this Agreement, Borrower shall, and shall cause each Credit Party to, make available to Agent and each Lender, without expense to Agent or any Lender, each Credit Party's officers, employees and agents and books, to the extent that Agent or any Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent or any Lender with respect to any Collateral or relating to a Credit Party.

Section 4.10 Hazardous Materials; Remediation.

(a) If any release or disposal of Hazardous Materials shall occur or shall have occurred on any real property or any other assets of any Borrower or any other Credit Party, such Borrower will cause, or direct the applicable Credit Party to cause, the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets as is necessary to comply with all Environmental Laws and Healthcare Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, each Borrower shall, and shall cause each other Credit Party to, comply with each Environmental Law and Healthcare Law requiring the performance at any real property by any Borrower or any other Credit Party of activities in response to the release or threatened release of a Hazardous Material.

(b) Borrowers will provide Agent within thirty (30) days after written demand therefor with a bond, letter of credit or similar financial assurance evidencing to the reasonable satisfaction of Agent that sufficient funds are available to pay the cost of removing, treating and disposing of any Hazardous Materials or Hazardous Materials Contamination and discharging any assessment which may be established on any property as a result thereof, such demand to be made, if at all, upon Agent's reasonable business determination that the failure to remove, treat or dispose of any Hazardous Materials or Hazardous Materials Contamination, or the failure to discharge any such assessment could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Further Assurances.

(a) Each Borrower will, and will cause each Subsidiary to, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver all such further acts, documents and assurances as may from time to time be necessary or as Agent or the Required Lenders may from time to time reasonably request in order to carry out the intent and purposes of the Financing Documents and the transactions contemplated thereby, including all such actions to (i) establish, create, preserve, protect and perfect a first priority Lien (subject only to the Affiliated Intercreditor Agreement and to Permitted Liens) in favor of Agent for itself and for the benefit of the Lenders on the Collateral (including Collateral acquired after the Original Closing Date), and (ii) unless Agent shall agree otherwise in writing, cause all Subsidiaries of Borrowers to be jointly and severally obligated with the other Borrowers under all covenants and obligations under this Agreement, including the obligation to repay the Obligations.

(b) Upon receipt of an affidavit (which shall contain customary indemnification provisions in favor of Borrower) of an authorized representative of Agent or a Lender as to the loss, theft, destruction or mutilation of any Note or any other Financing Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other applicable Financing Document, Borrowers will issue, in lieu thereof, a replacement Note or other applicable Financing Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Financing Document in the same principal amount thereof and otherwise of like tenor.

(c) Upon the request of Agent, Borrowers shall obtain a landlord's agreement or mortgagee agreement, as applicable, from the lessor of each leased property or mortgagee of owned property with respect to any business location where any portion of the Collateral with an aggregate value in excess of $250,000 included in or proposed to be included in the Borrowing Base, or the records relating to such Collateral and/or software and equipment relating to such records or Collateral, is stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to Agent, Borrowers and such landlord. Borrowers shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location where any Collateral, or any records related thereto, is or may be located.

(d) Borrower shall provide Agent with at least ten (10) days (or such shorter period as Agent may accept in its sole discretion) prior written notice of its intention to create (or to the extent permitted under this Agreement, acquire) a new Subsidiary. Upon the formation (or to the extent permitted under this Agreement, acquisition) of a new Subsidiary, Borrowers shall promptly (but in any event within ten (10) Business Days of such formation): (i) pledge, have pledged or cause or have caused to be pledged to Agent pursuant to a pledge agreement in form and substance satisfactory to Agent, all of the outstanding shares of equity interests or other equity interests of such new Subsidiary owned directly or indirectly by any Borrower, along with undated stock or equivalent powers for such certificates, executed in blank; (ii) unless Agent shall agree otherwise in writing, cause the new Subsidiary to take such other actions (including entering into or joining any Security Documents) as are necessary or advisable in the reasonable opinion of Agent in order to grant Agent, acting on behalf of the Lenders, a first priority Lien (subject to the Affiliated Intercreditor Agreement) on all real and personal property of such Subsidiary in existence as of such date and in all after acquired property, which first priority Liens are required to be granted pursuant to this Agreement; (iii) unless Agent shall agree otherwise in writing, cause such new Subsidiary to either (at the election of Agent) become a Borrower hereunder with joint and several liability for all obligations of Borrowers hereunder and under the other Financing Documents pursuant to a joinder agreement or other similar agreement in form and substance satisfactory to Agent or to become a Guarantor of the obligations of Borrowers hereunder and under the other Financing Documents pursuant to a guaranty and suretyship agreement in form and substance satisfactory to Agent; and (iv) cause the new Subsidiary to deliver certified copies of such Subsidiary's certificate or articles of incorporation, together with good standing certificates, by-laws (or other operating agreement or governing documents), resolutions of the Board of Directors or other governing body, approving and authorizing the execution and delivery of the Security Documents, incumbency certificates and to execute and/or deliver such other documents and legal opinions or to take such other actions as may be requested by Agent, in each case, in form and substance satisfactory to Agent.

Section 4.12 Reserved.

Section 4.13 Power of Attorney. Each of the authorized representatives of Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for Borrowers (without requiring any of them to act as such) with full power of substitution to do the following: (a) after the occurrence and during the continuance of an Event of Default ,endorse the name of Borrowers upon any and all checks, drafts, money orders, and other instruments for the payment of money that are payable to Borrowers and constitute collections on Borrowers' Accounts; (b) if an Event of Default has occurred and is continuing and so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, execute in the name of Borrowers any schedules, assignments, instruments, documents, and statements that Borrowers are obligated to give Agent under this Agreement; (c) after the occurrence and during the continuance of an Event of Default, take any action Borrowers are required to take under this Agreement; (d) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce any Account or other Collateral or perfect Agent's security interest or Lien in any Collateral; and (e) after the occurrence and during the continuance of an Event of Default, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce its rights with regard to any Account or other Collateral. This power of attorney shall be irrevocable and coupled with an interest.

Section 4.14 Borrowing Base Collateral Administration.

(a) All data and other information relating to Accounts and other intangible Collateral shall at all times be kept by Borrowers, at their respective principal offices and shall not be moved from such locations without (i) providing prior written notice to Agent, and (ii) obtaining the prior written consent of Agent, which consent shall not be unreasonably withheld.

(b) Borrowers shall provide prompt written notice to each Person who either is currently an Account Debtor or becomes an Account Debtor at any time following the date of this Agreement that directs each Account Debtor to make payments into the Lockbox, and hereby authorizes Agent, upon Borrowers' failure to send such notices within ten (10) days after the date of this Agreement (or ten (10) days after the Person becomes an Account Debtor), to send any and all similar notices to such Person. Agent reserves the right to notify Account Debtors that Agent has been granted a Lien upon all Accounts.

(c) Borrowers will conduct a physical count of the Inventory at least twice per year and at such other times as Agent reasonably requests, and Borrowers shall provide to Agent a written accounting of such physical count in form and substance satisfactory to Agent. Each Borrower will use commercially reasonable efforts to at all times keep its Inventory in good and marketable condition. In addition to the foregoing, from time to time, Agent may require Borrowers to obtain and deliver to Agent appraisal reports in form and substance and from appraisers reasonably satisfactory to Agent stating the then current fair market values of all or any portion of Inventory owned by each Borrower or any Subsidiaries.

(d) In addition to the foregoing, from time to time, Agent may require Borrowers to obtain and deliver to Agent appraisal reports in form and substance and from appraisers reasonably satisfactory to Agent stating the then current fair market values of all Collateral.

Section 4.15 Schedule Updates. At, or within two (2) Business Days following each Collateral Audit (but in no event more than once per calendar quarter), Borrower shall deliver to Agent updates to the Schedules correcting all information that has become outdated, inaccurate, incomplete or misleading in any material respects; provided, however, (i) with respect to any proposed updates to the Schedules involving Permitted Liens, Permitted Debt or Permitted Investments, Agent will replace the respective Schedule attached hereto with such proposed update only if such updated information is consistent with the definitions of and limitations herein pertaining to Permitted Liens, Permitted Debt or Permitted Investments and (ii) with respect to any proposed updates to such Schedules involving other matters, Agent will replace the applicable portion of such Schedules attached hereto with such proposed update upon Agent's approval thereof.

Section 4.16 Intellectual Property and Licensing.

(a) Together with each Compliance Certificate required to be delivered pursuant to Section 4.1 to the extent (i) Borrower acquires and/or develops any new Registered Intellectual Property, (ii) Borrower enters into or becomes bound by any additional material in-bound license or sublicense agreement, any additional material exclusive out-bound license or sublicense agreement or other material agreement with respect to rights in Intellectual Property (other than over-the-counter software that is commercially available to the public), or (iii) there occurs any other material change in Borrower's Registered Intellectual Property, in-bound licenses or sublicenses or exclusive out-bound licenses or sublicenses from that listed on Schedule 3.19 together with such Compliance Certificate, deliver to Agent an updated Schedule 3.19 reflecting such updated information. With respect to any updates to Schedule 3.19 involving exclusive out-bound licenses or sublicenses, such licenses shall be consistent with the definitions of and limitations herein pertaining to Permitted Licenses.

(b) If Borrower obtains any Registered Intellectual Property (other than copyrights, mask works and related applications, which are addressed below), Borrower shall promptly notify Agent and execute such documents and provide such other information (including, without limitation, copies of applications) and take such other actions as Agent shall request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent, for the ratable benefit of Lenders, in such Registered Intellectual Property.

(c) Borrower shall take such steps as Agent requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (x) all licenses or agreements to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by Law or by the terms of any such license or agreement, whether now existing or entered into in the future, and (y) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's rights and remedies under this Agreement and the other Financing Documents.

(d) Borrower shall own, or be licensed to use or otherwise have the right to use, all Material Intangible Assets. Borrower shall cause all Registered Intellectual Property to be duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. Borrower shall at all times conduct its business without infringement or claim of infringement of any Intellectual Property rights of others. Borrower shall (i) protect, defend and maintain the validity and enforceability of its Material Intangible Assets (ii) promptly advise Agent in writing of material infringements of its Material Intangible Assets, or of a material claim of infringement by Borrower on the Intellectual Property rights of others; and (iii) not allow any of Borrower's Material Intangible Assets to be abandoned, invalidated, forfeited or dedicated to the public or to become unenforceable. Borrower shall not become a party to, nor become bound by, any material license or other agreement with respect to which Borrower is the licensee that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or other property.

Section 4.17 Regulatory Covenants.

(a) Borrowers shall have, and shall ensure that it and each of its Subsidiaries has, each material Permit and other rights from, and have made all declarations and filings with, all applicable Governmental Authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the ownership, management and operation of the business or the assets of any Borrower. Borrower shall ensure that all such Permits are valid and in full force and effect and Borrowers are in material compliance with the terms and conditions of all such Permits in all material respects.

(b) Borrower will maintain in full force and effect, and free from restrictions, probations, conditions or known conflicts which would materially impair the use or operation of Borrowers' business and assets, all material Permits necessary under Healthcare Laws to carry on the business of Borrowers as it is conducted on the Closing Date in all material respects.

(c) In connection with the development, testing, manufacture, marketing or sale of each and any material Product by any Borrower, Borrower shall comply in all material respects with all material Regulatory Required Permits at all times issued by any Governmental Authority, specifically including the FDA, with respect to such development, testing, manufacture, marketing or sales of such Product by Borrower as such activities are at any such time being conducted by Borrower.

(d) Borrower will timely file or caused to be timely filed (after giving effect to any extension duly obtained), all material notifications, reports, submissions, Permit renewals and reports required by Healthcare Laws (which reports will be materially accurate and complete in all respects and not misleading in any respect and shall not remain open or unsettled).

(e) If, after the Closing Date, Borrower determines to manufacture, sell, develop, test or market any new material Product or obtains any new material Regulatory Required Permit, Borrower shall deliver prior written notice to Agent of such determination (which shall include a brief description of such Product or Regulatory Required Permit) and, at such time as the Schedules are required to be updated pursuant to Section 4.15, shall provide an updated Schedule 4.17 (and copies of such Permits as Agent may request) reflecting updates related to such determination.

Section 4.18 Aziyo Med. Since the date of its formation and at all times on and after the date thereof, Aziyo Med has complied with and shall at all times after the date hereof comply with the following requirements:

(a) Aziyo Med does not have and will not have any assets other than (i) the assets acquired by it and its rights under the Purchase Agreement, including all Accounts generated through the sale of Products acquired under such Purchase Agreement and payments made to Aziyo Med in respect thereof (the "**Aziyo Med Purchased Assets**"), (ii) its rights under a Ligand Royalty Agreement and (iii) de minimis cash necessary to pay fees and costs associated with maintaining its legal existence and good standing in its respective jurisdiction of formation, each in accordance with Section 4.2 of this Agreement;

(b) Aziyo Med is not engaged and will not engage in any business unrelated to (i) the performance of its obligations under the Purchase Agreement, (ii) its ownership and operation of the Aziyo Med Purchased Assets, and (iii) the performance of its obligations under the Ligand Royalty Agreement, and (iv) the performance of its obligations under the Financing Documents and the Affiliated Financing Documents;

(c) Aziyo Med has not entered into and will not enter into any contract or agreement with any Affiliate of such entity, any constituent party of such entity or any Affiliate of any constituent party, except upon terms and conditions, that have been, are and shall be intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party;

(d) Aziyo Med has not incurred and will not incur any Debt or Contingent Obligations other than the Obligations incurred under the Financing Documents, the Affiliated Obligations and its obligations under the Ligand Royalty Agreement;

(e) Aziyo Med has not made and will not make any loans or advances to any third party (including any affiliate or constituent party or any affiliate of any constituent party) and has not and shall not acquire obligations or securities of its Affiliates or any constituent party;

(f) Aziyo Med has done or caused to be done and will do all things necessary to observe organizational formalities and preserve its existence and will not, nor will such entity permit any constituent party to, amend, modify or otherwise change the organizational documents of such entity or such constituent party without the prior written consent of Agent;

(g) Aziyo Med has been and will be, and at all times has held itself out and will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate of such entity, any constituent party of such entity or any Affiliate of any constituent party), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, shall not identify itself or any of its Affiliates as a division or part of the other;

(h) Aziyo Med has not engaged, sought or consented to and will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, sale of all or substantially all of its assets, transfer of its equity interests or amendment of its operating documents with respect to the matters set forth in this Section 4.18;

(i) except as expressly provided in Section 2.11(b) with respect to payments made from the Aziyo Med Controlled Account to the Lockbox Account, Aziyo Med has not commingled and will not commingle its funds and other assets with those of any Affiliate or constituent party, or any Affiliate of any constituent party, or any other person;

(j) Aziyo Med will not own or maintain any Deposit Accounts or Securities Accounts other than the Aziyo Med Controlled Account, the Permitted Ligand Account, the Aziyo Med Operating Account, and any other Deposit Account or Securities Account that has been opened with the consent of Agent; *provided, however,* that Aziyo Med shall not hold funds in the Aziyo Med Operating Account in excess of the amount necessary to fund its current operating expenses (taking into account their revenue from other sources) incurred in connection with its business as permitted to be undertaken pursuant to this Section 4.18.

(k) Aziyo Med has and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any Affiliate or constituent party, or any Affiliate of any constituent party, or any other Person and has held and will hold its assets in its own name;

(l) Aziyo Med has not and will not assume or guarantee or become obligated for the debts of any other Person or hold out its credit as being available to satisfy the obligations of any other Person except as permitted pursuant to this Agreement;

(m) Aziyo Med has maintained and will maintain its financial statements, accounting records and other entity documents separate from any other Person and has not permitted and will not permit its assets to be listed as assets on the financial statement of any other entity except as required by GAAP;

(n) Aziyo Med has not pledged and will not pledge its assets for the benefit of any other Person, except as permitted pursuant to this Agreement; and

(o) Aziyo Med has not identified and will not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it and has not identified itself and shall not identify itself as a division of any other Person.

ARTICLE 5 - NEGATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 5.1 Debt; Contingent Obligations. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to, any Debt, except for Permitted Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume, incur or suffer to exist any Contingent Obligations, except for Permitted Contingent Obligations.

Section 5.2 Liens. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for Permitted Liens.

Section 5.3 Distributions. No Borrower will, or will permit any Subsidiary to, directly or indirectly, declare, order, pay, make or set apart any sum for any Distribution, except for Permitted Distributions.

Section 5.4 Restrictive Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) enter into or assume any agreement (other than the Financing Documents, the Affiliated Financing Documents, and any agreements for purchase money debt permitted under clause (c) of the definition of Permitted Debt) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or (b) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (except as provided by the Financing Documents and the Affiliated Financing Documents) on the ability of any Subsidiary to: (i) pay or make Distributions to any Borrower or any Subsidiary; (ii) pay any Debt owed to any Borrower or any Subsidiary; (iii) make loans or advances to any Borrower or any Subsidiary; or (iv) transfer any of its property or assets to any Borrower or any Subsidiary; *provided* that (1) the foregoing shall not apply to restrictions or conditions imposed by Law, by this Agreement or any other Financing Document, (2) restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Debt, (3) customary provisions in leases and subleases restricting the assignment thereof or the assets governed thereby and (4) any agreement in connection with an Asset Disposition permitted by Section 5.6 pending consummation of such Asset Disposition solely to the extent it relates only to property being sold in such Permitted Asset Disposition.

Section 5.5 Payments and Modifications of Subordinated Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly:

(a) declare, pay, make or set aside any amount for payment in respect of Subordinated Debt, except for payments made in full compliance with and expressly permitted under any applicable Subordination Agreement;

(b) declare, pay, make or set aside any amount for payment in respect of Ligand Royalty Payments or otherwise pursuant to the Ligand Royalty Agreement or the Ligand Parent Guaranty except, in each case, in accordance with the terms of the Ligand Royalty Agreement and the Ligand Intercreditor Agreement;

(c) amend or otherwise modify the terms of any Subordinated Debt, except for amendments or modifications made in full compliance with any applicable Subordination Agreement;

(d) declare, pay, make or set aside any amount for payment in respect of any Debt hereinafter incurred that, by its terms, or by separate agreement, is subordinated to the Obligations (including Subordinated Debt), except for payments made in full compliance with and expressly permitted under the subordination provisions applicable thereto and any applicable Subordination Agreement;

(e) prior to making any payment to the holders of Subordinated Debt that are permitted under the Debt Subordination Agreement (Donor Network West) and solely to the extent requested by Agent, Agent shall have received a certificate from a Responsible Officer of Borrower setting for the amount of such payments and certifying that the conditions payment in Section 5 of the Debt Subordination Agreement (Donor Network West), as applicable, have been satisfied and providing such detail as to the financial calculations set forth therein as Agent may reasonable request; or

(f) unless provided otherwise in any applicable Subordination Agreement, amend or otherwise modify the terms of any such Debt if the effect of such amendment or modification is to (i) increase the interest rate or fees on, or change the manner or timing of payment of, such Debt, (ii) accelerate or shorten the dates upon which payments of principal or interest are due on, or the principal amount of, such Debt, (iii) change in a manner adverse to any Credit Party or Agent any event of default or add or make more restrictive any covenant with respect to such Debt, (iv) change the prepayment provisions of such Debt or any of the defined terms related thereto, (v) change the subordination provisions thereof (or the subordination terms of any guaranty thereof), or (vi) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holder of such Debt in a manner adverse to Borrowers, any Subsidiaries, Agent or Lenders. Borrowers shall, prior to entering into any such amendment or modification, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy thereof.

Section 5.6 Consolidations, Mergers and Sales of Assets; Change in Control.

(a) No Borrower will, or will permit any Subsidiary to, directly or indirectly (i) consolidate or merge or amalgamate with or into any other Person other than (A) consolidations or mergers among Borrowers (other than Aziyo Med), (B) consolidations or mergers among a Guarantor and a Borrower (other than Aziyo Med) so long as the Borrower is the surviving entity, (C) consolidations or mergers among Guarantors, and (D) consolidations or mergers among Subsidiaries that are not Credit Parties, or (ii) consummate any Asset Dispositions other than Permitted Asset Dispositions.

(b) Prior to the termination of the Ligand Royalty Agreement and the Ligand Parent Guaranty, Aziyo Med shall not transfer any of its assets to Aziyo except for cash and cash equivalents (i) constituting Permitted Distributions, (ii) that are permitted or required to be transferred by Aziyo Med to Aziyo pursuant to Section 2.11(b), or (iii) constituting Excluded Costs (as such term is defined in the Ligand Royalty Agreement).

(c) No Borrower will suffer or permit to occur any Change in Control with respect to itself, any Subsidiary or any Guarantor.

Section 5.7 Purchase of Assets, Investments. No Borrower will, or will permit any Subsidiary to, directly or indirectly:

(a) (i) make any Acquisition or enter into any agreement to make an Acquisition other than a Permitted Investment or (ii) acquire or own or enter into any agreement to acquire or own any other Investment other than Permitted Investments,

(b) without limiting clause (a), otherwise acquire or enter into any agreement to acquire any assets other than (i) in the Ordinary Course of Business, (ii) constituting capital expenditures, and (iii) constituting replacement assets purchased with proceeds of property insurance policies, awards or other compensation with respect to any eminent domain, condemnation or similar proceeding and for which the requirements set forth in Section 2.2(a)(ii)(B) have been satisfied; or

(c) engage or enter into any agreement to engage in any joint venture or partnership with any other Person.

Section 5.8 Transactions with Affiliates. Except (a) as otherwise disclosed on Schedule 5.8, (b) for Permitted Distributions, and (c) for transactions that are disclosed to Agent in advance of being entered into, are not prohibited by Section 4.18 and which contain terms that are no less favorable to the applicable Borrower or any Subsidiary, as the case may be, than those which might be obtained from a third party not an Affiliate of any Credit Party, no Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of any Borrower.

Section 5.9 Modification of Organizational Documents. No Borrower will, or will permit any Subsidiary to, directly or indirectly, amend or otherwise modify any Organizational Documents of such Person, except for Permitted Modifications.

Section 5.10 Modification of Certain Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) amend or otherwise modify any Material Contract, which amendment or modification in any case: (a) is contrary to the terms of this Agreement or any other Financing Document or (b) could reasonably be expected to be adverse to the rights, interests or privileges of Agent or the Lenders or their ability to enforce the same; or (ii) without the prior written consent of Agent, amend or otherwise modify any Affiliated Financing Document. Each Borrower shall, prior to entering into any amendment or other modification of any of the foregoing documents, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy of amendments or other modifications to such documents, and such Borrower agrees not to take, nor permit any of its Subsidiaries to take, any such action with respect to any such documents without obtaining such approval from Agent.

Section 5.11 Conduct of Business. No Borrower will, or will permit any Subsidiary to, directly or indirectly, engage in any line of business other than those businesses engaged in on the Closing Date and businesses reasonably related thereto. No Borrower will, or will permit any Subsidiary to, other than in the Ordinary Course of Business, change its normal billing payment and reimbursement policies and procedures with respect to its Accounts (including, without limitation, the amount and timing of finance charges, fees and write-offs).

Section 5.12 Lease Payments. No Borrower will, or will permit any Subsidiary to, directly or indirectly, incur or assume (whether pursuant to a Guarantee or otherwise) any liability for rental payments except in the Ordinary Course of Business.

Section 5.13 Limitation on Sale and Leaseback Transactions. No Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into any arrangement with any Person whereby, in a substantially contemporaneous transaction, any Borrower or any Subsidiaries sells or transfers all or substantially all of its right, title and interest in an asset and, in connection therewith, acquires or leases back the right to use such asset.

Section 5.14 Deposit Accounts and Securities Accounts; Payroll and Benefits Accounts.

(a) No Borrower will, or will permit any Subsidiary to, directly or indirectly, establish any new Deposit Account or Securities Account without prior written notice to Agent, and unless Agent, such Borrower or such Subsidiary and the bank, financial institution or securities intermediary at which the account is to be opened enter into a Deposit Account Control Agreement or Securities Account Control Agreement prior to or concurrently with the establishment of such Deposit Account or Securities Account.

(b) Borrowers represent and warrant that Schedule 5.14 lists all of the Deposit Accounts and Securities Accounts of each Borrower. The provisions of this Section requiring Deposit Account Control Agreements shall not apply to (i) Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrowers' employees and identified to Agent by Borrowers as such (each, a "**Payroll Account**"); *provided, however*, that the aggregate balance in such accounts does not exceed the amount necessary to make the immediately succeeding payroll, payroll tax or benefit payment (or such minimum amount as may be required by any requirement of Law with respect to such accounts) and (ii) the Permitted Ligand Account (the Deposit Accounts referred to in clauses (i)-(ii), collectively, the "**Excluded Accounts**").

(c) At all times that any Obligations or Affiliated Obligations remain outstanding following the date that is thirty (30) days following the Closing Date, Borrower shall maintain one or more separate Payroll Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments, and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account.

Section 5.15 Compliance with Anti-Terrorism Laws. Agent hereby notifies Borrowers that pursuant to the requirements of Anti-Terrorism Laws, and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies Borrowers and its principals, which information includes the name and address of each Borrower and its principals and such other information that will allow Agent to identify such party in accordance with Anti-Terrorism Laws. No Borrower will, or will permit any Subsidiary to, directly or indirectly, knowingly enter into any Material Contracts with any Blocked Person or any Person listed on the OFAC Lists. Each Borrower shall immediately notify Agent if such Borrower has knowledge that any Borrower, any additional Credit Party or any of their respective Affiliates (except for any Person that is an Affiliate of a Credit Party solely due to the fact that it is HighCape Portfolio Company) or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is or becomes a Blocked Person or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Section 5.16 Change in Accounting. No Borrower shall, and no Borrower shall suffer or permit any of its Subsidiaries to, (i) make any significant change in accounting treatment or reporting practices, except as required by GAAP or as otherwise consented to be Agent (in its reasonable discretion) or (ii) change the fiscal year or method for determining fiscal quarters of any Credit Party or of any consolidated Subsidiary of any Credit Party.

Section 5.17 Agreements Regarding Receivables. No Borrower may backdate, postdate or redate any of its invoices. No Borrower may make any sales on extended dating or credit terms beyond that customary in such Borrower's industry and consented to in advance by Agent. In addition to the Borrowing Base Certificate to be delivered in accordance with this Agreement, Borrower Representative shall notify Agent promptly upon any Borrower's learning thereof, in the event any Eligible Account becomes ineligible for any reason, other than the aging of such Account, and of the reasons for such ineligibility. Borrower Representative shall also notify Agent promptly of all material disputes and claims with respect to the Accounts of any Borrower, and such Borrower will settle or adjust such material disputes and claims at no expense to Agent; provided, however, no Borrower may, without Agent's consent, grant (a) any discount, credit or allowance in respect of its Accounts (i) which is outside the ordinary course of business or (ii) which discount, credit or allowance exceeds an amount equal to $100,000 in the aggregate with respect to any individual Account of (b) any materially adverse extension, compromise or settlement to any customer or account debtor with respect to any then Eligible Account. Nothing permitted by this Section 5.16, however, may be construed to alter in any the criteria for Eligible Accounts or Eligible Inventory provided in Section 1.1.

Section 5.18 Management Fees. No Borrower shall, nor shall it permit any Subsidiary to, directly or indirectly, pay or become obligated to pay any management, consulting, professional or similar advisory fees or other amounts to or for the account of any holder of equity interests in such Borrower of Subsidiary or any or any Affiliate thereof, except the payment of management fees to HighCape pursuant to the Management Agreement solely to the extent constituting a Permitted Distribution

ARTICLE 6 - FINANCIAL COVENANTS

Section 6.1 Minimum Net Product Revenue. Borrower shall not permit its consolidated Net Product Revenue for any Defined Period, as tested monthly, to be less than the minimum amount set forth on Schedule 6.1 for such Defined Period. A breach of a financial covenant contained in this Section 6.1 shall be deemed to have occurred as of any date of determination by Agent or as of the last day of any specified Defined Period, regardless of when the financial statements reflecting such breach are delivered to Agent.

Section 6.2 Evidence of Compliance. Borrowers shall furnish to Agent, as required by Section 4.1, a Compliance Certificate as evidence of (x) the monthly cash and cash equivalents of Borrowers and Borrowers and their Consolidated Subsidiaries, (y) as applicable, of Borrowers' compliance with the covenants in this Article, and (z) that no Event of Default specified in this Article has occurred. The Compliance Certificate shall include, without limitation, (a) a statement and report, in form and substance reasonably satisfactory to Agent, detailing Borrowers' calculations, and (b) if requested by Agent, back-up documentation (including, without limitation, bank statements, invoices, receipts and other evidence of costs incurred during such quarter as Agent shall reasonably require) evidencing the propriety of the calculations.

ARTICLE 7 - CONDITIONS

Section 7.1 Conditions to Closing. The obligation of each Lender to make the initial Loans on the Closing Date shall be subject to the receipt by Agent of each agreement, document and instrument set forth on the closing checklist prepared by Agent or its counsel, each
in form and substance satisfactory to Agent, and such other closing deliverables reasonably requested by Agent and Lenders, and to the satisfaction of the following conditions precedent, each to the satisfaction of Agent and Lenders and their respective counsel in their sole discretion:

(a) the receipt by Agent of executed counterparts of this Agreement, the other Financing Documents and the Affiliated Financing Documents;

(b) the payment of all fees, expenses and other amounts due and payable under each Financing Document; and

(c) since December 31, 2018, the absence of any material adverse change in any aspect of the business, operations, properties, prospects or condition (financial or otherwise) of any Credit Party or any Seller, or any event or condition which could reasonably be expected to result in such a material adverse change.

Each Lender, by delivering its signature page to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, each Financing Document, each additional Operative Document and each other document, agreement and/or instrument required to be approved by Agent, Required Lenders or Lenders, as applicable, on the Closing Date.

Section 7.2 Conditions to Each Loan. The obligation of the Lenders to make a Loan or an advance in respect of any Loan, is subject to the satisfaction of the following additional conditions:

(a) (i) in the case of the initial borrowing of Revolving Loans, receipt by Agent of a Notice of Borrowing and the initial Borrowing Base Certificate in form and substance reasonably satisfactory to Agent and (ii) in the case of each subsequent borrowing of a Revolving Loan, receipt by Agent of a Notice of Borrowing and updated Borrowing Base Certificate in form and substance reasonable satisfactory to Agent;

(b) the fact that, immediately after such borrowing and after application of the proceeds thereof or after such issuance, the Revolving Loan Outstandings will not exceed the Revolving Loan Limit;

(c) the fact that, immediately before and after such advance, no Default or Event of Default shall have occurred and be continuing;

(d) for Loans made on the Closing Date, the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete on and as of the Closing Date, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date;

(e) for Loans made after the Closing Date, the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete in all material respects on and as of the date of such borrowing or issuance, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and

(f) the fact that no adverse change in the condition (financial or otherwise), properties, business or operations of Borrowers or any other Credit Party shall have occurred and be continuing with respect to Borrowers or any Credit Party since the date of this Agreement.

Each giving of a Notice of Borrowing hereunder and each acceptance by any Borrower of the proceeds of any Loan made hereunder shall be deemed to be (y) a representation and warranty by each Borrower on the date of such notice or acceptance as to the facts specified in this Section, and (z) a restatement by each Borrower that each and every one of the representations made by it in any of the Financing Documents is true and correct as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date).

Section 7.3 Searches. Before the Closing Date, and thereafter (as and when determined by Agent in its discretion), Agent shall have the right to perform, all at Borrowers' expense, the searches described in clauses (a), (b), and (c) below against Borrowers and any other Credit Party, the results of which are to be consistent with Borrowers' representations and warranties under this Agreement and the satisfactory results of which shall be a condition precedent to all advances of Loan proceeds: (a) UCC searches with the Secretary of State of the jurisdiction in which the applicable Person is organized; (b) judgment, pending litigation, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each jurisdiction searched under clause (a) above; and (c) searches of applicable corporate, limited liability company, partnership and related records to confirm the continued existence, organization and good standing of the applicable Person and the exact legal name under which such Person is organized.

Section 7.4 Post-Closing Requirements. Borrowers shall complete each of the post-closing obligations and/or provide to Agent each of the documents, instruments, agreements and information listed on Schedule 7.4 attached hereto on or before the date set forth for each such item thereon, each of which shall be completed or provided in form and substance satisfactory to Agent.

ARTICLE 8 – RESERVED

ARTICLE 9 - SECURITY AGREEMENT

Section 9.1 Generally. As security for the payment and performance of the Obligations, and for the payment and performance of all obligations under the Affiliated Financing Documents (if any) and without limiting any other grant of a Lien and security interest in any Security Document, Borrowers hereby assign and grant to Agent, for the benefit of itself and Lenders, and, subject only to the Affiliated Intercreditor Agreement and Permitted Liens (if applicable), a continuing first priority Lien on and security interest in, upon, and to the personal property set forth on Schedule 9.1 attached hereto and made a part hereof.

Section 9.2 Representations and Warranties and Covenants Relating to Collateral.

(a) The security interest granted pursuant to this Agreement constitutes a valid and, to the extent such security interest is required to be perfected by this Agreement and any other Financing Document, continuing perfected security interest in favor of Agent in all Collateral subject, for the following Collateral, to the occurrence of the following: (i) in the case of all Collateral in which a security interest may be perfected by filing a financing statement under the UCC, the completion of the filings and other actions specified on Schedule 9.2(b) (which, in the case of all filings and other documents referred to on such schedule, have been delivered to Agent in completed and duly authorized form), (ii) with respect to any Deposit Account, the execution of Deposit Account Control Agreements, (iii) in the case of letter-of-credit rights that are not supporting obligations of Collateral, the execution of a contractual obligation granting control to Agent over such letter-of-credit rights, (iv) in the case of electronic chattel paper, the completion of all steps necessary to grant control to Agent over such electronic chattel paper, (v) in the case of all certificated stock, debt instruments and investment property, the delivery thereof to Agent of such certificated stock, debt instruments and investment property consisting of instruments and certificates, in each case properly endorsed for transfer to Agent or in blank, (vi) in the case of all investment property not in certificated form, the execution of control agreements with respect to such investment property and (vii) in the case of all other instruments and tangible chattel paper that are not certificated stock, debt instructions or investment property, the delivery thereof to Agent of such instruments and tangible chattel paper. Such security interest shall be prior to all other Liens on the Collateral except for Permitted Liens. Except to the extent not required pursuant to the terms of this Agreement, all actions by each Credit Party necessary or desirable to protect and perfect the Lien granted hereunder on the Collateral have been duly taken.

(b) Schedule 9.2(b) sets forth (i) each chief executive office and principal place of business of each Borrower and each of their respective Subsidiaries, and (ii) all of the addresses (including all warehouses) at which any of the Collateral is located and/or books and records of Borrowers regarding any Collateral or any of Borrower's assets, liabilities, business operations or financial condition are kept, which such Schedule 9.2(b) indicates in each case which Borrower(s) have Collateral and/or books located at such address, and, in the case of any such address not owned by one or more of the Borrowers(s), indicates the nature of such location (e.g., leased business location operated by Borrower(s), third party warehouse, consignment location, processor location, etc.) and the name and address of the third party owning and/or operating such location.

(c) Without limiting the generality of Section 3.2, except as indicated on Schedule 3.19 with respect to any rights of any Borrower as a licensee under any license of Intellectual Property owned by another Person, and except for the filing of financing statements under the UCC, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or consent of any other Person is required for (i) the grant by each Borrower to Agent of the security interests and Liens in the Collateral provided for under this Agreement and the other Security Documents (if any), or (ii) the exercise by Agent of its rights and remedies with respect to the Collateral provided for under this Agreement and the other Security Documents or under any applicable Law, including the UCC and neither any such grant of Liens in favor of Agent or exercise of rights by Agent shall violate or cause a default under any agreement between any Borrower and any other Person relating to any such collateral, including any license to which a Borrower is a party, whether as licensor or licensee, with respect to any Intellectual Property, whether owned by such Borrower or any other Person.

(d) As of the Closing Date, except as set forth on Schedule 9.2(d), no Borrower has any ownership interest in any Chattel Paper (as defined in Article 9 of the UCC), letter of credit rights, commercial tort claims, Instruments, documents or investment property (other than equity interests in any Subsidiaries of such Borrower disclosed on Schedule 3.4), and Borrowers shall give notice to Agent promptly (but in any event not later than the delivery by Borrowers of the next Compliance Certificate required pursuant to Section 4.1 above) upon the acquisition by any Borrower of any such Chattel Paper, letter of credit rights, commercial tort claims, Instruments, documents, investment property. No Person other than Agent or (if applicable) any Lender has "control" (as defined in Article 9 of the UCC) over any Deposit Account, investment property (including Securities Accounts and commodities account), letter of credit rights or electronic chattel paper in which any Borrower has any interest (except for such control arising by operation of law in favor of any bank or securities intermediary or commodities intermediary with whom any Deposit Account, Securities Account or commodities account of Borrowers is maintained).

(e) Borrowers shall not, and shall not permit any Credit Party to, take any of the following actions or make any of the following changes unless Borrowers have given at least five (5) Business Days' prior written notice to Agent of Borrowers' intention to take any such action (which such written notice shall include an updated version of any Schedule impacted by such change) and have executed any and all documents, instruments and agreements and taken any other actions which Agent may request after receiving such written notice in order to protect and preserve the Liens, rights and remedies of Agent with respect to the Collateral: (i) change the legal name or organizational identification number of any Borrower as it appears in official filings in the jurisdiction of its organization, (ii) change the jurisdiction of incorporation or formation of any Borrower or Credit Party or allow any Borrower or Credit Party to designate any jurisdiction as an additional jurisdiction of incorporation for such Borrower or Credit Party, or change the type of entity that it is, or (iii) change its chief executive office, principal place of business, or the location of its books and records or move any Collateral to or place any Collateral on any location that is not then listed on the Schedules and/or establish any business location at any location that is not then listed on the Schedules.

(f) Borrowers shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any Account Debtor, or allow any credit or discount thereon (other than adjustments, settlements, compromises, credits and discounts in the Ordinary Course of Business, made while no Default exists and in amounts which are not material with respect to the Account and which, after giving effect thereto, do not cause the Borrowing Base to be less than the Revolving Loan Outstandings) without the prior written consent of Agent. Without limiting the generality of this Agreement or any other provisions of any of the Financing Documents relating to the rights of Agent after the occurrence and during the continuance of an Event of Default, Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to: (i) exercise the rights of Borrowers with respect to the obligation of any Account Debtor to make payment or otherwise render performance to Borrowers and with respect to any property that secures the obligations of any Account Debtor or any other Person obligated on the Collateral, and (ii) adjust, settle or compromise the amount or payment of such Accounts.

(g) Without limiting the generality of Sections 9.2(c) and 9.2(e):

(i) Borrowers shall deliver to Agent all tangible Chattel Paper and all Instruments and documents owned by any Borrower and constituting part of the Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrowers shall provide Agent with "control" (as defined in Article 9 of the UCC) of all electronic Chattel Paper owned by any Borrower and constituting part of the Collateral by having Agent identified as the assignee on the records pertaining to the single authoritative copy thereof and otherwise complying with the applicable elements of control set forth in the UCC. Borrowers also shall deliver to Agent all security agreements securing any such Chattel Paper and securing any such Instruments. Borrowers will mark conspicuously all such Chattel Paper and all such Instruments and documents with a legend, in form and substance satisfactory to Agent, indicating that such Chattel Paper and such instruments and documents are subject to the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents. Borrowers shall comply with all the provisions of Section 5.14 with respect to the Deposit Accounts and Securities Accounts of Borrowers.

(ii) Borrowers shall deliver to Agent all letters of credit on which any Borrower is the beneficiary and which give rise to letter of credit rights owned by such Borrower which constitute part of the Collateral in each case duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrowers shall take any and all actions as may be necessary or desirable, or that Agent may request, from time to time, to cause Agent to obtain exclusive "control" (as defined in Article 9 of the UCC) of any such letter of credit rights in a manner acceptable to Agent.

(iii) Borrowers shall promptly advise Agent upon any Borrower becoming aware that it has any interests in any commercial tort claim that constitutes part of the Collateral, which such notice shall include descriptions of the events and circumstances giving rise to such commercial tort claim and the dates such events and circumstances occurred, the potential defendants with respect such commercial tort claim and any court proceedings that have been instituted with respect to such commercial tort claims, and Borrowers shall, with respect to any such commercial tort claim, execute and deliver to Agent such documents as Agent shall request to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to any such commercial tort claim.

(iv) Except for Accounts and Inventory in an aggregate amount of $25,000, no Accounts or Inventory or other Collateral and no books and records and/or software and equipment of the Borrowers regarding any of the Collateral or any of the Borrower's assets, liabilities, business operations or financial condition shall at any time be located at any leased location or in the possession or control of any warehouse, consignee, bailee or any of Borrowers' agents or processors, without prior written notice to Agent and the receipt by Agent, of warehouse receipts, consignment agreements, landlord waivers, or bailee waivers (as applicable) satisfactory to Agent prior to the commencement of such lease or of such possession or control (as applicable). Borrower has notified Agent that Collateral and books and records are currently located at the locations set forth on Schedule 9.2(b). Borrowers shall, upon the request of Agent, notify any such landlord, warehouse, consignee, bailee, agent or processor of the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents, instruct such Person to hold all such Collateral for Agent's account subject to Agent's instructions and shall obtain an acknowledgement from such Person that such Person holds the Collateral for Agent's benefit.

(v) Borrowers shall cause all equipment and other tangible Personal Property other than Inventory to be maintained and preserved in the same condition, repair and in working order as when new, ordinary wear and tear excepted, and shall promptly make or cause to be made all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end. Upon request of Agent, Borrowers shall promptly deliver to Agent any and all certificates of title, applications for title or similar evidence of ownership of all such tangible Personal Property and shall cause Agent to be named as lienholder on any such certificate of title or other evidence of ownership. Borrowers shall not permit any such tangible Personal Property to become fixtures to real estate unless such real estate is subject to a Lien in favor of Agent.

(vi) Each Borrower hereby authorizes Agent to file without the signature of such Borrower one or more UCC financing statements relating to liens on personal property relating to all or any part of the Collateral, which financing statements may list Agent as the "secured party" and such Borrower as the "debtor" and which describe and indicate the collateral covered thereby as all or any part of the Collateral under the Financing Documents (including an indication of the collateral covered by any such financing statement as "all assets" of such Borrower now owned or hereafter acquired), in such jurisdictions as Agent from time to time determines are appropriate, and to file without the signature of such Borrower any continuations of or corrective amendments to any such financing statements, in any such case in order for Agent to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to the Collateral. Each Borrower also ratifies its authorization for Agent to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(vii) As of the Closing Date, no Borrower holds, and after the Closing Date Borrowers shall promptly notify Agent in writing upon creation or acquisition by any Borrower of, any Collateral which constitutes a claim against any Governmental Authority, including, without limitation, the federal government of the United States or any instrumentality or agency thereof, the assignment of which claim is restricted by any applicable Law, including, without limitation, the federal Assignment of Claims Act and any other comparable Law. Upon the request of Agent, Borrowers shall take such steps as may be necessary or desirable, or that Agent may request, to comply with any such applicable Law.

(viii) Borrowers shall furnish to Agent from time to time any statements and schedules further identifying or describing the Collateral and any other information, reports or evidence concerning the Collateral as Agent may reasonably request from time to time.

(h) Any obligation of any Credit Party in this Agreement that requires (or any representation or warranty hereunder to the extent that it would have the effect of requiring) delivery of Collateral (including any endorsements related thereto) to, or the possession of Collateral with, Agent shall be deemed complied with and satisfied (or, in the case of any representation or warranty hereunder, shall be deemed to be true) if such delivery of Collateral is made to, or such possession of Collateral is with, the Affiliated Financing Agent.

ARTICLE 10 - EVENTS OF DEFAULT

Section 10.1 Events of Default. For purposes of the Financing Documents, the occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "**Event of Default**":

(a) (i) any Credit Party shall fail to pay when due any principal, interest, premium or fee under any Financing Document or any other amount payable under any Financing Document, or (ii) there shall occur any default in the performance of or compliance with any of the following sections of this Agreement: Section 2.11, Section 4.1, Section 4.2(b), Section 4.4(c), Section 4.6, 4.9, 4.16, 4.17, 4.18, Article 5, Article 6 or Section 7.4;

(b) any Credit Party defaults in the performance of or compliance with any term contained in this Agreement or in any other Financing Document (other than occurrences described in other provisions of this Section 10.1 for which a different grace or cure period is specified or for which no grace or cure period is specified and thereby constitute immediate Events of Default) and such default is not remedied by the Credit Party or waived by Agent within fifteen (15) days after the earlier of (i) receipt by Borrower Representative of notice from Agent or Required Lenders of such default, or (ii) actual knowledge of any Borrower or any other Credit Party of such default;

(c) any representation, warranty, certification or statement made by any Credit Party or any other Person in any Financing Document or in any certificate, financial statement or other document delivered pursuant to any Financing Document is incorrect in any respect (or in any material respect if such representation, warranty, certification or statement is not by its terms already qualified as to materiality) when made (or deemed made);

(d) (i) failure of any Credit Party to pay when due or within any applicable grace period any principal, interest or other amount on Debt (other than the Loans), or the occurrence of any breach, default, condition or event with respect to any Debt (other than the Loans), if the effect of such failure or occurrence is to cause or to permit the holder or holders of any such Debt, or to cause, Debt or other liabilities having an individual principal amount in excess of $250,000 or having an aggregate principal amount in excess of $250,000 to become or be declared due prior to its stated maturity, or (ii) the occurrence of any breach or default under any terms or provisions of any Subordinated Debt Document or under any agreement subordinating the Subordinated Debt to all or any portion of the Obligations or the occurrence of any event requiring the prepayment of any Subordinated Debt;

(e) any Credit Party or any Subsidiary of a Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against any Credit Party or any Subsidiary of a Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of forty-five (45) days; or an order for relief shall be entered against any Credit Party or any Subsidiary of a Borrower under applicable federal bankruptcy, insolvency or other similar law in respect of (i) bankruptcy, liquidation, winding-up, dissolution or suspension of general operations, (ii) composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts or obligations, or (iii) possession, foreclosure, seizure or retention, sale or other disposition of, or other proceedings to enforce security over, all or any substantial part of the assets of such Credit Party or Subsidiary;

(g) (i) institution of any steps by any Person to terminate a Pension Plan if as a result of such termination any Credit Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of $250,000, (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code or an event occurs that could reasonably be expected to give rise to a Lien under Section 4068 of ERISA, or (iii) there shall occur any withdrawal or partial withdrawal from a Multiemployer Plan and the withdrawal liability (without unaccrued interest) to Multiemployer Plans as a result of such withdrawal (including any outstanding withdrawal liability that any Credit Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds $250,000;

(h) one or more judgments or orders for the payment of money (not paid or fully covered by insurance maintained in accordance with the requirements of this Agreement and as to which the relevant insurance company has acknowledged coverage) aggregating in excess of $250,000 shall be rendered against any or all Credit Parties and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders, or (ii) there shall be any period of twenty (20) consecutive days during which a stay of enforcement of any such judgments or orders, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(i) any Lien created by any of the Security Documents shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be encumbered thereby, subject to no prior or equal Lien except Permitted Liens, or any Credit Party shall so assert;

(j) the institution by any Governmental Authority of criminal proceedings against any Credit Party;

(k) a default or event of default occurs under any Guarantee of any portion of the Obligations;

(l) any Borrower makes any payment on account of any Debt that has been subordinated to any of the Obligations, other than payments specifically permitted by the terms of such subordination;

(m) if any Borrower is or becomes an entity whose equity is registered with the SEC, and/or is publicly traded on and/or registered with a public securities exchange, such Borrower's equity fails to remain registered with the SEC in good standing, and/or such equity fails to remain publicly traded on and registered with a public securities exchange;

(n) the occurrence of a Material Adverse Effect;

(o) (i) the voluntary withdrawal or institution of any action or proceeding by the FDA or similar Governmental Authority to order the withdrawal of any Product or Product category from the market or to enjoin Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries from manufacturing, marketing, selling or distributing any Product or Product category, (ii) the institution of any action or proceeding by any FDA or any other Governmental Authority to revoke, suspend, reject, withdraw, limit, or restrict any Regulatory Required Permit held by Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries, which, in each case, has or could reasonably be expected to result in Material Adverse Effect, (iii) the commencement of any enforcement action against Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries (with respect to the business of Borrower or its Subsidiaries) by FDA or any other Governmental Authority which has or could reasonably be expected to result in a Material Adverse Effect, or (iv) the occurrence of adverse test results in connection with a Product which could result in Material Adverse Effect;

(p) any Credit Party materially breaches, or otherwise materially defaults under, (i) the Cook License Agreement, the Cook Supply Agreement or Cross License Agreement or (ii) any other Material Contract (after any applicable grace period contained therein) the loss of which could be reasonably expected to result in a Material Adverse Effect, or any such Material Contract referred to in clauses (i) or (ii) shall be terminated by a third party or parties party thereto prior to the expiration thereof;

(q) any Credit Party breaches, or defaults under, the Ligand Royalty Agreement or the Ligand Parent Guaranty or there occurs any Remedies Event (as defined in the Ligand Royalty Agreement);

(r) there shall occur any default or event of default under the Affiliated Financing Documents;

(s) the introduction of, or any change in, any law or regulation governing or affecting the healthcare industry, including, without limitation, any Healthcare Laws, which could reasonably be expected to have a material adverse effect on Borrowers' business, condition (financial or otherwise), prospects or properties; or

(t) any of the Operative Documents shall for any reason fail to constitute the valid and binding agreement of any party thereto, or any Credit Party shall so assert, in each case, unless such Operative Document terminates pursuant to the terms and conditions thereof without any breach or default thereunder by any Credit Party thereto.

All cure periods provided for in this Section 10.1 shall run concurrently with any cure period provided for in any applicable Financing Documents under which the default occurred.

Section 10.2 Acceleration and Suspension or Termination of Revolving Loan Commitment. Upon the occurrence and during the continuance of an Event of Default, Agent may, and shall if requested by Required Lenders, (a) by notice to Borrower Representative suspend or terminate the Revolving Loan Commitment and the obligations of Agent and the Lenders with respect thereto, in whole or in part (and, if in part, each Lender's Revolving Loan Commitment shall be reduced in accordance with its Pro Rata Share), and/or (b) by notice to Borrower Representative declare all or any portion of the Obligations to be, and the Obligations shall thereupon become, immediately due and payable, with accrued interest thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same; *provided*, *however*, that in the case of any of the Events of Default specified in Section 10.1(e) or 10.1(f) above, without any notice to any Borrower or any other act by Agent or the Lenders, the Revolving Loan Commitment and the obligations of Agent and the Lenders with respect thereto shall thereupon immediately and automatically terminate and all of the Obligations shall become immediately and automatically due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same.

Section 10.3 UCC Remedies.

(a) Upon the occurrence of and during the continuance of an Event of Default under this Agreement or the other Financing Documents, Agent, in addition to all other rights, options, and remedies granted to Agent under this Agreement or at law or in equity, may exercise, either directly or through one or more assignees or designees, all rights and remedies granted to it under all Financing Documents and under the UCC in effect in the applicable jurisdiction(s) and under any other applicable law; including, without limitation:

(i) the right to take possession of, send notices regarding, and collect directly the Collateral, with or without judicial process;

(ii) the right to (by its own means or with judicial assistance) enter any of Borrowers' premises and take possession of the Collateral, or render it unusable, or to render it usable or saleable, or dispose of the Collateral on such premises in compliance with subsection (iii) below and to take possession of Borrowers' original books and records, to obtain access to Borrowers' data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner Agent deems appropriate, without any liability for rent, storage, utilities, or other sums, and Borrowers shall not resist or interfere with such action (if Borrowers' books and records are prepared or maintained by an accounting service, contractor or other third party agent, Borrowers hereby irrevocably authorize such service, contractor or other agent, upon notice by Agent to such Person that an Event of Default has occurred and is continuing, to deliver to Agent or its designees such books and records, and to follow Agent's instructions with respect to further services to be rendered);

(iii) the right to require Borrowers at Borrowers' expense to assemble all or any part of the Collateral and make it available to Agent at any place designated by Lender;

(iv) the right to notify postal authorities to change the address for delivery of Borrowers' mail to an address designated by Agent and to receive, open and dispose of all mail addressed to any Borrower; and/or

(v) the right to enforce Borrowers' rights against Account Debtors and other obligors, including, without limitation, (i) the right to collect Accounts directly in Agent's own name (as agent for Lenders) and to charge the collection costs and expenses, including attorneys' fees, to Borrowers, and (ii) the right, in the name of Agent or any designee of Agent or Borrowers, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise, including, without limitation, verification of Borrowers' compliance with applicable Laws. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude such verification process. Such verification may include contacts between Agent and applicable federal, state and local regulatory authorities having jurisdiction over the Borrowers' affairs, all of which contacts Borrowers hereby irrevocably authorize.

(b) Each Borrower agrees that a notice received by it at least ten (10) days before the time of any intended public sale, or the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by applicable law, any perishable Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Agent without prior notice to Borrowers. At any sale or disposition of Collateral, Agent may (to the extent permitted by applicable law) purchase all or any part of the Collateral, free from any right of redemption by Borrowers, which right is hereby waived and released. Each Borrower covenants and agrees not to interfere with or impose any obstacle to Agent's exercise of its rights and remedies with respect to the Collateral. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Agent may sell the Collateral without giving any warranties as to the Collateral. Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. If Agent sells any of the Collateral upon credit, Borrowers will be credited only with payments actually made by the purchaser, received by Agent and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Agent may resell the Collateral and Borrowers shall be credited with the proceeds of the sale. Borrowers shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations.

(c) Without restricting the generality of the foregoing and for the purposes aforesaid, each Borrower hereby appoints and constitutes Agent its lawful attorney-in-fact with full power of substitution in the Collateral, upon the occurrence and during the continuance of an Event of Default, to (i) use unadvanced funds remaining under this Agreement or which may be reserved, escrowed or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Notes, (ii) pay, settle or compromise all existing bills and claims, which may be Liens or security interests, or to avoid such bills and claims becoming Liens against the Collateral, (iii) execute all applications and certificates in the name of such Borrower and to prosecute and defend all actions or proceedings in connection with the Collateral, and (iv) do any and every act which such Borrower might do in its own behalf; it being understood and agreed that this power of attorney in this subsection (c) shall be a power coupled with an interest and cannot be revoked.

(d) Agent and each Lender is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrowers' labels, mask works, rights of use of any name, any other Intellectual Property and advertising matter, and any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Agent's exercise of its rights under this Article, Borrowers' rights under all licenses (whether as licensor or licensee) and all franchise agreements inure to Agent's and each Lender's benefit.

Section 10.4 Reserved.

Section 10.5 Default Rate of Interest. At the election of Agent or Required Lenders, after the occurrence of an Event of Default and for so long as it continues, the Loans and other Obligations shall bear interest at rates that are four percent (4.0%) per annum in excess of the rates otherwise payable under this Agreement; *provided, however*, that in the case of any Event of Default specified in Section 10.1(e) or 10.1(f) above, such default rates shall apply immediately and automatically without the need for any election or action of any kind on the part of Agent or any Lender.

Section 10.6 Setoff Rights. During the continuance of any Event of Default, each Lender is hereby authorized by each Borrower at any time or from time to time, with reasonably prompt subsequent notice to such Borrower (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (a) balances held by such Lender or any of such Lender's Affiliates at any of its offices for the account of such Borrower or any of its Subsidiaries (regardless of whether such balances are then due to such Borrower or its Subsidiaries), and (b) other property at any time held or owing by such Lender to or for the credit or for the account of such Borrower or any of its Subsidiaries, against and on account of any of the Obligations; except that no Lender shall exercise any such right without the prior written consent of Agent. Any Lender exercising a right to set off shall purchase for cash (and the other Lenders shall sell) interests in each of such other Lender's Pro Rata Share of the Obligations as would be necessary to cause all Lenders to share the amount so set off with each other Lender in accordance with their respective Pro Rata Share of the Obligations. Each Borrower agrees, to the fullest extent permitted by law, that any Lender and any of such Lender's Affiliates may exercise its right to set off with respect to the Obligations as provided in this Section 10.6.

Section 10.7 Application of Proceeds.

(a) Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, each Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of such Borrower or any Guarantor of all or any part of the Obligations, and, as between Borrowers on the one hand and Agent and Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent.

(b) Following the occurrence and continuance of an Event of Default, but absent the occurrence and continuance of an Acceleration Event, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in such order as Agent may from time to time elect.

(c) Notwithstanding anything to the contrary contained in this Agreement, if an Acceleration Event shall have occurred, and so long as it continues, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in the following order: *first*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to Agent with respect to this Agreement, the other Financing Documents or the Collateral; *second*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to any Lender with respect to this Agreement, the other Financing Documents or the Collateral; *third*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts); *fourth*, to the principal amount of the Obligations outstanding; and *fifth* to any other indebtedness or obligations of Borrowers owing to Agent or any Lender under the Financing Documents. Any balance remaining shall be delivered to Borrowers or to whomever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (y) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (z) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its Pro Rata Share of amounts available to be applied pursuant thereto for such category.

Section 10.8 Waivers.

(a) Except as otherwise provided for in this Agreement and to the fullest extent permitted by applicable law, each Borrower waives: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all Financing Documents, the Notes or any other notes, commercial paper, accounts, contracts, documents, Instruments, Chattel Paper and Guarantees at any time held by Lenders on which any Borrower may in any way be liable, and hereby ratifies and confirms whatever Lenders may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's taking possession or control of, or to Agent's or any Lender's replevy, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of its remedies; and (iii) the benefit of all valuation, appraisal and exemption Laws. Each Borrower acknowledges that it has been advised by counsel of its choices and decisions with respect to this Agreement, the other Financing Documents and the transactions evidenced hereby and thereby.

(b) Each Borrower for itself and all its successors and assigns, (i) agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; (ii) consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Agent or any Lender with respect to the payment or other provisions of the Financing Documents, and to any substitution, exchange or release of the Collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any Borrower, endorsers, guarantors, or sureties, or whether primarily or secondarily liable, without notice to any other Borrower and without affecting its liability hereunder; (iii) agrees that its liability shall be unconditional and without regard to the liability of any other Borrower, Agent or any Lender for any tax on the indebtedness; and (iv) to the fullest extent permitted by law, expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(c) To the extent that Agent or any Lender may have acquiesced in any noncompliance with any requirements or conditions precedent to the closing of the Loans or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Agent or any Lender of such requirements with respect to any future disbursements of Loan proceeds and Agent may at any time after such acquiescence require Borrowers to comply with all such requirements. Any forbearance by Agent or Lender in exercising any right or remedy under any of the Financing Documents, or otherwise afforded by applicable law, including any failure to accelerate the maturity date of the Loans, shall not be a waiver of or preclude the exercise of any right or remedy nor shall it serve as a novation of the Notes or as a reinstatement of the Loans or a waiver of such right of acceleration or the right to insist upon strict compliance of the terms of the Financing Documents. Agent's or any Lender's acceptance of payment of any sum secured by any of the Financing Documents after the due date of such payment shall not be a waiver of Agent's and such Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other Liens or charges by Agent as the result of an Event of Default shall not be a waiver of Agent's right to accelerate the maturity of the Loans, nor shall Agent's receipt of any condemnation awards, insurance proceeds, or damages under this Agreement operate to cure or waive any Credit Party's default in payment of sums secured by any of the Financing Documents.

(d) Without limiting the generality of anything contained in this Agreement or the other Financing Documents, each Borrower agrees that if an Event of Default is continuing (i) Agent and Lenders shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Agent or Lenders shall remain in full force and effect until Agent or Lenders have exhausted all remedies against the Collateral and any other properties owned by Borrowers and the Financing Documents and other security instruments or agreements securing the Loans have been foreclosed, sold and/or otherwise realized upon in satisfaction of Borrowers' obligations under the Financing Documents.

(e) Nothing contained herein or in any other Financing Document shall be construed as requiring Agent or any Lender to resort to any part of the Collateral for the satisfaction of any of Borrowers' obligations under the Financing Documents in preference or priority to any other Collateral, and Agent may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of Borrowers' obligations under the Financing Documents. In addition, Agent shall have the right from time to time to partially foreclose upon any Collateral in any manner and for any amounts secured by the Financing Documents then due and payable as determined by Agent in its sole discretion, including, without limitation, the following circumstances: (i) in the event any Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and/or interest, Agent may foreclose upon all or any part of the Collateral to recover such delinquent payments, or (ii) in the event Agent elects to accelerate less than the entire outstanding principal balance of the Loans, Agent may foreclose all or any part of the Collateral to recover so much of the principal balance of the Loans as Lender may accelerate and such other sums secured by one or more of the Financing Documents as Agent may elect. Notwithstanding one or more partial foreclosures, any unforeclosed Collateral shall remain subject to the Financing Documents to secure payment of sums secured by the Financing Documents and not previously recovered.

(f) To the fullest extent permitted by law, each Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Collateral any equitable right otherwise available to any Credit Party which would require the separate sale of any of the Collateral or require Agent or Lenders to exhaust their remedies against any part of the Collateral before proceeding against any other part of the Collateral; and further in the event of such foreclosure each Borrower does hereby expressly consent to and authorize, at the option of Agent, the foreclosure and sale either separately or together of each part of the Collateral.

Section 10.9 Injunctive Relief. The parties acknowledge and agree that, in the event of a breach or threatened breach of any Credit Party's obligations under any Financing Documents, Agent and Lenders may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction (including, without limitation, a temporary restraining order, preliminary injunction, writ of attachment, or order compelling an audit) against such breach or threatened breach, including, without limitation, maintaining any cash management and collection procedure described herein. However, no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach or threatened breach of any provision of this Agreement. Each Credit Party waives, to the fullest extent permitted by law, the requirement of the posting of any bond in connection with such injunctive relief. By joining in the Financing Documents as a Credit Party, each Credit Party specifically joins in this Section as if this Section were a part of each Financing Document executed by such Credit Party.

Section 10.10 Marshalling; Payments Set Aside. Neither Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower makes any payment or Agent enforces its Liens or Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

Section 10.11 Transfer of Licenses. In the event any Permit is terminated or in the event of foreclosure or other acquisition of any location owned or leased by Borrower, any Inventory or other Collateral by Agent or its designee or any purchaser at a foreclosure sale, Borrower shall cooperate with Agent to cause all Permits to be reissued or transferred to Agent or Agent's designee, including, without limitation, any subsequent purchaser.

ARTICLE 11 - AGENT

Section 11.1 Appointment and Authorization. Each Lender hereby irrevocably appoints and authorizes Agent to enter into each of the Financing Documents to which it is a party (other than this Agreement) on its behalf and to take such actions as Agent on its behalf and to exercise such powers under the Financing Documents as are delegated to Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. Subject to the terms of Section 11.16 and to the terms of the other Financing Documents, Agent is authorized and empowered to amend, modify, or waive any provisions of this Agreement or the other Financing Documents on behalf of Lenders. The provisions of this Article 11 are solely for the benefit of Agent and Lenders and neither any Borrower nor any other Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Borrower or any other Credit Party. Agent may perform any of its duties hereunder, or under the Financing Documents, by or through its agents, servicers, trustees, investment managers or employees.

Section 11.2 Agent and Affiliates. Agent shall have the same rights and powers under the Financing Documents as any other Lender and may exercise or refrain from exercising the same as though it were not Agent, and Agent and its Affiliates may lend money to, invest in and generally engage in any kind of business with each Credit Party or Affiliate of any Credit Party as if it were not Agent hereunder.

Section 11.3 Action by Agent. The duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Financing Documents is intended to or shall be construed to impose upon Agent any obligations in respect of this Agreement or any of the Financing Documents except as expressly set forth herein or therein.

Section 11.4 Consultation with Experts. Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 11.5 Liability of Agent. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be liable to any Lender for any action taken or not taken by it in connection with the Financing Documents, except that Agent shall be liable with respect to its specific duties set forth hereunder but only to the extent of its own gross negligence or willful misconduct in the discharge thereof as determined by a final non-appealable judgment of a court of competent jurisdiction. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any Financing Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements specified in any Financing Document; (c) the satisfaction of any condition specified in any Financing Document; (d) the validity, effectiveness, sufficiency or genuineness of any Financing Document, any Lien purported to be created or perfected thereby or any other instrument or writing furnished in connection therewith; (e) the existence or non-existence of any Default or Event of Default; or (f) the financial condition of any Credit Party. Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile or electronic transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties. Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them).

Section 11.6 Indemnification. Each Lender shall, in accordance with its Pro Rata Share, indemnify Agent (to the extent not reimbursed by Borrowers) upon demand against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction) that Agent may suffer or incur in connection with the Financing Documents or any action taken or omitted by Agent hereunder or thereunder. If any indemnity furnished to Agent for any purpose shall, in the opinion of Agent, be insufficient or become impaired, Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against even if so directed by Required Lenders until such additional indemnity is furnished.

Section 11.7 Right to Request and Act on Instructions. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Financing Documents Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Financing Documents until it shall have received such instructions from Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Financing Documents in accordance with the instructions of Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of Required Lenders (or such other applicable portion of the Lenders), Agent shall have no obligation to take any action if it believes, in good faith, that such action would violate applicable Law or exposes Agent to any liability for which it has not received satisfactory indemnification in accordance with the provisions of Section 11.6.

Section 11.8 Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Financing Documents.

Section 11.9 Collateral Matters. Lenders irrevocably authorize Agent, at its option and in its discretion, to (a) release any Lien granted to or held by Agent under any Security Document (i) upon termination of the Revolving Loan Commitment and payment in full of all Obligations; or (ii) constituting property sold or disposed of as part of or in connection with any disposition permitted under any Financing Document (it being understood and agreed that Agent may conclusively rely without further inquiry on a certificate of a Responsible Officer as to the sale or other disposition of property being made in full compliance with the provisions of the Financing Documents); and (b) subordinate any Lien granted to or held by Agent under any Security Document to a Permitted Lien that is allowed to have priority over the Liens granted to or held by Agent pursuant to the definition of "Permitted Liens". Upon request by Agent at any time, Lenders will confirm Agent's authority to release and/or subordinate particular types or items of Collateral pursuant to this Section 11.9.

Section 11.10 Agency for Perfection. Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Agent's security interest in assets which, in accordance with the Uniform Commercial Code in any applicable jurisdiction, can be perfected by possession or control. Should any Lender (other than Agent) obtain possession or control of any such assets, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor, shall deliver such assets to Agent or in accordance with Agent's instructions or transfer control to Agent in accordance with Agent's instructions. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Loan unless instructed to do so by Agent (or consented to by Agent), it being understood and agreed that such rights and remedies may be exercised only by Agent.

Section 11.11 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Agent will notify each Lender of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) in accordance with the terms hereof. Unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interests of Lenders.

Section 11.12 Assignment by Agent; Resignation of Agent; Successor Agent.

(a) Agent may at any time assign its rights, powers, privileges and duties hereunder to (i) another Lender or an Affiliate of Agent or any Lender or any Approved Fund, or (ii) any Person to whom Agent, in its capacity as a Lender, has assigned (or will assign, in conjunction with such assignment of agency rights hereunder) 50% or more of its Loan, in each case without the consent of the Lenders or Borrowers. Following any such assignment, Agent shall endeavor to give notice to the Lenders and Borrowers. Failure to give such notice shall not affect such assignment in any way or cause the assignment to be ineffective. An assignment by Agent pursuant to this subsection (a) shall not be deemed a resignation by Agent for purposes of subsection (b) below.

(b) Without limiting the rights of Agent to designate an assignee pursuant to subsection (a) above, Agent may at any time give notice of its resignation to the Lenders and Borrowers. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within ten (10) Business Days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent; *provided, however,* that if Agent shall notify Borrowers and the Lenders that no Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice from Agent that no Person has accepted such appointment and, from and following delivery of such notice, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Financing Documents, and (ii) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as Required Lenders appoint a successor Agent as provided for above in this paragraph.

(c) Upon (i) an assignment permitted by subsection (a) above, or (ii) the acceptance of a successor's appointment as Agent pursuant to subsection (b) above, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Financing Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Financing Documents, the provisions of this Article and Section 11.12 shall continue in effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as Agent.

Section 11.13 Payment and Sharing of Payment.

(a) Revolving Loan Advances, Payments and Settlements; Interest and Fee Payments.

(i) Agent shall have the right, on behalf of Revolving Lenders to disburse funds to Borrowers for all Revolving Loans requested or deemed requested by Borrowers pursuant to the terms of this Agreement. Agent shall be conclusively entitled to assume, for purposes of the preceding sentence, that each Revolving Lender, other than any Non-Funding Lenders, will fund its Pro Rata Share of all Revolving Loans requested by Borrowers. Each Revolving Lender shall reimburse Agent on demand, in accordance with the provisions of the immediately following paragraph, for all funds disbursed on its behalf by Agent pursuant to the first sentence of this clause (i), or if Agent so requests, each Revolving Lender will remit to Agent its Pro Rata Share of any Revolving Loan before Agent disburses the same to a Borrower. If Agent elects to require that each Revolving Lender make funds available to Agent, prior to a disbursement by Agent to a Borrower, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's Pro Rata Share of the Revolving Loan requested by such Borrower no later than noon (Eastern time) on the date of funding of such Revolving Loan, and each such Revolving Lender shall pay Agent on such date such Revolving Lender's Pro Rata Share of such requested Revolving Loan, in same day funds, by wire transfer to the Payment Account, or such other account as may be identified by Agent to Revolving Lenders from time to time. If any Lender fails to pay the amount of its Pro Rata Share of any funds advanced by Agent pursuant to the first sentence of this clause (i) within one (1) Business Day after Agent's demand, Agent shall promptly notify Borrower Representative, and Borrowers shall immediately repay such amount to Agent. Any repayment required by Borrowers pursuant to this Section 11.13 shall be accompanied by accrued interest thereon from and including the date such amount is made available to a Borrower to but excluding the date of payment at the rate of interest then applicable to Revolving Loans. Nothing in this Section 11.13 or elsewhere in this Agreement or the other Financing Documents shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Agent or any Borrower may have against any Lender as a result of any default by such Lender hereunder.

(ii) On a Business Day of each week as selected from time to time by Agent, or more frequently (including daily), if Agent so elects (each such day being a "**Settlement Date**"), Agent will advise each Revolving Lender by telephone, facsimile or e-mail of the amount of each such Revolving Lender's percentage interest of the Revolving Loan balance as of the close of business of the Business Day immediately preceding the Settlement Date. In the event that payments are necessary to adjust the amount of such Revolving Lender's actual percentage interest of the Revolving Loans to such Lender's required percentage interest of the Revolving Loan balance as of any Settlement Date, the Revolving Lender from which such payment is due shall pay Agent, without setoff or discount, to the Payment Account before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date the full amount necessary to make such adjustment. Any obligation arising pursuant to the immediately preceding sentence shall be absolute and unconditional and shall not be affected by any circumstance whatsoever. In the event settlement shall not have occurred by the date and time specified in the second preceding sentence, interest shall accrue on the unsettled amount at the rate of interest then applicable to Revolving Loans.

(iii) On each Settlement Date, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's percentage interest of principal, interest and fees paid for the benefit of Revolving Lenders with respect to each applicable Revolving Loan, to the extent of such Revolving Lender's Revolving Loan Exposure with respect thereto, and shall make payment to such Revolving Lender before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date of such amounts in accordance with wire instructions delivered by such Revolving Lender to Agent, as the same may be modified from time to time by written notice to Agent; *provided, however,* that, in the case such Revolving Lender is a Defaulted Lender, Agent shall be entitled to set off the funding short-fall against that Defaulted Lender's respective share of all payments received from any Borrower.

(iv) On the Closing Date, Agent, on behalf of Lenders, may elect to advance to Borrowers the full amount of the initial Loans to be made on the Closing Date prior to receiving funds from Lenders, in reliance upon each Lender's commitment to make its Pro Rata Share of such Loans to Borrowers in a timely manner on such date. If Agent elects to advance the initial Loans to Borrower in such manner, Agent shall be entitled to receive all interest that accrues on the Closing Date on each Lender's Pro Rata Share of such Loans unless Agent receives such Lender's Pro Rata Share of such Loans before 3:00 p.m. (Eastern time) on the Closing Date.

(v) It is understood that for purposes of advances to Borrowers made pursuant to this Section 11.13, Agent will be using the funds of Agent, and pending settlement, (A) all funds transferred from the Payment Account to the outstanding Revolving Loans shall be applied first to advances made by Agent to Borrowers pursuant to this Section 11.13, and (B) all interest accruing on such advances shall be payable to Agent.

(vi) The provisions of this Section 11.13(a) shall be deemed to be binding upon Agent and Lenders notwithstanding the occurrence of any Default or Event of Default, or any insolvency or bankruptcy proceeding pertaining to any Borrower or any other Credit Party.

(b) Reserved.

(c) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from a Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind, together with interest accruing on a daily basis at the Federal Funds Rate.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to any Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Financing Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to any Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(d) Defaulted Lenders. The failure of any Defaulted Lender to make any payment required by it hereunder shall not relieve any other Lender of its obligations to make payment, but neither any other Lender nor Agent shall be responsible for the failure of any Defaulted Lender to make any payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Defaulted Lender shall not have any voting or consent rights under or with respect to any Financing Document or constitute a "Lender" (or be included in the calculation of "Required Lenders" hereunder) for any voting or consent rights under or with respect to any Financing Document.

(e) Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Section 2.8(d)) in excess of its Pro Rata Share of payments entitled pursuant to the other provisions of this Section 11.13, such Lender shall purchase from the other Lenders such participations in extensions of credit made by such other Lenders (without recourse, representation or warranty) as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; *provided, however,* that if all or any portion of the excess payment or other recovery is thereafter required to be returned or otherwise recovered from such purchasing Lender, such portion of such purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such return or recovery, without interest. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this clause (e) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 10.6) with respect to such participation as fully as if such Lender were the direct creditor of Borrowers in the amount of such participation). If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this clause (e) applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this clause (e) to share in the benefits of any recovery on such secured claim.

Section 11.14 Right to Perform, Preserve and Protect. If any Credit Party fails to perform any obligation hereunder or under any other Financing Document, Agent itself may, but shall not be obligated to, cause such obligation to be performed at Borrowers' expense. Agent is further authorized by Borrowers and the Lenders to make expenditures from time to time which Agent, in its reasonable business judgment, deems necessary or desirable to (a) preserve or protect the business conducted by Borrowers, the Collateral, or any portion thereof, and/or (b) enhance the likelihood of, or maximize the amount of, repayment of the Loan and other Obligations. Each Borrower hereby agrees to reimburse Agent on demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14. Each Lender hereby agrees to indemnify Agent upon demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14, in accordance with the provisions of Section 11.6.

Section 11.15 Additional Titled Agents. Except for rights and powers, if any, expressly reserved under this Agreement to any bookrunner, arranger or to any titled agent named on the cover page of this Agreement, other than Agent (collectively, the "**Additional Titled Agents**"), and except for obligations, liabilities, duties and responsibilities, if any, expressly assumed under this Agreement by any Additional Titled Agent, no Additional Titled Agent, in such capacity, has any rights, powers, liabilities, duties or responsibilities hereunder or under any of the other Financing Documents. Without limiting the foregoing, no Additional Titled Agent shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Additional Titled Agent shall have transferred to any other Person (other than any Affiliates) all of its interests in the Loan, such Lender shall be deemed to have concurrently resigned as such Additional Titled Agent.

Section 11.16 Amendments and Waivers.

(a) No provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by Borrowers, the Required Lenders and any other Lender to the extent required under Section 11.16(b).

(b) In addition to the required signatures under Section 11.16(a), no provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by the following Persons:

(i) if any amendment, waiver or other modification would increase a Lender's funding obligations in respect of any Loan, by such Lender; and/or

(ii) if the rights or duties of Agent are affected thereby, by Agent;

provided, however, that, in each of (i) and (ii) above, no such amendment, waiver or other modification shall, unless signed or otherwise approved in writing by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Loan; (B) postpone the date fixed for, or waive, any payment (other than any mandatory prepayment pursuant to Section 2.1(b)(ii)) of principal of any Loan, or of interest on any Loan (other than default interest) or any fees provided for hereunder (other than late charges) or postpone the date of termination of any commitment of any Lender hereunder; (C) change the definition of the term Required Lenders or the percentage of Lenders which shall be required for Lenders to take any action hereunder; (D) release all or substantially all of the Collateral, authorize any Borrower to sell or otherwise dispose of all or substantially all of the Collateral, release any Guarantor of all or any portion of the Obligations or its Guarantee obligations with respect thereto, or consent to a transfer of any of the Intellectual Property, except, in each case with respect to this clause (D), as otherwise may be provided in this Agreement or the other Financing Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 11.16(b) or the definitions of the terms used in this Section 11.16(b) insofar as the definitions affect the substance of this Section 11.16(b); (F) consent to the assignment, delegation or other transfer by any Credit Party of any of its rights and obligations under any Financing Document or release any Borrower of its payment obligations under any Financing Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; or (G) amend any of the provisions of Section 10.7 or amend any of the definitions Pro Rata Share, Revolving Loan Commitment, Revolving Loan Commitment Amount, Revolving Loan Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F) and (G) of the preceding sentence.

Section 11.17 Assignments and Participations.

(a) Assignments.

(i) Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Loan together with all related obligations of such Lender hereunder. Except as Agent may otherwise agree, the amount of any such assignment (determined as of the date of the applicable Assignment Agreement or, if a "Trade Date" is specified in such Assignment Agreement, as of such Trade Date) shall be in a minimum aggregate amount equal to $1,000,000 or, if less, the assignor's entire interests in the outstanding Loan; *provided, however,* that, in connection with simultaneous assignments to two or more related Approved Funds, such Approved Funds shall be treated as one assignee for purposes of determining compliance with the minimum assignment size referred to above. Borrowers and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned to an Eligible Assignee until Agent shall have received and accepted an effective Assignment Agreement executed, delivered and fully completed by the applicable parties thereto and a processing fee of $3,500 to be paid by the assigning Lender; *provided, however,* that only one processing fee shall be payable in connection with simultaneous assignments to two or more related Approved Funds.

(ii) From and after the date on which the conditions described above have been met, (A) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent of the interests assigned to such Eligible Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder, and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights and obligations hereunder (other than those that survive termination pursuant to Section 12.1). Upon the request of the Eligible Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, each Borrower shall execute and deliver to Agent for delivery to the Eligible Assignee (and, as applicable, the assigning Lender) Notes in the aggregate principal amount of the Eligible Assignee's Loan (and, as applicable, Notes in the principal amount of that portion of the principal amount of the Loan retained by the assigning Lender). Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to Borrower Representative any prior Note held by it.

(iii) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at the office of its servicer located in Bethesda, Maryland a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of each Lender, and the commitments of, and principal amount of the Loan owing to, such Lender pursuant to the terms hereof (the "**Register**"). The entries in such Register shall be conclusive, absent manifest effort, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such Register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent. Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrower maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Obligations (each, a "Participant Register"). The entries in the Participant Registers shall be conclusive, absent manifest error. Each Participant Register shall be available for inspection by Borrower and Agent at any reasonable time upon reasonable prior notice to the applicable Lender; provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Financing Document) to any Person (including Borrower) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. For the avoidance of doubt, Agent (in its capacity as Agent) shall have no responsibility for maintaining a participant register.

(iv) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided, however,* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(v) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, Agent has the right, but not the obligation, to effectuate assignments of Loan via an electronic settlement system acceptable to Agent as designated in writing from time to time to the Lenders by Agent (the "**Settlement Service**"). At any time when Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be consistent with the other provisions of this Section 11.17(a). Each assigning Lender and proposed Eligible Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loan pursuant to the Settlement Service. With the prior written approval of Agent, Agent's approval of such Eligible Assignee shall be deemed to have been automatically granted with respect to any transfer effected through the Settlement Service. Assignments and assumptions of the Loan shall be effected by the provisions otherwise set forth herein until Agent notifies Lenders of the Settlement Service as set forth herein.

(b) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or Agent, sell to one or more Persons (other than any Borrower or any Borrower's Affiliates) participating interests in its Loan, commitments or other interests hereunder (any such Person, a "**Participant**"). In the event of a sale by a Lender of a participating interest to a Participant, (i) such Lender's obligations hereunder shall remain unchanged for all purposes, (ii) Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder, and (iii) all amounts payable by each Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. Each Borrower agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; *provided, however*, that such right of set-off shall be subject to the obligation of each Participant to share with Lenders, and Lenders agree to share with each Participant, as provided in Section 11.5.

(c) Replacement of Lenders. Within thirty (30) days after: (i) receipt by Agent of notice and demand from any Lender for payment of additional costs as provided in Section 2.8(d), which demand shall not have been revoked, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), (iii) any Lender is a Defaulted Lender, and the circumstances causing such status shall not have been cured or waived; or (iv) any failure by any Lender to consent to a requested amendment, waiver or modification to any Financing Document in which Required Lenders have already consented to such amendment, waiver or modification but the consent of each Lender, or each Lender affected thereby, is required with respect thereto (each relevant Lender in the foregoing clauses (i) through (iv) being an "**Affected Lender**") each of Borrower Representative and Agent may, at its option, notify such Affected Lender and, in the case of Borrowers' election, Agent, of such Person's intention to obtain, at Borrowers' expense, a replacement Lender ("**Replacement Lender**") for such Lender, which Replacement Lender shall be an Eligible Assignee and, in the event the Replacement Lender is to replace an Affected Lender described in the preceding clause (iv), such Replacement Lender consents to the requested amendment, waiver or modification making the replaced Lender an Affected Lender. In the event Borrowers or Agent, as applicable, obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender shall sell, at par, and assign all of its Loan and funding commitments hereunder to such Replacement Lender in accordance with the procedures set forth in Section 11.17(a); *provided, however,* that (A) Borrowers shall have reimbursed such Lender for its increased costs and additional payments for which it is entitled to reimbursement under Section 2.8(a) or Section 2.8(d), as applicable, of this Agreement through the date of such sale and assignment, and (B) Borrowers shall pay to Agent the $3,500 processing fee in respect of such assignment. In the event that a replaced Lender does not execute an Assignment Agreement pursuant to Section 11.17(a) within five (5) Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 11.17(c) and presentation to such replaced Lender of an Assignment Agreement evidencing an assignment pursuant to this Section 11.17(c), such replaced Lender shall be deemed to have consented to the terms of such Assignment Agreement, and any such Assignment Agreement executed by Agent, the Replacement Lender and, to the extent required pursuant to Section 11.17(a), Borrowers, shall be effective for purposes of this Section 11.17(c) and Section 11.17(a). Upon any such assignment and payment, such replaced Lender shall no longer constitute a "**Lender**" for purposes hereof, other than with respect to such rights and obligations that survive termination as set forth in Section 12.1.

(d) Credit Party Assignments. No Credit Party may assign, delegate or otherwise transfer any of its rights or other obligations hereunder or under any other Financing Document without the prior written consent of Agent and each Lender.

Section 11.18 Funding and Settlement Provisions Applicable When Non-Funding Lenders Exist. So long as Agent has not waived the conditions to the funding of Loans set forth in Section 7.2 or Section 2.1, any Lender may deliver a notice to Agent stating that such Lender shall cease making Revolving Loans due to the non-satisfaction of one or more conditions to funding Loans set forth in Section 7.2 or Section 2.1, and specifying any such non-satisfied conditions. Any Lender delivering any such notice shall become a non-funding Lender (a "**Non-Funding Lender**") for purposes of this Agreement commencing on the Business Day following receipt by Agent of such notice, and shall cease to be a Non-Funding Lender on the date on which such Lender has either revoked the effectiveness of such notice or acknowledged in writing to each of Agent the satisfaction of the condition(s) specified in such notice, or Required Lenders waive the conditions to the funding of such Loans giving rise to such notice by Non-Funding Lender. Each Non-Funding Lender shall remain a Lender for purposes of this Agreement to the extent that such Non-Funding Lender has Revolving Loan Outstanding in excess of Zero Dollars ($0); *provided, however,* that during any period of time that any Non-Funding Lender exists, and notwithstanding any provision to the contrary set forth herein, the following provisions shall apply:

(a) For purposes of determining the Pro Rata Share of each Revolving Lender under clause (c) of the definition of such term, each Non-Funding Lender shall be deemed to have a Revolving Loan Commitment Amount as in effect immediately before such Lender became a Non-Funding Lender.

(b) Except as provided in clause (a) above, the Revolving Loan Commitment Amount of each Non-Funding Lender shall be deemed to be Zero Dollars ($0).

(c) The Revolving Loan Commitment at any date of determination during such period shall be deemed to be equal to the sum of (i) the aggregate Revolving Loan Commitment Amounts of all Lenders, other than the Non-Funding Lenders as of such date *plus* (ii) the aggregate Revolving Loan Outstandings of all Non-Funding Lenders as of such date.

(d) Agent shall have no right to make or disburse Revolving Loans for the account of any Non-Funding Lender pursuant to Section 2.1(b)(i) to pay interest, fees, expenses and other charges of any Credit Party.

(e) To the extent that Agent applies proceeds of Collateral or other payments received by Agent to repayment of Revolving Loans pursuant to Section 10.7, such payments and proceeds shall be applied first in respect of Revolving Loans made at the time any Non-Funding Lenders exist, and second in respect of all other outstanding Revolving Loans.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Survival. All agreements, representations and warranties made herein and in every other Financing Document shall survive the execution and delivery of this Agreement and the other Financing Documents and the other Operative Documents. The provisions of Section 2.10 and Articles 11 and 12 shall survive the payment of the Obligations (both with respect to any Lender and all Lenders collectively) and any termination of this Agreement and any judgment with respect to any Obligations, including any final foreclosure judgment with respect to any Security Document, and no unpaid or unperformed, current or future, Obligations will merge into any such judgment.

Section 12.2 No Waivers. No failure or delay by Agent or any Lender in exercising any right, power or privilege under any Financing Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any reference in any Financing Document to the "continuing" nature of any Event of Default shall not be construed as establishing or otherwise indicating that any Borrower or any other Credit Party has the independent right to cure any such Event of Default, but is rather presented merely for convenience should such Event of Default be waived in accordance with the terms of the applicable Financing Documents.

Section 12.3 Notices.

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of any such Lender who becomes a Lender after the date hereof, in an assignment agreement or in a notice delivered to Borrower Representative and Agent by the assignee Lender forthwith upon such assignment) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Borrower Representative; *provided*, *however*, that notices, requests or other communications shall be permitted by electronic means only in accordance with the provisions of Section 12.3(b) and (c). Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, or (ii) if given by mail, prepaid overnight courier or any other means, when received or when receipt is refused at the applicable address specified by this Section 12.3(a).

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved from time to time by Agent, *provided*, *however*, that the foregoing shall not apply to notices sent directly to any Lender if such Lender has notified Agent that it is incapable of receiving notices by electronic communication. Agent or Borrower Representative may, in their discretion, agree to accept notices and other communications to them hereunder by electronic communications pursuant to procedures approved by it, *provided*, *however*, that approval of such procedures may be limited to particular notices or communications.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor, *provided*, *however*, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

Section 12.4 Severability. In case any provision of or obligation under this Agreement or any other Financing Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 12.5 Headings. Headings and captions used in the Financing Documents (including the Exhibits, Schedules and Annexes hereto and thereto) are included for convenience of reference only and shall not be given any substantive effect.

Section 12.6 Confidentiality.

(a) Each Credit Party agrees (i) not to transmit or disclose provisions of any Financing Document to any Person (other than to Borrowers' advisors, directors and officers on a need-to-know basis or as otherwise may be required by Law) without Agent's prior written consent, (ii) to inform all Persons of the confidential nature of the Financing Documents and to direct them not to disclose the same to any other Person and to require each of them to be bound by these provisions.

(b) Agent and each Lender shall hold all non-public information regarding the Credit Parties and their respective businesses identified as such by Borrowers and obtained by Agent or any Lender pursuant to the requirements hereof in accordance with such Person's customary and reasonable procedures for handling information of such nature, except that disclosure of such information may be made (i) to their respective agents, employees, Subsidiaries, Affiliates, attorneys, auditors, professional consultants, rating agencies, insurance industry associations and portfolio management services, (ii) to prospective transferees or purchasers of any interest in the Loans, Agent or a Lender, *provided*, *however*, that any such Persons are bound by obligations of confidentiality, (iii) as required by Law, subpoena, judicial order or similar order and in connection with any litigation, (iv) as may be required in connection with the examination, audit or similar investigation of such Person, and (v) to a Person that is a trustee, investment advisor or investment manager, collateral manager, servicer, noteholder or secured party in a Securitization (as hereinafter defined) in connection with the administration, servicing and reporting on the assets serving as collateral for such Securitization. For the purposes of this Section, "**Securitization**" means (A) the pledge of the Loans as collateral security for loans to a Lender, or (B) a public or private offering by a Lender or any of its Affiliates or their respective successors and assigns, of securities which represent an interest in, or which are collateralized, in whole or in part, by the Loans. Confidential information shall include only such information identified as such at the time provided to Agent and shall not include information that either: (y) is in the public domain, or becomes part of the public domain after disclosure to such Person through no fault of such Person, or (z) is disclosed to such Person by a Person other than a Credit Party, *provided*, *however*, Agent does not have actual knowledge that such Person is prohibited from disclosing such information. The obligations of Agent and Lenders under this Section 12.6 shall supersede and replace the obligations of Agent and Lenders under any confidentiality agreement in respect of this financing executed and delivered by Agent or any Lender prior to the date hereof.

Section 12.7 Waiver of Consequential and Other Damages

. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee (as defined below), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, any other Financing Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Financing Documents or the transactions contemplated hereby or thereby.

Section 12.8 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) THIS AGREEMENT, EACH NOTE AND EACH OTHER FINANCING DOCUMENT, AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW). EACH BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE STATE OF NEW YORK IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN AND IRREVOCABLY AGREES THAT, SUBJECT TO AGENT'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. EACH BORROWER EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH BORROWER BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

(b) Each Borrower, Agent and each Lender agree that each Loan (including those made on the Closing Date) shall be deemed to be made in, and the transactions contemplated hereunder and in any other Financing Document shall be deemed to have been performed in, the State of Maryland.

Section 12.9 **WAIVER OF JURY TRIAL.**

(a) EACH BORROWER, AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH BORROWER, AGENT AND EACH LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH BORROWER, AGENT AND EACH LENDER WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

(b) **In the event any such action or proceeding is brought or filed in any United States federal court sitting in the State of California or in any state court of the State of California, and the waiver of jury trial set forth in Section 12.9(a) hereof is determined or held to be ineffective or unenforceable, the parties agree that all actions or proceedings shall be resolved by reference to a private judge sitting without a jury, pursuant to California Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Los Angeles County, California. Such proceeding shall be conducted in Los Angeles County, California, with California rules of evidence and discovery applicable to such proceeding. In the event any actions or proceedings are to be resolved by judicial reference, any party may seek from any court having jurisdiction thereover any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by Law notwithstanding that all actions or proceedings are otherwise subject to resolution by judicial reference.**

Section 12.10 Publication; Advertisement.

(a) Publication. No Credit Party will directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of Agent or any of its Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except (i) as required by Law, subpoena or judicial or similar order, in which case the applicable Credit Party shall give Agent prior written notice of such publication or other disclosure, or (ii) with Agent's prior written consent.

(b) Advertisement. Each Lender and each Credit Party hereby authorizes Agent to publish the name of such Lender and Credit Party, the existence of the financing arrangements referenced under this Agreement, the primary purpose and/or structure of those arrangements, the amount of credit extended under each facility, the title and role of each party to this Agreement, and the total amount of the financing evidenced hereby in any "tombstone", comparable advertisement or press release which Agent elects to submit for publication. In addition, each Lender and each Credit Party agrees that Agent may provide lending industry trade organizations with information necessary and customary for inclusion in league table measurements after the Closing Date. With respect to any of the foregoing, Agent shall provide Borrowers with an opportunity to review and confer with Agent regarding the contents of any such tombstone, advertisement or information, as applicable, prior to its submission for publication and, following such review period, Agent may, from time to time, publish such information in any media form desired by Agent, until such time that Borrowers shall have requested Agent cease any such further publication.

Section 12.11 Counterparts; Integration. This Agreement and the other Financing Documents may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. This Agreement and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 12.12 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 12.13 Lender Approvals. Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent or Lenders with respect to any matter that is the subject of this Agreement, the other Financing Documents may be granted or withheld by Agent and Lenders in their sole and absolute discretion and credit judgment.

Section 12.14 Expenses; Indemnity

(a) Borrowers hereby agree to promptly pay (i) all costs and expenses of Agent (including, without limitation, the fees, costs and expenses of counsel to, and independent appraisers and consultants retained by Agent) in connection with the examination, review, due diligence investigation, documentation, negotiation, closing and syndication of the transactions contemplated by the Financing Documents, in connection with the performance by Agent of its rights and remedies under the Financing Documents and in connection with the continued administration of the Financing Documents including (A) any amendments, modifications, consents and waivers to and/or under any and all Financing Documents, and (B) any periodic public record searches conducted by or at the request of Agent (including, without limitation, title investigations, UCC searches, fixture filing searches, judgment, pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons); (ii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with the creation, perfection and maintenance of Liens pursuant to the Financing Documents; (iii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with (A) protecting, storing, insuring, handling, maintaining or selling any Collateral, (B) any litigation, dispute, suit or proceeding relating to any Financing Document, and (C) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Financing Documents; (iv) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with Agent's reservation of funds in anticipation of the funding of the initial Loans to be made hereunder; and (v) all costs and expenses incurred by Lenders in connection with any litigation, dispute, suit or proceeding relating to any Financing Document and in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all Financing Documents, whether or not Agent or Lenders are a party thereto. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

(b) Each Borrower hereby agrees to indemnify, pay and hold harmless Agent and Lenders and the officers, directors, employees, trustees, agents, investment advisors and investment managers, collateral managers, servicers, and counsel of Agent and Lenders (collectively called the "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitee) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnitee shall be designated a party thereto and including any such proceeding initiated by or on behalf of a Credit Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Agent or Lenders) asserting any right to payment for the transactions contemplated hereby, which may be imposed on, incurred by or asserted against such Indemnitee as a result of or in connection with the transactions contemplated hereby or by the other Operative Documents (including (i)(A) as a direct or indirect result of the presence on or under, or escape, seepage, leakage, spillage, discharge, emission or release from, any property now or previously owned, leased or operated by Borrower, any Subsidiary or any other Person of any Hazardous Materials, (B) arising out of or relating to the offsite disposal of any materials generated or present on any such property, or (C) arising out of or resulting from the environmental condition of any such property or the applicability of any governmental requirements relating to Hazardous Materials, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Borrower or any Subsidiary, and (ii) proposed and actual extensions of credit under this Agreement) and the use or intended use of the proceeds of the Loans, except that Borrower shall have no obligation hereunder to an Indemnitee with respect to any liability resulting from the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent that the undertaking set forth in the immediately preceding sentence may be unenforceable, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all such indemnified liabilities incurred by the Indemnitees or any of them.

(c) Notwithstanding any contrary provision in this Agreement, the obligations of Borrowers under this Section 12.14 shall survive the payment in full of the Obligations and the termination of this Agreement. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO THE BORROWERS OR TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

(d) **Each Borrower for itself and all endorsers, guarantors and sureties and their heirs, legal representatives, successors and assigns, hereby further specifically waives any rights that it may have under Section 1542 of the California Civil Code (to the extent applicable), which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR," and further waives any similar rights under applicable Laws.**

Section 12.15 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a fraudulent preference reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 12.16 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers and Agent and each Lender and their respective successors and permitted assigns.

Section 12.17 USA PATRIOT Act Notification. Agent (for itself and not on behalf of any Lender) and each Lender hereby notifies Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record certain information and documentation that identifies Borrowers, which information includes the name and address of Borrower and such other information that will allow Agent or such Lender, as applicable, to identify Borrowers in accordance with the USA PATRIOT Act.

Section 12.18 Cross Default and Cross Collateralization.

(a) Cross-Default. As stated under Section 10.1 hereof, an Event of Default under any of the Affiliated Financing Documents shall be an Event of Default under this Agreement. In addition, a Default or Event of Default under any of the Financing Documents shall be a Default under the Affiliated Financing Documents.

(b) Cross Collateralization. Borrowers acknowledge and agree that the Collateral securing this Loan, also secures the Affiliated Obligations.

(c) Consent. Each Borrower authorizes Agent, without giving notice to any Borrower or obtaining the consent of any Borrower and without affecting the liability of any Borrower for the Affiliated Obligations directly incurred by the Borrowers, from time to time to:

(i) compromise, settle, renew, extend the time for payment, change the manner or terms of payment, discharge the performance of, decline to enforce, or release all or any of the Affiliated Obligations; grant other indulgences to any Borrowers in respect thereof; or modify in any manner any documents relating to the Affiliated Obligations;

(ii) declare all Affiliated Obligations due and payable upon the occurrence and during the continuance of an Event of Default;

(iii) take and hold security for the performance of the Affiliated Obligations of any Borrowers and exchange, enforce, waive and release any such security;

(iv) apply and reapply such security and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine;

(v) release, surrender or exchange any deposits or other property securing the Affiliated Obligations or on which Agent at any time may have a Lien; release, substitute or add any one or more endorsers or guarantors of the Affiliated Obligations of any Borrowers; or compromise, settle, renew, extend the time for payment, discharge the performance of, decline to enforce, or release all or any obligations of any such endorser or guarantor or other Person who is now or may hereafter be liable on any Affiliated Obligations or release, surrender or exchange any deposits or other property of any such Person;

(vi) apply payments received by Lender from Borrower to any Obligations or Affiliated Obligations, as permitted in accordance with the terms of this Agreement and in such order as Lender shall determine, in its sole discretion; and

(vii) assign the Affiliated Financing Documents in whole or in part.

Section 12.19 Existing Agreements Superseded; Exhibits and Schedules.

(a) The Original Credit Agreement, including the schedules thereto, is superseded by this Agreement, including the schedules hereto, which has been executed in amendment, restatement and modification of, but not in novation or extinguishment of, the obligations under the Original Credit Agreement. It is the express intention of the parties hereto to reaffirm the indebtedness and other obligations created under the Original Credit Agreement. Any and all outstanding amounts under the Original Credit Agreement including, but not limited to principal, accrued interest, fees (except as otherwise provided herein) and other charges, as of the Closing Date shall be carried over and deemed outstanding under this Agreement.

(b) Each Credit Party reaffirms its obligations under each Financing Document to which it is a party, including but not limited to the Security Documents and the schedules thereto.

(c) Each Credit Party acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Financing Documents secure the indebtedness, liabilities and obligations of the Borrowers and the other Credit Parties to Agent and the Lenders under the Original Credit Agreement, as amended and restated hereby, and that the term "Obligations" as used in the Financing Documents (or any other term used therein to describe or refer to the indebtedness, liabilities and obligations of the Borrowers to Agent and the Lenders) includes, without limitation, the indebtedness, liabilities and obligations of the Borrowers under this Agreement and the Notes to be delivered hereunder, if any, and under the Original Credit Agreement, as amended and restated hereby, as the same further may be amended, restated, supplemented and/or modified from time to time, and (ii) the grants of Liens under and pursuant to the Financing Documents shall continue unaltered, and each other Financing Document shall continue in full force and effect in accordance with its terms unless otherwise amended by the parties thereto, and the parties hereto hereby ratify and confirm the terms thereof as being in full force and effect and unaltered by this Agreement and all references in the any of the Financing Documents to the "Credit Agreement" shall be deemed to refer to this Amended and Restated Credit Agreement.

(d) Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Original Credit Agreement or the other Financing Documents. Nothing in this Agreement shall be construed as a release or other discharge of any Borrower or any other Credit Party from its obligations and liabilities under the Original Credit Agreement or the other Financing Documents. On the Closing Date, any and all references in any Financing Documents to the Original Credit Agreement shall be deemed to be amended to refer to this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, each of the parties have caused this Agreement to be executed day and year first above mentioned.

BORROWERS:

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: Treasurer

AZIYO MED, LLC

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: Treasurer

Address for Borrowers:

c/o Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, Maryland 20904
Attn: [XXX]
Facsimile:
E-mail: [XXX]

with a copy to:

Shipman & Goodwin LLP
One Constitution Plaza
Hartford, Connecticut 06103
Attn: [XXX]
Facsimile: 860-251-5311
E-mail: [XXX]

AGENT:

MIDCAP FUNDING IV TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Aziyo transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Payment Account Designation:

Wells Fargo Bank, N.A. (McLean, VA)
ABA #: [XXX]
Account Name: MidCap Funding IV Trust – Collections
Account #: [XXX]
Attention: Account Manager for Aziyo transaction

LENDER:

MIDCAP FUNDING IV TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Aziyo transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

ANNEXES, EXHIBITS AND SCHEDULES

ANNEXES

Annex A	Commitment Annex

EXHIBITS

Exhibit A	[Reserved]
Exhibit B	Form of Compliance Certificate
Exhibit C	Borrowing Base Certificate
Exhibit D	Form of Notice of Borrowing
Exhibit F-1	Form of U.S. Tax Compliance Certificate
Exhibit F-2	Form of U.S. Tax Compliance Certificate
Exhibit F-3	Form of U.S. Tax Compliance Certificate
Exhibit F-4	Form of U.S. Tax Compliance Certificate

SCHEDULES

Schedule 3.1	Existence, Organizational ID Numbers, Foreign Qualification, Prior Names
Schedule 3.4	Capitalization
Schedule 3.6	Litigation
Schedule 3.17	Material Contracts
Schedule 3.18	Environmental Compliance
Schedule 3.19	Intellectual Property
Schedule 4.9	Litigation, Governmental Proceedings and Other Notice Events
Schedule 4.17	Products and Permits
Schedule 5.1	Debt; Contingent Obligations
Schedule 5.2	Liens
Schedule 5.7	Permitted Investments
Schedule 5.8	Affiliate Transactions
Schedule 5.14	Deposit Accounts and Securities Accounts
Schedule 6.1	Minimum Net Product Revenue
Schedule 7.4	Post-Closing Obligations
Schedule 9.1	Collateral
Schedule 9.2(b)	Location of Collateral
Schedule 9.2(d)	Chattel Paper, Letter of Credit Rights, Commercial Tort Claims, Instruments, Documents, Investment Property

Annex A to Credit Agreement (Commitment Annex)

Lender	Revolving Loan Commitment Amount	Revolving Loan Commitment Percentage
MidCap Funding IV Trust	$ 8,000,000	100%
TOTALS	$ 8,000,000	100%

Exhibit A to Credit Agreement (Reserved)

Exhibit B to Credit Agreement (Form of Compliance Certificate)

COMPLIANCE CERTIFICATE

This Compliance Certificate is given by _____, a Responsible Officer of Aziyo Biologics, Inc. (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby certifies to Agent and Lenders that:

(a) the financial statements delivered with this certificate in accordance with Section 4.1 of the Credit Agreement fairly present in all material respects the results of operations and financial condition of Borrowers and their Consolidated Subsidiaries as of the dates and the accounting period covered by such financial statements;

(b) the representations and warranties of each Credit Party contained in the Financing Documents are true, correct and complete in all material respects on and as of the date hereof, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof;

(c) I have reviewed the terms of the Credit Agreement and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and conditions of Borrowers and their Consolidated Subsidiaries during the accounting period covered by such financial statements, and such review has not disclosed the existence during or at the end of such accounting period, and I have no knowledge of the existence as of the date hereof, of any condition or event that constitutes a Default or an Event of Default, except as set forth in **Schedule 1** hereto, which includes a description of the nature and period of existence of such Default or an Event of Default and what action Borrowers have taken, are undertaking and propose to take with respect thereto;

(d) except as noted on **Schedule 2** attached hereto, Schedule 9.2(b) to the Credit Agreement contains a complete and accurate list of all business locations of Borrowers and Guarantors and all names under which Borrowers and Guarantors currently conduct business; Schedule 2 specifically notes any changes in the names under which any Borrower or Guarantors conduct business;

(e) except as noted on **Schedule 3** attached hereto, the undersigned has no knowledge of (i) any federal or state tax liens having been filed against any Borrower, Guarantor or any Collateral, or (ii) any failure of any Borrower or any Guarantors to make required payments of withholding or other tax obligations of any Borrower or any Guarantors during the accounting period to which the attached statements pertain or any subsequent period;

(f) Schedule 5.14 to the Credit Agreement contains a complete and accurate statement of all deposit accounts or investment accounts maintained by Borrowers and Guarantors;

(g) except as noted on **Schedule 4** attached hereto and Schedule 3.6 to the Credit Agreement, the undersigned has no knowledge of any current, pending or threatened: (i) litigation against the Borrowers or any Guarantors, (ii) inquiries, investigations or proceedings concerning the business affairs, practices, licensing or reimbursement entitlements of Borrowers or any Guarantors, or (iii) default by Borrowers or any Guarantors under any Material Contract to which it is a party;

(h) except as noted on **Schedule 5** attached hereto, no Borrower or Guarantor has acquired, by purchase, by the approval or granting of any application for registration (whether or not such application was previously disclosed to Agent by Borrowers) or otherwise, any Intellectual Property that is registered with any United States or foreign Governmental Authority, or has filed with any such United States or foreign Governmental Authority, any new application for the registration of any Intellectual Property, or acquired rights under a license as a licensee with respect to any such registered Intellectual Property (or any such application for the registration of Intellectual Property) owned by another Person, that has not previously been reported to Agent on Schedule 3.17 to the Credit Agreement or any **Schedule 5** to any previous Compliance Certificate delivered by Borrower to Agent;

(i) except as noted on **Schedule 6** attached hereto, no Borrower or Guarantor has acquired, by purchase or otherwise, any Chattel Paper, Letter of Credit Rights, Instruments, Documents or Investment Property that has not previously been reported to Agent on any **Schedule 6** to any previous Compliance Certificate delivered by Borrower Representative to Agent;

(j) except as noted on Schedule 7 attached hereto, no Borrower or Guarantor is aware of any commercial tort claim that has not previously been reported to Agent on any Schedule 7 to any previous Compliance Certificate delivered by Borrower Representative to Agent;

(k) Borrowers and Guarantor are in compliance with the covenants contained in Article 6 of the Credit Agreement, and in any Guarantee constituting a part of the Financing Documents, as demonstrated by the calculation of such covenants below, except as set forth below; in determining such compliance, the following calculations have been made: [See attached worksheets]. Such calculations and the certifications contained therein are true, correct and complete;

(l) [Fixed Charge Coverage Ratio for the Defined Period ending [_____] is [___]:[___]][1];

(m) [Liquidity as of the date hereof is $[_____]][2].

The foregoing certifications and computations are made as of _____, 20__ (end of month) and as of _____, 20__.

[1] Solely to the extent required for Aziyo to make a payment to DNW or HighCape.

[2] Solely to the extent required for Aziyo to make a payment to DNW or HighCape.

Sincerely,

AZIYO BIOLOGICS, INC.

By: _____
Name: _____
Title: _____

Exhibit C to Credit Agreement (Borrowing Base Certificate)

[See attached.]

Exhibit D to Credit Agreement (Form of Notice of Borrowing)

NOTICE OF BORROWING

This Notice of Borrowing is given by _____, a Responsible Officer of Aziyo Biologics, Inc. (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative, and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby gives notice to Agent of Borrower Representative's request to borrow $_____ of Revolving Loans on _____, 20__. Attached is a Borrowing Base Certificate complying in all respects with the Credit Agreement and confirming that, after giving effect to the requested advance, the Revolving Loan Outstandings will not exceed the Revolving Loan Limit.

The undersigned officer hereby certifies that, both before and after giving effect to the request above (a) each of the conditions precedent set forth in Section 7.2 have been satisfied, (b) all of the representations and warranties contained in the Credit Agreement and the other Financing Documents are true, correct and complete in all material respects as of the date hereof, except to the extent such representation or warranty relates to a specific date, in which case such representation or warranty is true, correct and complete in all material respects as of such earlier date; provided, however, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof, and (c) no Default or Event of Default has occurred and is continuing on the date hereof.

IN WITNESS WHEREOF, the undersigned officer has executed and delivered this Notice of Borrowing this ____ day of _____, 20__.

Sincerely,

AZIYO BIOLOGICS, INC.

By: _____
Name: _____
Title: _____

Exhibit F-1 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower Representative with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-2 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-3 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit F-4 to Credit Agreement (Form of U.S. Tax Compliance Certificate)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

This U.S. Tax Compliance Certificate is given by _____, a Responsible Officer of _____ (the "**Borrower Representative**"), pursuant to that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019 among the Borrower Representative, _____ and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Pursuant to the provisions of Section 2.8(c) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Financing Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower Representative with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

Date: _____ __, 20[ ]

Schedule 3.1 – Existence, Organizational ID Numbers, Foreign Qualification, Prior Names

Schedule 3.4 – Capitalization

Schedule 3.6 – Litigation

Schedule 3.17 – Material Contracts

Schedule 3.18 – Environmental Compliance

Schedule 3.19 – Intellectual Property

Schedule 4.9 – Litigation, Governmental Proceedings and Other Notice Events

Schedule 5.1 – Debt; Contingent Obligations

Schedule 5.2 – Liens

Schedule 5.7 – Permitted Investments

Schedule 5.8 – Affiliate Transactions

Schedule 5.14 – Deposit Accounts and Securities Accounts

Schedule 6.1– Minimum Net Product Revenue

Defined Period Ending	Minimum Net Product Revenue Amount
June 30, 2019	$ 25,300,000
July 31, 2019	$ 25,400,000
August 31, 2019	$ 25,500,000
September 30, 2019	$ 26,100,000
October 31, 2019	$ 26,200,000
November 30, 2019	$ 26,400,000
December 31, 2019	$ 28,500,000
January 31, 2020	$ 28,800,000
February 29, 2020	$ 29,000,000
March 31, 2020	$ 29,200,000
April 30, 2020	$ 29,500,000
May 31, 2020	$ 30,200,000
June 30, 2020	$ 30,700,000
July 31, 2020	$ 31,200,000
August 31, 2020	$ 31,900,000
September 30, 2020	$ 32,500,000
October 31, 2020	$ 33,800,000
November 30, 2020	$ 34,500,000
December 31, 2020	$ 35,000,000
January 31, 2021	$ 35,500,000
February 28, 2021	$ 35,700,000
March 31, 2021	$ 36,000,000
April 30, 2021	$ 36,500,000
May 31, 2021	$ 37,100,000
June 30, 2021	$ 37,600,000
July 31, 2021	$ 37,900,000
August 31, 2021	$ 38,200,000
September 30, 2021	$ 38,500,000
October 31, 2021	$ 38,600,000
November 30, 2021	$ 38,800,000
December 31, 2021	$ 40,000,000
January 31, 2022	$ 40,400,000
February 28, 2022	$ 40,800,000

March 31, 2022	$41,200,000
April 30, 2022	$41,600,000
May 31, 2022	$42,000,000
June 30, 2022	$42,400,000
July 31, 2022	$42,800,000
August 31, 2022	$43,200,000
September 30, 2022	$43,600,000
October 31, 2022	$44,000,000
November 30, 2022	$44,400,000
December 31, 2022	$44,800,000
January 31, 2023	$45,000,000
February 28, 2023	$45,200,000
March 31, 2023	$45,400,000
April 30, 2023	$45,600,000
May 31, 2023	$45,800,000
June 30, 2023	$46,000,000
July 31, 2023	$46,200,000
August 31, 2023	$46,400,000
September 30, 2023	$46,600,000
October 31, 2023	$46,800,000
November 30, 2023	$47,000,000
December 31, 2023	$47,200,000
January 31, 2024	$47,400,000
February 29, 2024	$47,600,000
March 31, 2024	$47,800,000
April 30, 2024	$48,000,000
May 31, 2024	$48,200,000
June 30, 2024	$48,200,000

Schedule 7.4 – Post-Closing Requirements

Borrowers shall satisfy and complete each of the following obligations, or provide Agent each of the items listed below, as applicable, on or before the date indicated below, all to the satisfaction of Agent in its sole and absolute discretion:

None.

Borrower's failure to complete and satisfy any of the above obligations on or before the date indicated above, or Borrower's failure to deliver any of the above listed items on or before the date indicated above, shall constitute an immediate an automatic Event of Default.

Schedule 9.1 – Collateral

The Collateral consists of all of each Borrower's assets, including without limitation, all of each Borrower's right, title and interest in and to the following, whether now owned or hereafter created, acquired or arising:

(a) all goods, Accounts (including health-care insurance receivables), equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims (including each such claim listed on Schedule 9.2(d)), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, securities accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located;

(b) all of Borrowers' books and records relating to any of the foregoing; and

(c) any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Schedule 9.2(b) – Collateral Information

Aziyo Biologics, Inc.

12510 Prosperity Drive, Suite 370, Silver Spring, MD 20904 (principal place of business)

880 Harbour Way South, Suite 100, Richmond, CA 94804

Certain collateral is located at various hospital locations in accordance with consignment or other agreements entered in the ordinary course of business

Aziyo Med, LLC

12510 Prosperity Drive, Suite 370, Silver Spring, MD 20904 (principal place of business)

1100 Old Ellis Rd, Suite 1200, Roswell, GA 30076

Certain collateral is located at various hospital locations in accordance with consignment or other agreements entered in the ordinary course of business

Schedule 9.2(d) – Chattel Paper, Letter of Credit Rights, Commercial Tort Claims, Instruments, Documents, Investment Property

None.

AZIYO BIOLOGICS, INC.

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (this "***Agreement***"), dated as of April 2, 2020, by and between Aziyo Biologics, Inc., a Delaware corporation (the "***Company***") and each of the persons and entities set forth on Schedule A attached hereto (each, an "***Investor***").

WHEREAS, the Company desires to issue and sell to each of the Investors a Note (as defined below) and each of the Investors desires to purchase a Note from the Company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Sale of the Notes; Closings.

1.1 Sale of the Notes. Subject to the terms and conditions set forth in this Agreement, at each Closing (as defined below), the Company shall issue and sell to each Investor, and each Investor shall purchase from the Company, a Subordinated Convertible Promissory Note in the form attached hereto as Exhibit A (each, a "***Note***") in the principal amount set forth opposite such Investor's name on Schedule A attached hereto for such Closing.

1.2 Closings.

(a) The initial closing of the purchase and sale of the Notes shall take place remotely via the exchange of the requisite documents and signatures at 1:00 p.m. Eastern time on the date hereof (such time, date and place are referred to in this Agreement as the "***Initial Closing***"). At the Initial Closing, the Company shall deliver to each Investor a Note in the principal amount set forth opposite such Investor's name on Schedule A attached hereto, duly executed by the Company, against delivery to the Company by such Investor of the amount set forth opposite such Investor's name on Schedule A attached hereto payable in immediately available funds by wire transfer to an account designated by the Company.

(b) Commencing after the date of the Initial Closing, in one closing or in a series of separate closings (each, a "***Subsequent Closing***" and collectively, the "***Subsequent Closings***"), the Company shall have the right to issue and sell Notes to any Investor hereunder and/or any other person or entity that is an "accredited investor" as such term is defined under the Securities Act of 1933, as amended (the "***Securities Act***") unless and until the aggregate principal amount of all Notes issued by the Company under this Agreement equals $1,000,000.00. Each Subsequent Closing of the purchase and sale of Notes shall take place remotely via the exchange of the requisite documents and signatures at 1:00 p.m. Eastern time on the date of such Subsequent Closing. At each Subsequent Closing (if any) (i) Schedule A shall be revised to reflect any sales of additional Notes made at such Subsequent Closing (without the consent of the Investors) and (ii) the Company and each purchaser of Notes at a Subsequent Closing that is not already a party to this Agreement shall execute and deliver to the Company a counterpart signature page hereto, whereupon such person or entity shall become an "Investor" hereunder (without the consent of the Investors). At each Subsequent Closing, the Company shall deliver to each Investor a Note in the principal amount set forth opposite such Investor's name on Schedule A attached hereto, duly executed by the Company, against delivery to the Company by such Investor of the amount set forth opposite such Investor's name on Schedule A attached hereto payable in immediately available funds by wire transfer to an account designated by the Company. The Initial Closing and the Subsequent Closings are sometimes referred to as a "***Closing***" or collectively as the "***Closings***."

2. Representations and Warranties of the Company. The Company represents and warrants to the Investors purchasing Notes at a Closing that the statements contained in this Section 2 are true, complete and correct as of such Closing.

2.1 Organization and Good Standing. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as currently proposed to be conducted.

2.2 Authorization. All action on the part of the Company and its officers, directors and stockholders necessary for the authorization, execution and delivery of, and performance under, this Agreement and the Notes has been taken.

2.3 Enforceability. Each of this Agreement and the Notes constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally or by equitable principles and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

2.4 Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal or state governmental authority or any other natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity (each, a "***Person***") is required in connection with the consummation of the transactions contemplated by this Agreement and the Notes except for compliance with notice filings and other requirements under federal and applicable state securities laws, which compliance, the Company covenants and agrees will occur within the appropriate time periods therefor.

2.5 Compliance with Law and Instruments. The execution, delivery, and performance of and compliance with this Agreement and the Notes and the issuance and sale of the Notes will not, with or without the passage of time or giving of notice (a) conflict with any provision of the Company's certificate of incorporation or bylaws; (b) conflict in any material respect with any law, rule or regulation, or any judgment, decree or order of any court or other governmental agency or instrumentality to which the Company is a party; or (c) conflict in any material respect with the terms of any material agreement, contract, indenture or other instrument to which the Company is a party.

2.6 Offering Exemption. Based in part on the representations of the Investors set forth in Section 3 below, the offer, sale and issuance of the Notes in conformity with the terms of this Agreement are exempt from the registration requirements of the Securities Act and are exempt from the qualification and registration requirements of applicable state securities laws.

3. Representations and Warranties of the Investors. Each Investor purchasing Notes at a Closing, severally and not jointly, represents and warrants to the Company as of such Closing as follows:

(a) The Investor has all requisite power and authority to execute and deliver this Agreement and the Note and perform its obligations under this Agreement and the Note. All action on the part of the Investor necessary for the authorization, execution, delivery and performance of all obligations of the Investor under this Agreement and the Note has been taken. Each of this Agreement and the Note constitutes the valid and legally binding obligation of the Investor, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally or by equitable principles and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) The Note will be acquired by the Investor for its own account for investment purposes and not with a view to, or for sale in connection with, any distribution. The Investor does not presently have any contract, undertaking or agreement with any Person to sell, transfer or grant participation rights in any Note to any Person.

(c) The Investor is an "accredited investor" within the meaning of Rule 501(a) promulgated under the Securities Act.

(d) The Investor understands that the Notes are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Investor must hold the Note indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Investor acknowledges that the Company has no obligation to register or qualify the Note for resale. The Investor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Note, and on requirements relating to the Company which are outside of the Investor's control, and which the Company is under no obligation, and may not be able, to satisfy.

(e) A Legend substantially in the following form will be placed on each certificate representing the Note:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IN ACCORDANCE WITH APPLICABLE REGISTRATION REQUIREMENTS OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THIS CERTIFICATE MUST BE SURRENDERED TO THE COMPANY OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, TRANSFER, PLEDGE OR HYPOTHECATION OF ANY INTEREST IN ANY OF THE SECURITIES REPRESENTED HEREBY.

4. Miscellaneous.

4.1 Survival. All representations and warranties made by any party in this Agreement, the Notes or pursuant hereto or thereto shall survive the Closings hereunder.

4.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Investor. Any attempted assignment made in contravention of this Agreement shall be null and void and of no force or effect.

4.3 Entire Agreement. This Agreement and the documents, schedules and exhibits referred to herein constitute the entire agreement among the parties and supersede all prior communications, representations, understandings and agreements of the parties with respect to the subject matter hereof and thereof. No party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. All schedules and exhibits hereto are hereby incorporated herein by reference. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Agreement.

4.4 General Interpretation. The terms of this Agreement have been negotiated by the parties hereto and the language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted, or in favor of the party receiving a particular benefit under this Agreement. No rule of strict construction will be applied against any Person.

4.5 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, as applicable to contracts executed and delivered in Delaware between Delaware residents and which are to be performed wholly within Delaware, without regard to principles of conflicts of law.

4.6 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement may be executed by facsimile or other electronic signatures.

4.7 Section Headings. The section headings are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties.

4.8 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement. If any provision of this Agreement or part thereof is stricken in accordance with the provisions of this Section, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision that is as similar in tenor to the stricken provision as is legally possible.

4.9 Notices. All notices required or permitted under this Agreement or the Notes shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by electronic mail, when directed to an electronic mail address at which the Company or the Investor has consented to receive notice, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. Notices shall be sent (i) if to an Investor, to its address or electronic mail address as set forth on Schedule A attached hereto or at such other address or electronic mail address as such Investor shall have furnished to the Company and the other Investors in writing or (ii) if to the Company, at the Company's address or electronic mail address set forth below its signature to this Agreement or at such other address or electronic mail address as the Company shall have furnished to the Investors in writing.

4.10 Amendments. Except as otherwise expressly set forth in this Agreement, any term of this Agreement may be amended, either retroactively or prospectively, with the written consent of the Company and the holders of Notes representing at least a majority of the aggregate principal amount outstanding under all of the Notes issued pursuant to this Agreement (the "***Majority Holders***"). Any party's rights under this Agreement may be waived at any time by the written consent of such party. Any amendment effected in accordance with this Section 4.10 shall be binding upon each Investor, each future holder of Notes and the Company. Each Investor acknowledges and agrees that, by the operation of this Section 4.10, the Majority Holders have the right and power to diminish or eliminate all rights of an Investor under this Agreement even without the consent of such Investor. Notwithstanding any of the foregoing, this Agreement may be amended to add a party as an Investor hereunder in connection with each Subsequent Closing and Schedule A shall be revised to reflect the sales of additional Notes made at such Subsequent Closing, in each case, without the consent of any Investor, by delivery to the Company of a counterpart signature page to this Agreement and such amendment shall take effect at such Subsequent Closing and such party shall thereafter be deemed an Investor for all purposes hereunder.

4.11 Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neutral forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

4.12 Expenses. The Company and the Investors shall each pay their own expenses incurred in connection with the transactions contemplated by this Agreement.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey D. Hamet
Name: Jeffrey D. Hamet
Title: Vice President, Finance and Treasurer

Address: 12510 Prosperity Drive
Suite 370
Silver Spring, MD 20904

Email Address: [XXX]

[SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT]

INVESTORS:

HIGHCAPE PARTNERS QP, L.P.

By: HighCape Partners GP, L.P., its general partner

By: HighCape Partner GP, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HIGHCAPE PARTNERS, L.P.

By: HighCape Partners GP, L.P., its general partner

By: HighCape Partner GP, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

[SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT]

DEERFIELD PRIVATE DESIGN FUND III, L.P.

By: Deerfield Mgmt III, L.P.
General Partner

By: J.E. Flynn Capital III, LLC
General Partner

By: /s/ David J. Clark
Name: David J. Clark
Title: Authorized Signatory

[SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT]

SCHEDULE A

Initial Closing: April 2, 2020

Name and Address of Investor	***Principal Amount of Note***
HighCape Partners QP, L.P. 10751 Falls Road Suite 300 Baltimore, MD 21093	$614,026.00
HighCape Partners, L.P. 10751 Falls Road Suite 300 Baltimore, MD 21093	$8,268.00
TOTAL:	**$622,294.00**

Subsequent Closing: April 21, 2020

Name and Address of Investor	***Principal Amount of Note***
Deerfield Private Design Fund III, L.P. 780 Third Avenue, 37th Floor New York, NY 10017 Attn: [XXX]	$377,706.00
TOTAL:	**$377,706.00**

Subsequent Closing: April 29, 2020

Name and Address of Investor	***Principal Amount of Note***
HighCape Partners QP, L.P. 10751 Falls Road Suite 300 Baltimore, MD 21093	$986,713.00
HighCape Partners, L.P. 10751 Falls Road Suite 300 Baltimore, MD 21093	$13,287.00
TOTAL:	**$1,000,000.00**

EXHIBIT A

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IN ACCORDANCE WITH APPLICABLE REGISTRATION REQUIREMENTS OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THIS CERTIFICATE MUST BE SURRENDERED TO THE COMPANY OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, TRANSFER, PLEDGE OR HYPOTHECATION OF ANY INTEREST IN ANY OF THE SECURITIES REPRESENTED HEREBY.

AZIYO BIOLOGICS, INC.

SUBORDINATED CONVERTIBLE PROMISSORY NOTE

$_____ [●], 2020

1. Principal and Interest.

This Subordinated Convertible Promissory Note (this "***Note***") is issued pursuant to that certain Note Purchase Agreement, dated as of April 2, 2020, by and between Aziyo Biologics, Inc., a Delaware corporation (the "***Company***") and each of the persons and entities set forth on Schedule A attached thereto (the "***Agreement***"). Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement.

The Company hereby promises to pay to _____ (the "***Payee***"), in lawful money of the United States at the address of Payee, the unpaid principal amount of $[●] and all accrued but unpaid interest on this Note ON DEMAND at the request of the Majority Holders at any time after [_____] __, 2025 (the "***Maturity Date***"). Interest shall accrue from the date of this Note on the outstanding amount hereof at the rate of five percent (5%) *per annum*, computed on the actual number of days elapsed until all of the amounts under this Note have been paid in full and a year of three hundred sixty five (365) days. This Note may not be prepaid by the Company without Payee's prior written consent.

Upon payment in full or conversion of all amounts payable hereunder pursuant to Section 1 or 2 hereof, this Note shall be surrendered to the Company for cancellation.

2. Conversion.

(a) The outstanding principal of, and all accrued but unpaid interest on, this Note automatically (without any additional action required of the Payee) shall be converted into the Company's shares of capital stock issued in a Qualified Financing (the "***Qualified Securities***") upon the closing of an issuance of the Company's shares of capital stock to one or more investors that results in gross cash proceeds to the Company of at least Three Million Dollars ($3,000,000) (a "***Qualified Financing***"). The number of Qualified Securities to be issued in connection with the conversion of this Note under this Section 2(a) shall equal (i) the sum of the outstanding principal amount of, and all accrued but unpaid interest on, this Note *divided by* (ii) the cash purchase price per Qualified Security paid by the investors in the Qualified Financing. Upon any conversion of this Note under this Section 2(a), at the Company's request, Payee hereby agrees to execute and deliver to the Company any documents and instruments entered into by the other investors in the Qualified Financing.

(b) Upon any conversion of this Note, Payee shall surrender this Note, duly endorsed, at the principal office of the Company. The Company shall, as soon as practicable thereafter, issue and deliver to Payee a certificate or certificates for the number of Qualified Securities to which Payee shall be entitled upon such conversion.

(c) No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional share to Payee upon the conversion of this Note, the Company shall pay to Payee an amount in cash equal to the product obtained by multiplying the then fair market value of one (1) Qualified Security as determined by the Board by the fraction otherwise issuable.

3. Subordination.

(a) Extent of Subordination. All amounts (including all principal, interest, premiums and other payments) payable by the Company pursuant to this Note (the "***Subordinated Debt***") are and shall be subordinated and junior in right of payment to the prior payment in full in cash of the Senior Debt (as defined below) to the extent and in the manner set forth herein. Each holder of Senior Debt, whether now outstanding or hereafter arising, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained herein.

(b) Definitions.

"***Bank Debt***" means, collectively, all principal of, and interest and premium (if any) on, indebtedness of, and all fees, expenses, indemnities and all other obligations of and amounts payable by, the Company pursuant to the Senior Debt Documents.

"***Revolving Loan Agreement***" means that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 15, 2019, by and among the Company, Aziyo Med, LLC ("***Subsidiary***"), MidCap Financial Trust ("***MidCap***"), and the other parties thereto, as amended.

"***Senior Debt***" means, collectively, (i) the Bank Debt, as from time to time amended, modified, renewed, refinanced, assigned, replaced, increased or otherwise supplemented, and (ii) any and all indebtedness, liabilities and obligations incurred to assign, refinance, or replace the Bank Debt.

"***Senior Debt Documents***" means, collectively, the Term Loan Agreement, the Revolving Loan Agreement, and any and all agreements, documents and instruments executed by the Company in connection therewith, and any and all agreements, documents, instruments and guarantees executed by the Company evidencing or otherwise pertaining to Bank Debt (and including, without limitation, any and all agreements, documents and instruments pertaining to Senior Debt incurred to refinance Bank Debt), in each case as amended, modified, refinanced, assigned, replaced, supplemented or restated from time to time.

"***Term Loan Agreement***" means that certain Amended and Restated Credit and Security Agreement (Term Loan), dated as of July 15, 2019, by and among the Company, Subsidiary, MidCap, and the other parties thereto, as amended.

(c) Payment Suspension. Notwithstanding any provision contained in this Note to the contrary, and in addition to any other limitations set forth herein, no payment of principal, interest or any other amount due with respect to the Subordinated Debt shall be made or received, and the Payee shall not exercise any right of set-off or recoupment with respect to the Subordinated Debt, until all Senior Debt shall have been paid in full in cash and all commitments to lend in respect thereof have terminated. Notwithstanding any provision contained in this Note to the contrary, the Company may issue shares upon conversion of this Note in accordance with Section 2.

(d) Payment Held in Trust. All payments or distributions upon or with respect to the Subordinated Debt which are received by the Payee in violation of or contrary to the provisions of Section 3(c) shall be received in trust for the benefit of the holders of the Senior Debt and shall be paid over upon demand to such holders in the same form as so received (with all necessary endorsements) to be applied to the payment of the Senior Debt.

(e) Rights Not Subordinated. The provisions hereof are for the purpose of defining the relative rights of the holders of Senior Debt on the one hand and the Payee on the other hand, and nothing herein shall impair (as among the Company, the Payee, as the holder of the Subordinated Debt, and the other creditors of the Company, other than the holders of the Senior Debt), the Company's obligation to the Payee, as the holder of the Subordinated Debt, to pay to such Payee the full amount of the Subordinated Debt in accordance with the terms of this Note. No provision hereof shall be deemed to subordinate, to any extent, any claim or right of any holder of the Subordinated Debt to any claim against the Company by any creditor or any other Person except to the extent expressly provided herein.

(f) No Action. Except as expressly provided in this Section 3(f), until the Senior Debt shall have been paid and performed in full in cash and the termination of all loan commitments under the Senior Debt Documents, the Payee, as the holder of the Subordinated Debt, shall not take or continue any action, or exercise any rights, remedies or powers under the terms of this Note, or exercise or continue to exercise any other right or remedy at law or equity that Payee might otherwise possess as the holder of the Subordinated Debt, to collect any amount due and payable in respect of this Note or the Subordinated Debt, including, without limitation, the acceleration of this Note or the Subordinated Debt, the commencement of any action to enforce payment or foreclosure on any lien or security interest, the filing of any petition in bankruptcy or the taking advantage of any other insolvency law of any jurisdiction.

(g) No Contest. As the holder of the Subordinated Debt, Payee hereby covenants and agrees that it will not, and will not encourage any other Person to, at any time, contest the validity, perfection, priority or enforceability of the provisions hereof, the Senior Debt, the Senior Debt Documents or the security interests or liens granted to the lenders pursuant thereto.

4. Governing Law. This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, as applicable to contracts executed and delivered in Delaware between Delaware residents and which are to be performed wholly within Delaware, without regard to principles of conflicts of law.

5. Amendment. Any term of this Note may be amended, either retroactively or prospectively, with the written consent of the Company and the Majority Holders. Any party's rights under this Note may be waived at any time by the written consent of such party. Any amendment effected in accordance with this Section 5 shall be binding upon Payee, each holder of each Note and the Company. The Payee acknowledges and agrees by accepting this Note that, by the operation of this Section 5, the Majority Holders have the right and power to diminish or eliminate all rights of Payee under this Note even without the consent of Payee.

6. Severability. If any term or provision of this Note is determined to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable or invalid provisions or part thereof shall be stricken from this Note, and such provision shall not affect the legality, enforceability or validity of the remainder of this Note. If any provision of this Note or part thereof is stricken in accordance with the provisions of this Section, then such stricken provision shall be replaced, to extent possible, with a legal, enforceable and valid provision that is as similar in tenor to the stricken provision as is legally possible.

7. No Transfers of this Note. Neither this Note nor any of the rights, interests or obligations hereunder shall be assigned by the Payee. Any attempted assignment made in contravention of this Note shall be null and void and of no force or effect.

8. Payments on Non-Business Days. If any payment hereunder shall be due on a day that is not a business day, the date for payment shall be extended to the next succeeding business day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

9. Counterparts; Electronic Signatures. This Note may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Note may be executed by facsimile or other electronic signatures.

[Signatures on following page]

IN WITNESS WHEREOF, Aziyo Biologics, Inc. has caused this Subordinated Convertible Promissory Note to be duly executed and delivered by its proper and duly authorized officer as of the date first written above.

AZIYO BIOLOGICS, INC.

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED TO BY PAYEE:

[INVESTOR]

By: _____
Name:
Title:

Exhibit 10.13

AZIYO BIOLOGICS, INC.

AMENDMENT TO NOTE PURCHASE AGREEMENT

This AMENDMENT TO NOTE PURCHASE AGREEMENT (this "***Amendment"***) is entered into as of April 29, 2020 by and between Aziyo Biologics, Inc., a Delaware corporation (the "***Company***") and each of the other persons and entities signatory hereto (the "***Investors***").

WHEREAS, the Company and the Investors are parties to that certain Note Purchase Agreement, dated as of April 2, 2020, by and between the Company and each of the persons and entities set forth on Schedule A attached thereto (the "***Existing Agreement***");

WHEREAS, pursuant to Section 4.10 of the Existing Agreement, any term of the Existing Agreement may be amended with the written consent of the Company and the Majority Holders;

WHEREAS, the Investors constitute the Majority Holders; and

WHEREAS, the Company and the Investors desire to amend the Existing Agreement as more particularly set forth herein

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and pursuant to the Existing Agreement, the parties hereto hereby agree to amend the Existing Agreement as follows:

1. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Existing Agreement.

2. Amendments.

2.1. Definitions. Any reference to "the Agreement" or "this Agreement" in the Existing Agreement shall mean the Existing Agreement, as amended by this Amendment.

2.2. Amendment to Section 2.3. The reference to "$1,000,000.00" in Section 1.2(b) of the Existing Agreement is hereby amended and replaced with "$3,000,000.00".

3. Effect of Amendment. Except as expressly provided herein, the parties acknowledge that (a) no terms or provisions of the Existing Agreement are modified or changed by this Amendment; and (b) the terms and provisions of the Existing Agreement shall continue in full force and effect.

4. Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Amendment may be executed by facsimile or electronic transmission signatures (including .pdf copies).

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the date first written above.

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey D. Hamet
Name: Jeffrey D. Hamet
Title: Vice President, Finance and Treasurer

Address: 12510 Prosperity Drive
Suite 370
Silver Spring, MD 20904

Email Address: [XXX]

INVESTORS:

HIGHCAPE PARTNERS QP, L.P.

By: HighCape Partners GP, L.P., its general partner

By: HighCape Partner GP, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HIGHCAPE PARTNERS, L.P.

By: HighCape Partners GP, L.P., its general partner

By: HighCape Partner GP, LLC, its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

Exhibit 10.14

Silicon Valley Bank

U.S. Small Business Administration
Paycheck Protection Program
Note

SBA Loan No.	6608117303	
SBA Loan Name	Borrower Legal Name	Aziyo Biologics, Inc.
	DBA	
Date	5/7/2020	
Loan Amount	$ 2995265	
Interest Rate	1.0% per annum	
Borrower	Aziyo Biologics, Inc.	
Operating Company	Not applicable	
Lender	Silicon Valley Bank	

1. PROMISE TO PAY.

In return for the Loan, Borrower promises to pay to the order of Lender the amount of $ 2995265 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS.

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"Paycheck Protection Program" means loan program created by Section 1102 of the CARES Act.

"Per Annum" means for a year deemed to be comprised of 360 days.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS: Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

A. Conditions Precedent to Disbursement of Loan Proceeds.

Before the funding of the Loan, the following conditions must be satisfied:

1. Lender has approved the request for the Loan.

2. Lender has received approval from SBA to fund the Loan.

B. No Payments During Deferral Period. There shall be no payments due by Borrower during the six-month period beginning on the date of this Note (the "Deferral Period"). However, during the Deferral Period interest will accrue at the Interest Rate on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days.

C. Principal and Interest Payments. Commencing one month after the expiration of the Deferral Period, and continuing on the same day of each month thereafter until the Maturity Date, Borrower shall pay to Lender monthly payments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the Note on the last day of the Deferral Period by the Maturity Date.

D. Maturity Date. On the date which is twenty-four (24) months from the date of this Note (the "Maturity Date"), Borrower shall pay to Lender any and all unpaid principal plus accrued and unpaid interest plus interest accrued during the Deferral Period. This Note will mature on the Maturity Date.

E. Not a Business Day. If any payment is due on a date for which there is no numerical equivalent in a particular calendar month then it shall be due on the last day of such month. If any payment is due on a day that is a Saturday, Sunday or any other day on which California chartered banks are authorized to be closed, the payment will be made on the next business day.

F. Payment Allocation. Payments shall be allocated among principal and interest at the discretion of Lender unless otherwise agreed or required by applicable law (including the CARES Act). Notwithstanding, in the event the Loan, or any portion thereof, is forgiven pursuant to the Paycheck Protection Program under the federal CARES Act, the amount so forgiven shall be applied to principal.

F. Prepayments. Borrower may prepay this Note at any time without payment of any penalty or premium.

G. Borrower Certifications.

Borrower certifies to Lender as follows:

1. Current economic uncertainty makes this Loan necessary to support the ongoing operations of Borrower.

2. Loan funds will be used by Borrower to retain its workers and maintain its payroll or make its mortgage payments, lease payments, and utility payments.

3. For the period beginning on February 15, 2020 and ending on December 31, 2020, Borrower did not receive, and agrees it will not apply for or receive, another loan under the Paycheck Protection Program.

4. Borrower was in operation on February 15, 2020 and (i) had employees for whom it paid salaries and payroll taxes or (ii) paid independent contractors as reported on a 1099-Misc.

5. Borrower has reviewed and understands Sections 1102 and 1106 of the CARES Act and the related guidelines and has completed the Application, including Borrower's eligibility in conformity with those provisions.

6. Borrower has taken its "affiliates" (as defined by the SBA) into account when determining the number of employees and the total amount of loans permitted under the Paycheck Protection Program.

7. Borrower is a small business concern or is otherwise eligible to receive a covered loan.

8. The person who has completed and signed the application, this Note and the Loan Documents has been validly authorized by Borrower to enter into borrowings on behalf of Borrower.

H. Agreements.

Borrower understands and agrees, and waives and releases Lender, its affiliates and their respective directors, officers, agents and employees, as follows:

1. The Loan will be made under the SBA's Paycheck Protection Program. Accordingly, this Note and the other Loan Documents must be submitted to and approved by the SBA. There is limited funding available under the Paycheck Protection Program and accordingly, all applications submitted will not be approved by the SBA.

2. Lender is participating in the Payroll Protection Program to help businesses impacted by the economic impact from COVID-19. However, Lender anticipates high volumes and there may be processing delays and system failures along with other issues that interfere with submission of Borrower's application to SBA. Lender does not represent or guarantee that it will submit the application while SBA funding remains available under the Payroll Protection Program or at all. Borrower hereby agrees that Lender is not responsible or liable to Borrower or any of its affiliates (i) if the Lender does not submit Borrower's application to the SBA until after the date that SBA stops approving applications under the Paycheck Protection Program, for any reason or (ii) if the application is not processed by Lender. Borrower forever releases and waives any claims against Lender, its affiliates and their respective directors, officers, agents and employees concerning failure to obtain the Loan. This release and waiver applies to, but is not limited to, any claims concerning Lender's (i) pace, manner or systems for processing or prioritizing applications, or (ii) representations by Lender regarding the application process, the Paycheck Protection Program, or availability of funding. This agreement to release and waiver supersedes any prior communications, understandings, agreements or communications on the issues set forth herein.

3. Forgiveness of the Loan is only available for principal that is used for the limited purposes that expressly qualify for forgiveness under SBA requirements, and that to obtain forgiveness, Borrower must request forgiveness from the Lender, provide documentation in accordance with the SBA requirements, and certify that the amounts Borrower is requesting to be forgiven qualify under those requirements. Borrower also understands that Borrower shall remain responsible under the Loan for any amounts not forgiven, and that interest payable under the Loan will not be forgiven, but that the SBA may pay the Loan interest on forgiven amounts.

4. Forgiveness of the Loan is not automatic and Borrower must request forgiveness of the Loan from Lender. Borrower is not relying on Lender for its understanding of the requirements for forgiveness such as eligible expenditures, necessary records/documentation, or possible reductions due to changes in number of employees or compensation. Borrower agrees that will consult the SBA's program materials and consult with its own counsel regarding the criteria forgiveness.

5. The Loan Documents are subject to review, and Borrower may not receive the Loan. The Loan also remains subject to availability of funds under the SBA's Payment Protection Program, and to the SBA issuing an SBA loan number.

6. Borrower's liability under this Note will continue with respect to any amounts SBA may pay Bank based on an SBA guarantee of this Note. Any agreement with Bank under which SBA may guarantee this Note does not create any third party rights or benefits for Borrower and, if SBA pays Bank under such an agreement, SBA or Bank may then seek recovery from Borrower of amounts paid by SBA.

7. Lender reserves the right to modify the Note Amount based on documentation received from Borrower.

8. Borrower's execution of this Note has been duly authorized by all necessary actions of its governing body. The person signing this Note is duly authorized to do so on behalf of Borrower.

9. This Note shall not be governed by any existing or future credit agreement or loan agreement with Lender. The liabilities guaranteed pursuant to any existing or future guaranty in favor of Lender shall not include this Note. The liabilities secured by any existing or future security instrument in favor of Lender shall not include the Loan.

10. The proceeds of the Loan will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule. Borrower understands that if the funds are knowingly used for unauthorized purposes, the federal government may hold Borrower legally liable, such as for charges of fraud.

Electronic Execution of Loan Documents.

The words "execution," "signed," "signature" and words of like import in this Note and any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

A. Fails to do anything required by this Note and other Loan Documents;

B. Defaults on any other loan with Lender;

C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;

D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;

E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;

F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;

G. Fails to pay any taxes when due;

H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;

I. Has a receiver or liquidator appointed for any part of their business or property;

J. Makes an assignment for the benefit of creditors;

K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;

L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or

M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT.

Without notice or demand and without giving up any of its rights, Lender may:

A. Require immediate payment of all amounts owing under this Note;

B. Collect all amounts owing from any Borrower or Guarantor;

C. File suit and obtain judgment.

D. Take possession of any Collateral; or

E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS.

Without notice and without Borrower's consent, Lender may:

A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;

B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;

C. Release anyone obligated to pay this Note;

D. Compromise, release, renew, extend or substitute any of the Collateral; and

E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES; GOVERNING LAW; FORUM SELECTION.

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS.

Under this Note, Borrower and Operating Company includes its successors, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS.

A. All individuals and entities signing this Note are jointly and severally liable.

B. Borrower waives all suretyship defenses.

C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.

D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them. E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.

E. If any part of this Note is unenforceable, all other parts remain in effect.

F. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

If the SBA is not the holder, this Note shall be governed by and construed in accordance with the laws of the State of California where the main office of Lender is located. MATTERS REGARDING INTEREST TO BE CHARGED BY LENDER AND THE EXPORTATION OF INTEREST SHALL BE GOVERNED BY FEDERAL LAW (INCLUDING WITHOUT LIMITATION 12 U.S.C. SECTIONS 85 AND 1831(u) AND THE LAW OF THE STATE OF CALIFORNIA. Borrower agrees that any legal action or proceeding with respect to any of its obligations under this Note may be brought by Lender in any state or federal court located in the State of California, as Lender in its sole discretion may elect. Borrower submits to and accepts in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. Borrower waives any claim that the State of California is not a convenient forum or the proper venue for any such suit, action or proceeding. The extension of credit that is the subject of this Note is being made by Lender in California.

11. BORROWER'S NAME(S) AND SIGNATURE(S).

BORROWER CERTIFIES THAT THE INFORMATION PROVIDED IN THIS APPLICATION AND THE INFORMATION PROVIDED IN ALL SUPPORTING DOCUMENTS AND FORMS IS TRUE AND ACCURATE IN ALL MATERIAL RESPECTS. BORROWER UNDERSTANDS THAT KNOWINGLY MAKING A FALSE STATEMENT TO OBTAIN A GUARANTEED LOAN FROM SBA IS PUNISHABLE UNDER THE LAW, INCLUDING UNDER 18 USC 1001 AND 3571 BY IMPRISONMENT OF NOT MORE THAN FIVE YEARS AND/OR A FINE OF UP TO $250,000; UNDER 15 USC 645 BY IMPRISONMENT OF NOT MORE THAN TWO YEARS AND/OR A FINE OF NOT MORE THAN $5,000; AND, IF SUBMITTED TO A FEDERALLY INSURED INSTITUTION, UNDER 18 USC 1014 BY IMPRISONMENT OF NOT MORE THAN THIRTY YEARS AND/OR A FINE OF NOT MORE THAN $1,000,000.

By signing below, each individual or entity becomes obligated under this Note *as* Borrower.
Funds will be credited to your Deposit
Account Number ending in:

5366

BORROWER:

By: /s/ Jeffrey Hamet

Name: Jeffrey Hamet

Title: Authorized Signer

Date: 5/7/2020

Exhibit 10.15

EXECUTION VERSION

ROYALTY AGREEMENT

dated as of

May 31, 2017

by and between

AZIYO MED, LLC

and

LIGAND PHARMACEUTICALS INCORPORATED

TABLE OF CONTENTS

ROYALTY AGREEMENT

This ROYALTY AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "***Agreement***") is dated as of May 31, 2017, by and between AZIYO MED, LLC, a Delaware limited liability company (the "***Company***"); and LIGAND PHARMACEUTICALS INCORPORATED, a Delaware corporation ("***Ligand***").

RECITALS

WHEREAS, the Company wishes (i) to acquire from CorMatrix Cardiovascular, Inc. (the "***Seller***") all of its assets related or applicable to, or used in connection with, its business of developing, manufacturing and commercializing the Products described herein (the "***Sale Transaction***"), and (ii) in connection with such Sale Transaction, to obtain the consent of Ligand to the Sale Transaction and enter into an agreement with Ligand setting forth the obligations of the Company to Ligand with respect to such acquired interests and the sale of the Products; and

WHEREAS, as a condition precedent to Ligand's entering into this Agreement, Aziyo Biologics, Inc., a Delaware corporation and the parent of the Company (the "***Guarantor***"), has agreed to enter into a Guaranty Agreement guarantying the obligations of the Company under Section 2.01, in substantially the form attached hereto as Exhibit A;

NOW, THEREFORE, in consideration of the mutual covenants, agreements and representations and warranties set forth herein, the parties hereto agree as follows:

ARTICLE I – ***Definitions***

SECTION 1.01. ***Defined Terms.*** As used in this Agreement, the following terms shall have the meanings specified below:

"***Affiliate***" shall mean any Person that controls, is controlled by, or is under common control with another Person. For purposes of this definition, "control" shall mean direct or indirect ownership of a majority of the stock or other equity interests having the right to vote for the election of directors or other members of the governing body of the entity.

"***Applicable Royalty Percentage***" shall mean (i) prior to the first $5,000,000 payment of the Buydown Payment, twenty percent (20.0%) or (ii) following such payment, five percent (5.0%), *provided* that if the second $5,000,000 installment of the Buydown Payment is not made on or before December 15, 2017, then the Applicable Royalty Percentage shall be twenty percent (20.0%) from December 15, 2017, until such second payment is made.

"***Asset Purchase Agreement***" shall mean that certain Asset Purchase Agreement, dated as of May 31, 2017, by and among the Seller, the Company and the Guarantor setting forth the terms and conditions of the Sale Transaction.

"***Audit Costs***" shall mean, with respect to any audit of the books and records of the Company or its Subsidiaries with respect to amounts payable or paid under this Agreement, the reasonable out-of-pocket cost of such audit, including all fees, costs and expenses incurred in connection therewith.

"***Bankruptcy Event***" shall mean the occurrence of any proceeding being instituted by or against the Company seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, or the Company taking any action to authorize any of the actions set forth above. Notwithstanding the foregoing, if such proceeding is instituted against the Company, no Bankruptcy Event shall have occurred unless such proceeding remains undismissed, undischarged or unbonded for a period of sixty (60) days.

"***Books***" shall mean all of the books and records of a Person, including ledgers, federal and state tax returns, records regarding the Person's assets or liabilities, the General Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"***Business Day***" shall mean any day other than a Saturday, a Sunday, any day which is a legal holiday under the laws of the State of New York, or any day on which banking institutions located in the State of New York are required by law or other governmental action to close.

"***Buydown Payment***" shall have the meaning set forth in Section 2.01(a).

"***CanGaroo Product Change of Control***" shall mean the first to occur of any Product Change of Control in respect of the CanGaroo Products.

*"**Collateral***" means the Royalty Related Collateral and the General Collateral.

"***Company***" shall have the meaning set forth in the preamble.

"***Company Change** of **Control***" shall mean, with respect to the Company, the first to occur of any of the following transactions:

(a) the acquisition by any Person or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of any capital stock of the Company, if after such acquisition, such Person or group would be the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, but assuming that any convertible securities owned by such Person or group or any controlled affiliates thereof are immediately exercisable), directly or indirectly, of securities of the Company representing a majority of the voting power of the Company;

(b) a merger or consolidation of the Company, with any other Person, other than a merger or consolidation which would result in the Company's voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) a majority of voting power of the Company immediately after such merger or consolidation; or

(c) the bona fide sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any of its Subsidiaries of all or substantially all the assets of the Company and its Subsidiaries, taken as a whole.

"***Confidential Information***" shall mean, as it relates to the Company and its Affiliates and any of the Products, the Intellectual Property related to any of the Products, confidential business information, financial data and other like information (including ideas, research and development, know-how, formulas, schematics, compositions, technical data, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), inventory, ideas, algorithms, processes, computer software programs or applications (in both source code and object code form), client lists and tangible or intangible proprietary information or material, or such other information that either Party identifies to the other as confidential or the nature of which or the circumstances of the disclosure of which would reasonably indicate that such information is confidential or proprietary. Notwithstanding the foregoing definition, Confidential Information shall not include information that (a) is already in the public domain at the time the information is disclosed, (b) thereafter becomes lawfully obtainable from other sources who, to the knowledge of the recipient, have no obligation of confidentiality, (c) can be shown to have been independently developed by the recipient or its representatives without reference to any Confidential Information of the other Party or (d) is required to be disclosed under laws, rules and regulations of any Governmental Authority applicable to the Company or its Affiliates or Ligand or its Affiliates, as the case may be, or pursuant to the rules and regulations of any securities exchange or trading system or pursuant to any other laws, rules or regulations of any Governmental Authority having jurisdiction over the Company and its Affiliates or Ligand and its Affiliates.

"***Depository Bank***" shall mean Silicon Valley Bank.

"***Effective Date***" shall mean the date of the closing of the Sale Transaction.

"***Excluded Assets***" shall mean (i) any deposit accounts exclusively used by the Company for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Company's employees, (ii) the Permitted CD Collateral Accounts (as defined in the MidCap Credit Facility), (iii) any fee interest in owned or leased real property (including fixtures related thereto), (iv) any "intent to use" trademark application for which a statement of use has not been filed with the United States Patent and Trademark Office, (v) any motor vehicles or other assets subject to certificates of title, (vi) any equity interests of subsidiaries that are not wholly-owned subsidiaries to the extent a security interest on such equity interests is prohibited by the organizational or joint venture documents relating to such equity interests, (vii) any voting equity interests of foreign subsidiaries in excess of 65% of the outstanding voting equity interests of such subsidiaries and (viii) any assets over which the granting of a security interest in such assets would be prohibited by applicable law or contract or that would require governmental consent, approval, license or authorization, in each case after giving effect to Section 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code in the applicable jurisdiction or any other applicable law or principle of equity.

"***Excluded Costs***" shall mean the following items to the extent permitted by generally accepted accounting principles: (i) value added or any other similar transaction taxes accrued on sales invoices, (ii) sales discounts and all kinds of rebates, (iii) any orders or parts thereof which are subsequently returned to the Company (or an Affiliate, agent or sublicensee thereof, as applicable) and refunded to the customer or wholesaler, (iv) charges for late payment collected from customers, registration charges and other service charges and (v) applicable shipping charges.

"***Existing Liens***" shall mean (i) any liens or other security interests upon any assets of the Company for the benefit of the lenders and other secured parties under the MidCap Credit Facility, and (ii) the rights of the Seller and Cook Biotech Incorporation, an Indiana corporation, under the respective cross license agreements entered into by the Company and each of them in connection with the Sale Transaction, as they may be amended or modified from time to time.

"***Fiscal Quarter***" shall mean each three (3) month period commencing January 1, April l, July 1 or October 1, *provided* however that (a) the first Fiscal Quarter after the Effective Date shall commence on the day after the Effective Date and continue to the end of the first full Fiscal Quarter thereafter and (b) the last Fiscal Quarter of the Term shall end upon the expiration or termination of this Agreement.

"***Fiscal Year***" shall mean the calendar year.

"***General Collateral***" shall have the meaning set forth in Section 8.02.

"***Governmental Authority***" shall mean any government, court, regulatory or administrative agency or commission, or other governmental authority, agency or instrumentality, whether foreign, federal, state or local (domestic or foreign).

"***Guarantor***" shall have the meaning set forth in the Recitals.

"***Intellectual Property***" shall mean all proprietary information; technical data; laboratory notebooks; clinical data; priority rights; trade secrets; know-how; confidential information; inventions (whether patentable or unpatentable and whether or not reduced to practice or claimed in a pending patent application); Patents; registered or unregistered trademarks, trade names, service marks, including all goodwill associated therewith; registered and unregistered copyrights and all applications thereof; in each case that are owned, controlled by, generated by, issued to, licensed to, licensed by or hereafter acquired by or licensed by the Company or any of its Subsidiaries.

"***Intercreditor Agreement***" shall mean that certain Intercreditor Agreement, by and among the MidCap Credit Facility Agent, Ligand and the Company, dated as of May 31, 2017, as it may be amended, supplemented or otherwise modified from time to time.

"***Knowledge of the Company***" shall mean the current actual knowledge, information or belief held by Lode Debrabandere, Kevin Rakin and Michelle LeRoux Williams after reasonable inquiry by such person into the relevant subject matter.

"***Ligand***" shall have the meaning set forth in the preamble.

"***Ligand Account***" shall mean the following account (or such other account as Ligand may designate in writing (such designation to be made at least two (2) Business Days prior to any payment owing to Ligand under this Agreement)):

Ligand Pharmaceuticals, Inc.
[XXX]
Account No. [XXX]
Routing No. [XXX]

"***Ligand Purchase Agreement***" shall mean the Interest Purchase Agreement, dated as of May 3, 2016, between the Seller and Ligand.

"***Losses***" shall mean collectively, any and all claims, damages, losses, judgments, awards, penalties, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with defending any action, suit or proceeding.

"***Main Account***" shall mean the deposit account maintained by the Company at the Depository Bank with account number [XXX].

"***Material Adverse Change***" shall mean, with respect to the Company and its Subsidiaries, any event, change, circumstance, occurrence, effect or state of facts that has caused or is reasonably likely to cause a material adverse change in the business, operations, assets or financial condition of the Company and its Subsidiaries, taken as a whole.

"***Material Adverse Effect***" shall mean (a) the effect of a Material Adverse Change, (b) a material adverse effect on the validity or enforceability of this Agreement, (c) the inability or failure of the Company to make the payments provided in this Agreement, (d) a material adverse effect on the ability of the Company to perform any of its other material obligations under this Agreement or (e) any material adverse effect on the Products or the ability of the Company and its Subsidiaries to distribute, market and/or sell the Products.

"***MidCap Credit Facility***" shall mean that certain Credit and Security Agreement (Revolving Loan) and that certain Credit and Security Agreement (Term Loan), as each may be amended, amended and restated, supplemented or otherwise modified as of the date hereof, and as each may be further amended, amended and restated. supplemented or otherwise modified from time to time as permitted by the Intercreditor Agreement, by and among the Company and the Guarantor, as Borrowers (as defined therein), MidCap Credit Facility Agent and the Lenders (as defined therein) party thereto.

"***MidCap Credit Facility Agent***" shall mean MidCap Financial Trust, a Delaware statutory trust, in its capacity as administrative agent under the MidCap Credit Facility or any successor thereto in such capacity.

"***Minimum Annual Royalty***" shall mean with respect to (a) calendar year 2017, zero, (b) calendar year 2018, $1,250,000, (c) calendar year 2019, $2,200,000, and (d) calendar year 2020 and each calendar year thereafter during the Term, $2,750,000; *provided,* however, that for the final Fiscal Year of the Term, the "Minimum Annual Royalty" shall mean the applicable Minimum Annual Royalty *multiplied* by the fraction of such Fiscal Year that is within the Term; *provided*, *further*, that if any Product, or any product enumerated in the definition of any Product (or in any Schedule referenced in any such definition), is divested as a result of a Product Change of Control or if any Product is withdrawn from the market for regulatory or safety reasons, the Minimum Annual Royalty shall be reduced by an amount that is the product of (a) the applicable Minimum Annual Royalty for the Fiscal Year in which such Product Change of Control or withdrawal takes place and for each Fiscal Year thereafter *times* (b) the fraction representing (x) the total sales of such Product or enumerated product subject to such Product Change of Control or withdrawal in the twelve (12) calendar months immediately preceding such Product Change of Control or withdrawal over (y) the aggregate total sales of all Products in the twelve (12) calendar months immediately preceding such Product Change of Control or withdrawal. For the avoidance of doubt, the Minimum Annual Royalty shall be adjusted according to the foregoing proviso immediately as of any Product Change of Control or withdrawal.

"***Minimum Quarterly Payment***" shall mean, with respect to any Fiscal Quarter during the Term, an amount equal to the difference between (i) the applicable Minimum Quarterly Royalty and (ii) the aggregate Monthly Royalties paid to Ligand with respect to such Fiscal Quarter.

"***Minimum Quarterly Royalty***" shall mean the applicable Minimum Annual Royalty divided by four; *provided,* however, that for the final Fiscal Quarter of the Term, the "Minimum Quarterly Royalty" shall mean the applicable Minimum Annual Royalty divided by four *multiplied* by the fraction of such Fiscal Quarter that is within the Term.

"***Minimum Quarterly Royalty Overpayment***" shall have the meaning set forth in Section 2.02(b)(ii).

"***Monthly Report***" shall mean, with respect to the relevant Payment Month of the Company, a report showing (a) the gross revenues of the Products for such Payment Month, (b) the Net Sales Proceeds for such Payment Month, (c) the Excluded Costs for such Payment Month, and (d) a reasonable calculation of the amount to which Ligand is entitled for such Payment Month pursuant to Section 2.02(a) of this Agreement.

"***Monthly Royalty***" shall mean, with respect to each Payment Month, the amount due to Ligand pursuant to Section 2.02(a) for such Payment Month.

"***Net Sales Proceeds***" shall mean the aggregate amount of sales proceeds received by the Company (or an Affiliate, agent or sublicensee thereof, as applicable) and its Subsidiaries for Products in any Payment Month during the Term, less Excluded Costs.

"***Obligations***" shall mean any and all payment obligations of the Company under this Agreement.

"***Pari Passu Collateral***" shall have the meaning set forth in the Intercreditor Agreement.

"***Parties***" shall mean Ligand, the Company and any other Person from time to time made party to this Agreement, each a "***Party.***"

"***Patent***" shall mean all patents, patent rights, patent applications, patent disclosures and invention disclosures issued or filed, together with all reissues, divisions, continuations, revisions, term extensions, substitutes, supplementary protection certificates, reexaminations, inter-partes reviews, post-grant oppositions or similar post-grant review proceedings, including the inventions claimed in any of the foregoing and any priority rights arising therefrom, that are issued or filed prior to the date hereof or during the remainder of the Term, which are owned by the Company or any Subsidiary.

"***Payment Month***" shall mean each month-long period commencing on the first day of each calendar month during the Term, *provided* however that (a) the first Payment Month after the Effective Date shall commence on the day after the Effective Date and continue until the end of the first full Payment Month thereafter and (b) the last Payment Month of the Term shall end upon the expiration or termination of this Agreement.

"***Permitted Liens***" shall mean (i) the Existing Liens, (ii) the security interests granted to Ligand pursuant to Article VIII, and (iii) any liens for taxes or other governmental charges arising by operation of law in the ordinary course of business for sums which are not yet due and payable.

"***Permitted Transaction***" shall mean any transaction (a) contemplated by the MidCap Credit Facility, as in effect on the Effective Date, or any refinancing facility with respect thereto and (b) during the Term whereby the Company incurs, creates, assumes or permits to exist any indebtedness for borrowed money; *provided* that such transaction (x) does not, except to the extent expressly contemplated by Section 8.06, result in any security interest granted hereunder ceasing to be a valid and perfected security interest and (y) could not reasonably be expected to impair the ability of the Company to comply with the requirements to make the payments set forth in Section 2.01, Section 2.02 or Section 2.03.

"***Person***" shall mean an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, but not including a government or political subdivision or any agency or instrumentality of such government or political subdivision.

"***Product Change of Control***" shall mean, with respect to any Product, or any product enumerated in the definition of any Product (or in any Schedule referenced in any such definition), any sale or other transfer by the Company of substantially all of the assets primarily used to commercialize such Product or such enumerated product or of the exclusive right to commercialize such Product or such enumerated product.

"***Products***" shall mean (a) SIS tissue sheet products that were (i) marketed or sold by the Seller under the trade name CorMatrix Carotid Repair, CorMatrix Vascular Repair, CorMatrix Pericardial Repair & Reconstruction, Tyke or CorMatrix Cardiac Tissue Repair and (ii) described in a Section 510(k) premarket notification cleared by the FDA on or prior to the Closing Date, (b) SIS encasement structures for encapsulation of any cardiac implantable electronic device (CIED) that were (i) marketed or sold by the Seller under the trade name CanGaroo or CorMatrix CanGaroo and (ii) described in a Section 510(k) premarket notification cleared by the FDA on or prior to the Closing Date (the "***CanGaroo Products***"), and (c) any products substantially similar in design and application to the Products specified in clauses (a) and (b) commercialized after the Closing Date during the Term, including in each case specified in clauses (a) - (c), any modifications and improvements made to the tissue sheet structures or the encasement structures of such Products that are to be commercialized for the applications in the Aziyo Fields of Use, as defined in the Asset Purchase Agreement. For the purposes hereof, the term "Products" shall also mean and include (x) CanGaroo Products for encasement of neurologic devices and other subcutaneous implantable device applications, and (y) CanGaroo Products composed of SIS plus antibiotics. Schedule A sets forth a complete list of all of the Products at the Closing Date.

"***Recharacterization***" shall have the meaning set forth in the recitals to the Intercreditor Agreement.

"***Regulatory Agency***" shall mean a Governmental Authority with responsibility for the approval of the marketing and sale of surgical implants or other regulation of surgical implants.

"***Regulatory Approvals***" shall mean all approvals (including, without limitation, where applicable, pricing and reimbursement approval and schedule classifications), product and/or establishment licenses, registrations or authorizations of any Governmental Authority necessary for the manufacture, use, storage, import, export, transport, offer for sale, or sale of any of the Products.

"***Remedies Event***" shall mean (x) a Bankruptcy Event, (y) a failure by the Company to make a payment pursuant to Section 2,01, Section 2.02 or Section 2.03, *provided* that no such failure shall constitute a Remedies Event unless such failure shall remain uncured for thirty (30) days or (z) an Event of Default (as defined in the MidCap Credit Facility) under the MidCap Credit Facility.

"***Royalty Interests***" shall mean the right to receive on a monthly basis cash in an amount equal to the product of the Applicable Royalty Percentage multiplied by the Net Sales Proceeds during the Term, pursuant to the terms and conditions of this Agreement. For the avoidance of doubt, Royalty Interests shall not constitute accounts or payment intangibles (as each term is defined in the UCC) giving rise to such cash amounts.

*"**Royalty Related Collateral***" means (a) any accounts (as defined in Article 9 of the UCC) with respect to the Products and the proceeds of such accounts, (b) the Special Account, (c) any intellectual property acquired by the Company from the Seller and necessary for the production, marketing or sale of the Products, including those set forth on Schedule B hereto and (c) any Equipment and Inventory (as defined in Article 9 of the UCC) used in connection with the production of any Product.

"***Sale Transaction***" shall have the meaning set forth in the Recitals.

"***SEC***" shall mean the U.S. Securities and Exchange Commission.

"***SIS***" shall mean a solid sheet extracellular matrix composition prepared from intestinal tissue.

"***Special Account***" shall mean the deposit account maintained by the Company at the Depository Bank with account number [XXX].

"***Subsidiary***" shall mean, with respect to the Company, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the voting power (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned beneficially or of record by the Company.

"***Sweep Event***" shall have the meaning set forth in the Intercreditor Agreement.

"***Term***" shall have the meaning set forth in Section 6.01.

"***Third Party***" shall mean any Person other than Ligand and any Affiliate of Ligand or the Company or any Subsidiary of the Company.

"***Transfer***" shall have the meaning set forth in Section 8.06(c).

"***UCC***" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

ARTICLE II - ***Payments by the Company;***

SECTION 2.01. ***Buydown Payment***.

The Company shall make a payment to Ligand in the amount of $10,000,000 (the "***Buydown Payment***") in two (2) installments, the first installment in the amount of $5,000,000 payable within thirty (30) days after the Effective Date but no later than June 30, 2017, and the second installment in the amount of $5,000,000 payable on or before December 15, 2017, each of which shall be paid by wire transfer of immediately available funds to the Ligand Account.

SECTION 2.02. ***Periodic Royalties.***

(a) Monthly Royalties. The Company shall pay to Ligand, by wire transfer of immediately available funds (i) within thirty (30) days after the end of each Payment Month, an amount equal to the Applicable Royalty Percentage multiplied by the Net Sales Proceeds (if any) received by the Company during such Payment Month, and (ii) on the Closing Date, the monthly royalty amounts due and owing by Seller under the Ligand Purchase Agreement for the Payment Months of March and April 2017 and when due the monthly royalty amount of Seller thereunder for the Payment Month of May 2017.

(b) Minimum Quarterly Payments.

(i) Subject to clause (b)(ii), if, with respect to any Fiscal Quarter that begins after December 31, 2017, the sum of (1) the aggregate Monthly Royalties paid to Ligand during the Fiscal Year that includes such Fiscal Quarter plus (2) the Minimum Quarterly Payments made to Ligand during such Fiscal Year is less than the Minimum Quarterly Royalty multiplied by the number of completed Fiscal Quarters in such Fiscal Year, then the Company shall pay to Ligand, by wire transfer of immediately available funds within thirty (30) days after the end of such Fiscal Quarter, an amount equal to the difference between (A) the Minimum Quarterly Royalty multiplied by the number of completed Fiscal Quarters in such Fiscal Year and (B) the sum of (1) the aggregate Monthly Royalties paid to Ligand with respect to such Fiscal Year plus (2) the Minimum Quarterly Payments made to Ligand with respect to such Fiscal Year.

(ii) Notwithstanding clause (b)(i), if, with respect to any Fiscal Year that begins after December 31, 2017 in respect of which any Minimum Quarterly Payment was made to Ligand, the aggregate Monthly Royalties paid in respect of such Fiscal Year exceed the applicable Minimum Annual Royalty (the amount of any such Minimum Quarterly Payments made in any such Fiscal Year, the "***Minimum Royalty Overpayment***"), then any subsequent payment obligation owing by the Company pursuant to this Agreement shall be automatically reduced and offset in the amount of such Minimum Royalty Overpayment until such Minimum Royalty Overpayment is extinguished.

(c) Payments to Ligand.

(i) Within thirty (30) days following the end of each Payment Month, the Company shall disburse from the Special Account to the Ligand Account an amount equal to the amount to which Ligand is entitled pursuant to Section 2.02(a) of this Agreement (if any) for such Payment Month.

(ii) Within sixty (60) days following the end of each Fiscal Quarter, the Company shall remit by wire transfer of immediately available funds to the Ligand Account an amount equal to the amount to which Ligand is entitled pursuant to Section 2.02(b) of this Agreement (if any) for such Fiscal Quarter.

(iii) If, after any Sweep Event occurs, the "notice of exclusive control" giving rise to such Sweep Event is revoked prior to a Bankruptcy Event, to the extent any Minimum Quarterly Royalty came due and was not paid pursuant to [Section 2.1(b)] of the lntercreditor Agreement prior to such revocation, the Company shall pay such Minimum Quarterly Royalty within thirty (30) days of such revocation.

SECTION 2.03. ***Milestone Payments*.**

(a) If and when the aggregate amount of Net Sales Proceeds received by the Company during the Term equals $100,000,000, the Company shall pay $5,000,000 to Ligand, which payment shall be made within forty-five (45) days thereof by wire transfer of immediately available funds to the Ligand Account.

(b) If and when the aggregate amount of Net Sales Proceeds received by the Company during the Term equals $300,000,000 or the occurrence of a CanGaroo Product Change of Control during the Term, whichever is sooner, the Company shall pay an additional $5,000,000 to Ligand, which payment shall be made within forty-five (45) days thereof by wire transfer of immediately available funds to Ligand Account.

SECTION 2.04. ***Consent to Sale Transaction; No Assumed Obligations.***

Ligand hereby consents to the Sale Transaction on the terms and conditions set forth in the Asset Purchase Agreement. Notwithstanding any provision in this Agreement or any other writing to the contrary, Ligand acknowledges and agrees that (i) Ligand does not have any right, title or interest in or to any of the Products or any other assets acquired the Company in the Sales Transaction, except for its interest in and to the Royalty Interests (and the security interests granted to Ligand hereunder) during the Term, all as set forth herein, and (ii) neither the Company nor any of its Affiliates have assumed or agreed to pay any liabilities or other obligations of the Seller or any of its Affiliates to Ligand or its Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter, including without limitation, any obligations or liabilities of the Seller or its Affiliates under the Ligand Purchase Agreement. All such liabilities and obligations shall be retained by and remain obligations and liabilities of the Seller and its Affiliates.

ARTICLE III - *Representations and Warranties of the Company*

SECTION 3.01. ***Organization.*** The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all limited liability company power and all licenses, authorizations, consents and approvals required to carry on its business as proposed to be conducted in connection with this Agreement. The Company has no Subsidiaries.

SECTION 3.02. ***Authorization***. The Company has all necessary power and authority to enter into, execute and deliver this Agreement and to perform all of the obligations to be performed by it hereunder and to consummate the transactions contemplated hereunder. This Agreement has been duly authorized, executed and delivered by the Company and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or general equitable principles.

SECTION 3.03. ***Governmental Authorization***. The execution and delivery by the Company of this Agreement, and the performance by the Company of its obligations hereunder, does not require any notice to, action or consent by, or in respect of, or filing with, any Governmental Authority.

SECTION 3.04. ***Ownership***.

(a) As of the date hereof, the Company owns or holds a valid license under all of the Intellectual Property and the Regulatory Approvals which it currently purports to own related to any of the Products, free and clear of all liens, except Permitted Liens. As of the date hereof, the Company has not granted, nor does there exist, any lien on the Products except Permitted Liens.

(b) There is no filed and served on the Company or, to the Knowledge of the Company, threatened against the Company in writing any action, suit, proceeding, investigation or claim by any Person to which the Company is a party that claims that the Intellectual Property or the manufacture, use, marketing, sale, offer for sale, importation or distribution of any Product infringes on any Person's trade secrets or other intellectual property. The Company has not received any written communication containing an offer to license to the Company, or a request that the Company consider whether it wishes to obtain a license, under any intellectual property owned by a third party, in each case, to make, use or sell a Product. To the Knowledge of the Company, without any independent investigation or inquiry, there are no pending unlicensed patent applications owned by any other Person that if a patent were to issue thereon without modification or amendment, would limit or prohibit, in any material respect, the manufacture, use or sale of any Product.

SECTION 3.05. ***Litigation***. As of the date hereof, there is no (a) action, suit, arbitration proceeding, claim, investigation or other proceeding pending or, to the Knowledge of the Company, threatened against the Company or (b) any governmental inquiry pending or, to the Knowledge of the Company, threatened against the Company, in each case with respect to clause (a) or (b) above, which, if adversely determined, would question the validity of, or could reasonably be expected to have a material adverse effect on the transactions contemplated by this Agreement or could reasonably be expected to have a Material Adverse Effect. As of the date hereof, there is no action, suit, arbitration proceeding, claim, investigation or other proceeding pending or, to the Knowledge of the Company, threatened in writing against the Company relating to any of the Products, the Intellectual Property related to any of the Products or the Regulatory Approvals.

SECTION 3.06. ***Compliance with Laws.*** To the Knowledge of the Company, the Company (a) is not in violation of, has not violated and is not under investigation with respect to, and (b) has not been threatened to be charged with or been given written notice of any violation of, any law, rule, ordinance or regulation of, or any judgment, order, writ, decree, permit or license entered by any Governmental Authority applicable to the Company which would reasonably be expected to have a Material Adverse Effect.

SECTION 3.07. ***Conflicts.*** Neither the execution and delivery of this Agreement nor the performance or consummation of the transactions contemplated hereby by the Company will: (a) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, in any material respects any provision of (i) any law, rule, ordinance or regulation of any Governmental Authority, or any judgment, order, writ, decree, permit or license of any Governmental Authority, to which the Company or any of its assets or properties are subject or bound or (ii) any contract, agreement, commitment or instrument to which the Company is a party or by which the Company, or any of its assets or property's is bound or committed; (b) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, any provisions of the certificate of formation or limited liability company agreement (or other organizational or constitutional documents) of the Company; (c) require any notification to, filing with, or consent of, any Person or Governmental Authority, except such consents that have been obtained at or prior to the date hereof; or (d) give rise to any right of termination, cancellation or acceleration of any right or obligation of the Company or to a loss of any right of the Company to distribute, market and/or sell any of the Products, except, in the case of clause (a), (c) or (d) above, for any such breaches, defaults or other occurrences that would not, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.08. ***Current Indebtedness.*** Other than as set forth on Schedule 3.08, there is no indebtedness (other than trade indebtedness in the ordinary course of business) for borrowed money of the Company.

SECTION 3.09. ***Financial Statements.*** All financial statements for the Company and Guarantor delivered to Ligand fairly present, in conformity with generally accepted accounting principles, in all material respects, the consolidated financial condition and consolidated results of operations of the Company and Guarantor.

ARTICLE IV - *Representations and Warranties of Ligand*

SECTION 4.01. ***Organization.*** Ligand is a corporation duly incorporated and validly existing under the laws of the State of Delaware.

SECTION 4.02. ***No Assignment; Authorization.*** Ligand has not assigned, transferred, pledged, granted a security interest in or otherwise disposed of any of its obligations or rights under the Ligand Purchase Agreement, or any right, title or interest in or to the Products, any Intellectual Property related to the Products or any revenues related to the Products, except as provided herein, and has all necessary power and authority to enter into, execute and deliver this Agreement and to perform all of the obligations to be performed by it hereunder and to consummate the transactions contemplated hereunder. This Agreement has been duly authorized, executed and delivered by Ligand and constitutes the valid and binding obligation of Ligand, enforceable against Ligand in accordance with its respective terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or general equitable principles.

SECTION 4.03. ***Conflicts.*** Neither the execution and delivery of this Agreement nor the performance or consummation of the transactions contemplated hereby by Ligand will: (a) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, in any material respects any provision of (i) any law, rule or regulation of any Governmental Authority, or any judgment, order, writ, decree, permit or license of any Governmental Authority, to which Ligand or any of its assets or properties may be subject or bound or (ii) any contract, agreement, commitment or instrument to which Ligand is a party or by which Ligand or any of its assets or properties is bound or committed; (b) contravene, conflict with, result in a breach or violation of, constitute a default under, or accelerate the performance provided by, any provisions of the certificate of incorporation or bylaws (or other organizational or constitutional documents) of Ligand; or (c) require any notification to, filing with, or consent of, any Person or Governmental Authority, except, in the case of the foregoing clause (a) or (c), for any such breaches, defaults or other occurrences that would not, individually or in the aggregate, have a material adverse effect on the ability of Ligand to perform any of its obligations under this Agreement.

ARTICLE V - *Covenants*

SECTION 5.01. ***Access; Information***.

(a) Maintenance of Books and Records. During the Term, the Company shall keep and maintain, or cause to be kept and maintained, at all times books of account and records consistent with good business practices and customary industry standards adequate to correctly reflect all payments paid and/or payable to Ligand with respect to the Products.

(b) Inspection Rights. During the Term, Ligand shall have the right to designate a Third Party independent public accounting firm (the "***Ligand Representative***") to visit the Company's and its Subsidiaries' offices and properties where the Company and its Subsidiaries keep and maintain their books and records relating or pertaining to the Products for the purpose of conducting an audit of such books and records with respect the payments due and payable to Ligand under Section 2.02 or Section 2.03, and to inspect and audit such books and records for such purpose, during normal business hours, and, upon at least ten (10) Business Days' written notice given by Ligand to the Company, the Company will provide such Ligand Representative reasonable access to such books and records; provided, however, such inspection and audit rights may only be exercised by Ligand once in each calendar year.

(c) Audit Costs. In the event any audit of the books and records of the Company and its Subsidiaries relating to the the gross revenues of the Products or Net Sales Proceeds conducted by Ligand and/or any of Ligand's representatives reveals that the amounts paid to Ligand hereunder for the period of such audit have been understated by more than ten percent (10%) of the undisputed amounts due for the period subject to such audit, then the Audit Costs in respect of such audit shall be borne by the Company; and in all other cases, such Audit Costs shall be borne by Ligand.

(d) Monthly Reports. During the Term, the Company shall, promptly after the end of each Payment Month of the Company (but in no event later than thirty (30) days following the end of such Payment Month), produce and deliver to Ligand a Monthly Report for such Payment Month.

(e) Periodic Reports. The Company shall deliver to Ligand the following financial statements:

(i) Within forty-five (45) days after the end of each Fiscal Quarter after the Effective Date, copies of the unaudited financial statements of the Company for such Fiscal Quarter; and

(ii) Within one hundred twenty (120) days after the end of each Fiscal Year after the Effective Date, copies of the audited consolidated financial statements of the Guarantor and the Company for such Fiscal Year.

(f) Notice of Deposits Following a Sweep Event. Following a Sweep Event, on the first Business Day of each week, the Company shall provide Ligand with notice of the amount and the source of all deposits made during the preceding week into the Main Account.

SECTION 5.02. ***Confidentiality; Press Release.***

(a) All Confidential Information furnished by the Company or Seller to Ligand or by Ligand to the Company in connection with this Agreement and the transactions contemplated hereby, as well as the terms, conditions and provisions of this Agreement, shall be kept confidential by Ligand and the Company. Notwithstanding the foregoing, (i) the Company and Ligand may disclose such Confidential Information to their partners, directors, employees, managers, officers, investors, bankers, advisors, trustees and representatives, (ii) the Company may disclose the terms, conditions and provisions of this Agreement to any Third Party in connection with (and only in connection with) a transaction with such Third Party that could reasonably be expected to result in (X) a Company Change of Control, (Y) a Product Change of Control or (Z) a sale by the Company of a Subsidiary, division, product line, or other significant portion of its business, and (iii) the Company and Ligand may disclose such Confidential Information as may otherwise be required by applicable law, including filing this Agreement with the SEC; *provided,* in the case of the foregoing clauses (i) and (ii) that such Persons and such Third Parties shall be informed of the confidential nature of such information and shall be obligated to keep such information confidential pursuant to the terms of this Section 5.02(a); *provided, further,* that in the case of the foregoing clause (iii) Ligand shall provide at least five (5) Business Days' notice to the Company of any filing with the SEC and consider in good faith a request for confidential treatment of any portion of this Agreement prior to filing with the SEC.

(b) Notwithstanding the foregoing clause (a), Ligand may make a press release or other announcement or public disclosure concerning this Agreement, provided that such press release shall be (x) subject to prior review by the Company and (y) in form and substance reasonably satisfactory to the Company taking into account any commercial sensitivities of the Company.

SECTION 5.03. ***Efforts; Further Assurance.*** Subject to the terms and conditions of this Agreement, each of Ligand and the Company will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary under applicable laws and regulations to consummate the transactions contemplated by this Agreement. Ligand and the Company agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

SECTION 5.04. ***Remedies Event.*** During the Term, if a Remedies Event shall have occurred and be continuing, subject to the Intercreditor Agreement, the Company shall not, without the consent of Ligand, make a distribution to its member or members, or retire any indebtedness for borrowed money, other than in connection with a Permitted Transaction, or engage in any transaction that would result in a Company Change of Control.

SECTION 5.05. ***Indebtedness; Sale of Revenue Interests.*** Prior to the time that the Buydown Payment is paid in full, unless Ligand shall otherwise consent in writing, the Company shall not, other than in connection with any Permitted Transaction, (x) incur, create, assume or permit to exist any indebtedness for borrowed money of the Company other than indebtedness of the Company as of the Effective Date or (y) sell, assign, transfer or convey any interests in the revenues generated by the Products to any Third Party other than by the terms of this Agreement.

SECTION 5.06. ***Remittance of Funds to Accounts.***

(a) Weekly Sweep to Special Account. The Company shall instruct the Depository Bank to sweep any funds arising from the Royalty Interests contained in the Main Account, no less frequently than once every week, into the Special Account, in accordance with further instructions to be provided by the Company on a weekly basis, it being understood that, in respect of the sweep contemplated under this Section 5.06(a), at the end of each Payment Month, the Company may retain from disbursement from the Special Account to Ligand any Excluded Costs deriving from any week covered by such Payment Month so long as such Excluded Costs are reflected in the Monthly Report in respect of such Payment Month.

(b) Special Account. The funds in the Special Account shall be held in trust solely for the benefit of Ligand. The Company shall not take any action with respect to the Special Account other than making (i) the instructions to the Depository Bank necessary to effectuate the sweep contemplated in clause (a) of this Section 5.06, (y) any adjustment (and corresponding withdrawal of excess funds) for Excluded Costs as necessary to reconcile the balance of the Special Account with the amount to which Ligand is entitled pursuant to Section 2.02(a), *provided* that such adjustment shall occur only in accordance with and upon delivery of a Monthly Report calculating such Excluded Costs and (z) any disbursement of funds from the Special Account to the Ligand Account in accordance with Section 2.02(c)(i).

ARTICLE VI - *Term and Termination*

SECTION 6.01. ***Term***. This Agreement shall commence on the Effective Date and shall continue through and including the tenth anniversary of the Effective Date (the "***Term***").

SECTION 6.02. ***Extension of the Term***. If any payments are accrued hereunder on or prior to the end of the Term and are required to be made by one of the Parties hereunder, this Agreement shall remain in full force and effect until any and all such payments have been made in full. Upon expiration or termination of this Agreement in accordance with its terms, all right, title and interest in and to the Royalty Interests shall automatically revert to the Company (and the security interests granted to Ligand hereunder shall automatically terminate), and Ligand will have no further rights in or with respect to the Royalty Interests or other Collateral and all other rights and interests of Ligand hereunder shall terminate (other than any contingent indemnification obligations with respect to which no claim has been made).

SECTION 6.03. ***Effect of Termination***. In the event of the termination of this Agreement pursuant to Section 6.02, this Agreement shall forthwith become void, impose no liability on the part of any Party hereto or its Affiliates, directors, officers, stockholders, partners, managers or members and have no effect other than the provisions of this Section 6.03, and Section 5.02, Section 6.02 and Article VII hereof, which shall survive any such termination.

ARTICLE VII ***Miscellaneous***

SECTION 7.01. ***Survival***. All representations and warranties made herein or in any other writing delivered pursuant hereto shall survive the execution and delivery of this Agreement and shall continue to survive until the expiration or termination of this Agreement in accordance with Article VI.

SECTION 7.02. ***Notices.*** All notices, consents, waivers and communications hereunder given by any Party to the other shall be in writing (including facsimile transmission) and delivered personally, by telegraph, telecopy, telex or facsimile, by a recognized overnight courier, or by dispatching the same by certified or registered mail, return receipt requested, with postage prepaid, in each case addressed (with a copy by email):

If to Ligand to:

Ligand Pharmaceuticals Incorporated
11119 North Torrey Pines Road, Suite 200
La Jolla, CA 92037
Attention: [XXX]
Email: [XXX]

With a copy to:

Latham & Watkins LLP
12670 High Bluff Drive
San Diego, CA 92130
Attention: [XXX]
Email: [XXX]

If to the Company to:

Aziyo Med, LLC
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attention: [XXX]
Email: [XXX]

With a copy to:

Shipman & Goodwin LLP
One Constitution Plaza
Hartford, CT 06103
Attention: [XXX]
Email: [XXX]

or to such other address or addresses as Ligand or the Company may from time to time designate by notice as provided herein, except that notices of changes of address shall be effective only upon receipt. All such notices, consents, waivers and communications shall: (a) when posted by certified or registered mail, postage prepaid, return receipt requested, be effective three (3) Business Days after dispatch, (b) when telegraphed, telecopied, telexed or facsimiled, be effective upon receipt by the transmitting party of confirmation of complete transmission, or (c) when delivered by a recognized overnight courier or in person, be effective upon receipt when hand delivered.

SECTION 7.03. ***Successors and Assigns***.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Upon the consent of Ligand (which consent may not be unreasonably withheld, delayed or conditioned for any proposed assignment to any reasonably creditworthy proposed assignee), the Company may assign all or any applicable part of its rights and obligations under this Agreement in respect of any Product Change of Control, subject to the assumption by such proposed assignee of the obligations set forth in Section 2.01 and Section 2.02 with respect to such Product.

(c) Solely upon the consent of the Company (which consent may not be unreasonably withheld, delayed or conditioned, other than in respect of any proposed assignment to any direct competitor of the Company, in respect of which such consent may be granted or withheld by the Company in its sole discretion), Ligand may assign any of its obligations or rights under this Agreement without restriction; *provided* that, notwithstanding the foregoing, Ligand may assign its rights and/or delegate its obligations under this Agreement to an Affiliate, to any Person in a transaction in which Ligand also assigns all of its right, title and interest in all or substantially all of its assets to the same party contemporaneous with the assignment of this Agreement, or to a successor, whether by way of merger, sale of stock or otherwise, without the Company's prior written consent. In advance of any proposed assignment by Ligand to any proposed assignee, Ligand shall provide to the Company any information concerning such proposed assignment and such proposed assignee as may be reasonably requested by the Company.

SECTION 7.04. ***Indemnification.***

(a) The Company hereby indemnifies and holds Ligand and its Affiliates and any of their respective partners, directors, managers, members, officers, employees and agents (each, a "***Ligand Indemnified Party***") harmless from and against any and all Losses incurred or suffered by any Ligand Indemnified Party arising out of any breach of any representation or warranty made by the Company in this Agreement.

(b) Ligand hereby indemnifies and holds the Company, its Affiliates and any of their respective partners, directors, managers, officers, employees and agents (each, a "***Company Indemnified Party***") harmless from and against any and all Losses incurred or suffered by a Company Indemnified Party arising out of any breach of any representation or warranty made by Ligand in this Agreement.

(c) If any claim, demand, action or proceeding (including any investigation by any Governmental Authority) shall be brought or alleged against an indemnified party in respect of which indemnity is to be sought against an indemnifying party pursuant to the preceding paragraphs, the indemnified party shall, promptly after receipt of notice of the commencement of any such claim, demand, action or proceeding, notify the indemnifying party in writing of the commencement of such claim, demand, action or proceeding, enclosing a copy of all papers served, if any; *provided,* that the omission to so notify such indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under the foregoing provisions of this Section 7.04 unless, and only to the extent that, such omission results in the forfeiture of, or has a material adverse effect on the exercise or prosecution of, substantive rights or defenses by the indemnifying party. In case any such action is brought by a third party against an indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7.04 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. In any such proceeding by a third party, an indemnified party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the expense of such indemnified party unless the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel. It is agreed that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to local counsel where necessary) for all such indemnified parties. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) Ligand's sole remedy shall be to recover any monetary damages associated with a breach of a representation or warranty made by the Company in this Agreement, subject to the other terms and provisions contained in this Agreement.

SECTION 7.05. ***No Implied Representations and Warranties***. Each Party acknowledges and agrees that, other than the representations and warranties specifically contained in this Agreement, there are no representations or warranties of either Party or any other Person either expressed or implied with respect to the Products or the Sale Transaction or the other transactions contemplated hereby. Without limiting the foregoing, Ligand acknowledges and agrees that (a) Ligand and its Affiliates, together with its and its Affiliates' representatives, have made their own investigation of the Products, the Intellectual Property related to the Products and the Regulatory Approvals and are not relying on any implied warranties or upon any other representation or warranty whatsoever, including any representation or warranty as to the future amount or potential value of the Products or Net Sales Proceeds, the amount of any payments by the Company hereunder or as to the creditworthiness of the Company and (b) except as expressly set forth in any representation or warranty in this Agreement, Ligand shall have no claim or right to indemnification by the Company pursuant to Section 7.04 (or otherwise) with respect to any information, documents or materials furnished by the Company or Seller or any of their respective representatives to Ligand, any of its Affiliates, or any of its or its Affiliates' representatives, including any information, documents or material made available to Ligand, its Affiliates or any of its and its Affiliates' representatives in any data room, presentation, management presentation, interview or any other form relating to the transactions contemplated hereby.

SECTION 7.06. ***Independent Nature of Relationship.*** (a) The relationship between the Company and Ligand is solely that of obligor and obligee, and neither Ligand nor the Company has any fiduciary or other special relationship with the other or any of their respective Affiliates. Nothing contained herein shall be deemed to constitute the Company and Ligand as a partnership, an association, a joint venture or other kind of entity or legal form for any purposes, including any tax purposes.

(b) No officer or employee or agent of Ligand will be located at the premises of the Company or any of its Affiliates, except in connection with an audit performed pursuant to Section 5.01. No officer, manager or employee of Ligand shall engage in any commercial activity with the Company or any of its Affiliates other than as contemplated herein or as otherwise separately agreed in writing.

(c) Ligand and/or any of its Affiliates shall not at any time obligate the Company, or impose on the Company any obligation, in any manner or respect to any Person not a party hereto. The Company and/or any of its Affiliates shall not at any time obligate Ligand, or impose on Ligand any obligation, in any manner or respect to any Person not a party hereto.

SECTION 7.07. ***Entire Agreement***. This Agreement, together with the Exhibits and Schedules hereto (which are incorporated herein by reference), constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements (including any term sheet), understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of this Agreement. Notwithstanding any other provision set forth herein, neither Seller nor Guarantor is assuming any obligation or liability under the Ligand Purchase Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either Party hereto. Neither this Agreement, nor any provision hereof, is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder or in respect hereof.

SECTION 7.08. ***Amendments; No Waivers***.

(a) Neither this Agreement nor any term or provision hereof may be amended, changed or modified except with the written consent of all Parties. No waiver of any right hereunder shall be effective unless such waiver is signed in writing by the Party against whom such waiver is sought to be enforced.

(b) No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 7.09***. Interpretation.*** When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference shall be to an Article, Section, Schedule or Exhibit to this Agreement unless otherwise indicated. The words "include", "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Neither Party shall be or be deemed to be the drafter of this Agreement for the purposes of construing this Agreement against one Party or the other.

SECTION 7.10. ***Headings and Captions.*** The headings and captions in this Agreement are for convenience and reference purposes only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

SECTION 7.11. ***Counterparts; Effectiveness***. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile or pdf signature and such facsimile or pdf signature shall be deemed an original.

SECTION 7.12. ***Severability.*** If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall nevertheless be given full force and effect.

SECTION 7.13. ***Expenses***. Each of Ligand and the Company will pay all of its own fees and expenses in connection with entering into and consummating the transactions contemplated by this Agreement.

SECTION 7.14. ***Governing Law; Jurisdiction***.

(a) This Agreement shall be governed by, and construed, interpreted and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(b) Any legal action or proceeding with respect to this Agreement may be brought in any state or federal court of competent jurisdiction in the State of New York, County of New York. By execution and delivery of this Agreement, each Party hereby irrevocably consents to and accepts, for itself and in respect of its property, generally and unconditionally the exclusive jurisdiction of such courts. Each Party hereby further irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens,* which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement.

(c) Each Party hereby irrevocably consents to the service of process out of any of the courts referred to in clause (b) of this Section 7.14 in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address set forth in this Agreement. Each Party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any suit, action or proceeding commenced hereunder that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of a party to serve process on the other Party in any other manner permitted by law.

ARTICLE VIII - ***Intercreditor Matters and Guarantee***

SECTION 8.01. ***Ligand Interests; Recharacterization***.

(a) Notwithstanding anything herein to the contrary, it is the intention of the Parties that the Royalty Interests are owned by Ligand, and such Royalty Interests shall be treated as the property of Ligand for all purposes, other than federal and state income tax purposes. The provisions of this Agreement shall be construed to further these intentions of the Parties.

(b) The Royalty Interests and any amounts received by the Company in respect of the Royalty Interests and, without limiting the foregoing, any cash deposited into the Special Account in accordance with the terms hereof and any cash deposited into the Main Account in respect of or consisting of the Royalty Interests (subject to any adjustments for Excluded Costs) is not, and is not intended to be, the property of the Company (or, in the event of a Bankruptcy Event, any estate created thereby by operation of applicable law or otherwise) but is possessed by the Company in trust solely on behalf of Ligand pending disbursement to Ligand or as otherwise provided in Section 5.06, in each case, as contemplated hereby.

(c) If, notwithstanding subparagraph (b), the Royalty Interests are subject to a Recharacterization, the Parties intend that the Company shall be deemed hereunder to have granted, and the Company does hereby grant, to Ligand a first priority security interest in favor of Ligand, to secure the obligations to make the payments under Section 2.01, Section 2.02, and Section 2.03, including in respect of any acceleration thereof pursuant to Section 9.02, in the Royalty Interests and all proceeds and products thereof, and the Special Account and any cash or other funds, amounts or financial assets held therein or credited thereto.

(d) No other liens or security interests (including any liens or security interests in favor of the MidCap Credit Facility Agent) shall exist on the Special Account or the cash or other funds, amounts or financial assets held therein or credited thereto other than any customary liens of the Depository Bank.

(e) If, notwithstanding clause (b), the conveyance of the Royalty Interests is subject to a Recharacterization, the Parties intend that the Company shall be deemed hereunder to have granted, and the Company does hereby grant (subject to the priorities specified in the Intercreditor Agreement) a security interest in favor of Ligand, to secure the obligations to make payments under Section 2.01, Section 2.02, and Section 2.03, including for the avoidance of doubt any acceleration of any payments pursuant to Section 9.02, in the Pari Passu Collateral.

SECTION 8.02. ***Other Ligand Security***.

(a) In addition to the special rights and security interests provided in Section 8.01, as security for the Company's payment obligations in respect of any Minimum Quarterly Royalties payable hereunder (including in respect of any acceleration thereof pursuant to Section 9.02), the Company hereby grants (subject to the priorities specified in the Intercreditor Agreement) a security interest in all of the following assets of the Company that constitute "Collateral" under the MidCap Credit Facility (the "***General Collateral***"):

(i) All goods, Accounts (including health-care insurance receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, investment accounts, commodity accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located (each capitalized term in this clause (i) not otherwise defined in this Agreement or the MidCap Credit Facility, as defined in the UCC); and

(ii) all the Company's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

(b) Notwithstanding the foregoing, no security interest is or will be granted pursuant to this Agreement in any right, title or interest of the Company under or in, and "Collateral" shall not include, any Excluded Assets.

SECTION 8.03. ***Priority***. (a) Pursuant and subject to the Intercreditor Agreement, the security interest granted in Section 8.01(c) shall be for all purposes senior in right to any other lien other than any customary liens of the Depository Bank.

(b) Pursuant and subject to the Intercreditor Agreement, the security interest granted in Section 8.01(e) shall be *pari passu* with the Existing Liens.

(c) Pursuant and subject to the Intercreditor Agreement, the security interest granted in Section 8.02 shall be for all purposes junior and subordinate (on a "silent second" basis) to the Existing Liens.

SECTION 8.04. ***Other Intercreditor Matters***. Ligand acknowledges that, the MidCap Credit Facility Agent will not file any partial UCC-3 termination statement in respect of the liens held by the MidCap Credit Facility Agent or otherwise release any of its Collateral (as such term is defined under the MidCap Credit Facility) under the MidCap Credit Facility. However, the Intercreditor Agreement shall contain an express acknowledgement by the MidCap Credit Facility Agent that it has no security interest in or other rights in respect of the Special Account or any cash held therein.

SECTION 8.05. ***Control Agreements.***

(a) The Company agrees, with respect to the Special Account (upon request of Ligand), to use commercially reasonable efforts to cause the Depository Bank to agree to comply at any time with instructions from Ligand to the Depository Bank directing the disposition of funds from time to time credited to the Special Account, without further consent of the Company, pursuant to a customary deposit account control agreement in form and substance satisfactory to Ligand. However, Ligand shall not give any such instructions or withhold any withdrawal rights from the Company, unless a Remedies Event has occurred and is continuing.

(b) Nothing herein is intended to affect or shall be construed as affecting the rights of the MidCap Credit Facility Agent under any deposit account control agreement in favor of it in respect of the Main Account.

SECTION 8.06. ***Termination or Release***.

(a) Upon receipt by Ligand of an aggregate amount of $15,027,342 on or after the Closing Date pursuant to this Agreement, all right, title and interest in and to the Royalty Interest and the Collateral shall automatically revert to the Company, and Ligand will have no further rights in or with respect to the Royalty Interest or the Collateral and all security interests granted hereunder shall terminate and be released; *provided*, *however*, the other terms and conditions of this Agreement shall remain in full force and effect, including without limitation, the Company's obligation to make the payments described in Article II during the remainder of the Term.

(b) Upon the withdrawal of any Excluded Costs or other amounts from the Special Account in accordance with the terms hereof, Ligand's security interest in such amounts granted pursuant to Section 8.01(c) shall be automatically terminated and released.

(c) Subject to the Intercreditor Agreement, upon the sale, lease, transfer, assignment or other disposition (a "Transfer") of any assets of the Company (other than the Royalty Interests and the Royalty Related Collateral) permitted under the MidCap Credit Facility, all of Ligand's security interests in such assets shall be automatically terminated and released.

(d) Subject to the Intercreditor Agreement, at the Company's request, Ligand shall subordinate its liens and other rights with respect to any such assets or property or terminate and release its liens with respect to any such assets or property (in each case other than the Royalty Interests and the Royalty Related Collateral) in connection with any Permitted Transaction.

(e) Upon the termination of the MidCap Credit Facility (or, if the MidCap Credit Facility is refinanced by another debt facility secured by all Collateral (other than the Royalty Interests and the Royalty Related Collateral), upon the termination of such refinancing debt facility), Ligand's security interest in all Collateral (other than the Royalty Interests and the Royalty Related Collateral) shall automatically be terminated and released.

(f) In connection with any termination or release pursuant to this Section 8.06, Ligand shall execute and deliver to the Company all documents that the Company shall reasonably request to evidence such termination or release. Ligand further agrees that with respect to any deposit account (other than the Special Account) over which it has control, it shall not give any instruction to the applicable bank until a Remedies Event has occurred and is continuing.

ARTICLE IX - *Remedies*

SECTION 9.01. ***Remedies***. If any Remedies Event shall occur and be continuing, subject to the terms of the Intercreditor Agreement, Ligand may exercise all rights and remedies of a secured party under the UCC or under any other applicable law and in equity, *provided* that Ligand shall exercise any such remedy against the Special Account prior to the exercise of any such remedy against any other Collateral.

SECTION 9.02. ***Acceleration***. If any Remedies Event shall occur and be continuing, subject to the terms of the Intercreditor Agreement, upon notice to the Company, Ligand may declare all Minimum Quarterly Royalties required to be paid by the Company from the date of such Remedies Event until the expiration of the Term to be due and payable forthwith, whereupon the same shall immediately become due and payable.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Royalty Agreement to be duly executed by their respective authorized officers as of the day and year first above written to become effective on the Effective Date.

AZIYO MED, LLC

By /s/ Jeffrey D. Hamet
Name: Jeffrey D. Hamet
Title: Vice President, Finance and Treasurer

[Signature Page to the Royalty Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written to become effective on the Effective Date.

LIGAND PHARMACEUTICALS, INCORPORATED

By /s/ Charles Berkman
Name: Charles Berman
Title: VP, General Counsel & Secretary

[Signature Page to the Royalty Agreement]

Exhibit A
to the Royalty Agreement

GUARANTY AGREEMENT

Schedule A
to the Royalty Agreement

PRODUCTS

Aziyo Fields of Use	Product Applications
SIS for the repair of the pericardial sac	CorMatrix® ECM® for Pericardial Closure
SIS for repair of myocardial tissue	CorMatrix® ECM® for Cardiac Tissue Repair
SIS to repair Carotid Arteries	CorMatrix® ECM® for Carotid Repair
Co-Exclusive Vascular Patch using SIS to repair the wall of peripheral veins and arteries	CorMatrix® ECM® for Vascular Repair
SIS for repair of myocardial tissue	CorMatrix® TYKE® Patch, Pledget and Intracardiac or TYKE® Patch, Pledget and Intracardiac
SIS pouch devices into which implantable cardiac pacemaker or defibrillator devices are inserted	CorMatrix® CanGaroo® ECM® Envelope or CanGaroo® ECM® Envelope

Schedule B
to the Royalty Agreement

ROYALTY RELATED COLLATERAL

US Patents and Patent Applications

Non-US Patents and Patent Applications

Schedule 3.08
to the Royalty Agreement

MidCap Credit Facility:

Credit and Security Agreement (Revolving Loan) providing for a revolving loan in the maximum principal amount of $8,000,000.

Credit and Security Agreement (Term Loan) providing for a term loan in the maximum principal amount of $12,000,000.

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is made and entered into as of May 31, 2017, by and between COOK BIOTECH INCORPORATED, an Indiana corporation with its principal office at 1425 Innovation Place, West Lafayette, Indiana 47906 ("Cook"), and AZIYO MED, LLC, a Delaware limited liability company with its principal office at 12510 Prosperity Drive, Suite 370, Silver Spring, Maryland 20904 ("Aziyo").

W I T N E S E T H:

WHEREAS, Cook and CorMatrix Cardiovascular, Inc., a Georgia corporation with its principal office at 1100 Old Ellis Rd., Roswell, Georgia 30076 ("CorMatrix"), are parties to a Cross License Agreement dated November 23, 2004, as amended by a First Amendment dated December 3, 2010, a Third Amendment dated November 14, 2012, and a Fifth Amendment dated March 25, 2014, there being no Second or Fourth Amendments, and a further amendment on an even date herewith, (collectively, the "CorMatrix Agreement"), which includes certain intellectual property rights related to extracellular matrices;

WHEREAS, Aziyo desires to acquire as of the Effective Date certain Specific Licensed Products that are covered by the CorMatrix Agreement in order to have certain rights pertaining to such Specific Licensed Products in the Aziyo Fields of Use;

WHEREAS, CorMatrix has agreed to sell all of its rights in, to and under the Specific Licensed Products to Aziyo and to allow Aziyo to obtain a license from Cook pertaining to such Specific Licensed Products (the "Sale Transaction"); and

WHEREAS, Cook agrees to license Aziyo under the Cook Patents pertaining to such Specific Licensed Products instead of and in place of CorMatrix in the Aziyo Fields of Use, under the conditions stated herein;

NOW, THEREFORE, for and in consideration of the mutual covenants and the premises herein contained, the parties, intending to be legally bound, hereby agree as follows.

ARTICLE 1. DEFINITIONS

The following terms as used herein shall have the following meaning:

"Affiliates" means any corporation, partnership or other business entity which is directly or indirectly controlled by or under common control with Aziyo or Cook or any entity which directly or indirectly controls Aziyo or Cook, as the case may be. "Control" as used herein means the ownership, directly or indirectly, of greater than fifty percent (50%) of the voting power of such entity.

"Agreement" or "License Agreement" means this Agreement, including Exhibits A and B attached hereto.

"CorMatrix Agreement" has the meaning set forth in the recitals.

"Aziyo Fields of Use" means:

(a) the use of SIS for the repair of myocardial tissue, and for the repair of the pericardial sac. By way of clarification, the Aziyo Fields of Use do include placing the SIS patch material directly into or onto myocardial tissue but do not include the use of SIS for the repair or replacement of the coronary arteries, or for epicardial infarct repair;

(b) the use of SIS for all Atrial Septal Defect (ASD) and Ventricular Septal Defect (VSD) repair, except for the transvascular approach to ASD and VSD repair;

(c) the use of SIS to repair carotid arteries in an open surgery but not the use of SIS in conjunction with a stent or other frame; and for clarity, "open surgery" for purposes of this subparagraph (c) does not include (i) any form of percutaneous access (using a cut down or not) to or through a carotid artery using SIS, including but not limited to any vascular patching via percutaneous delivery (e.g. as in the repair of punctures created by percutaneous access devices), (ii) any form of indirect access to the carotid artery through a vascular vessel using SIS, or (iii) any form of access to or through a carotid artery over or through a device using SIS (e.g. transcatheter access);

(d) the use of SIS to patch repair the wall of peripheral veins and arteries, other than carotid arteries, using a sheet form patch product in open surgery and where a surface of the implanted patch forms part of the blood contacting lumen of the vein or artery, but not including the use of SIS in conjunction is with a stent or other frame; and for clarity, (i) "open surgery" for purposes of this subparagraph (d) does not include (*a*) any form of percutaneous access (using a cut-down or not) to or through a vein or artery using SIS, including but not limited to any vascular patching via percutaneous delivery (e.g. as in the repair of punctures created by percutaneous access devices), (*b*) any form of indirect access to the vein or artery through a vascular vessel using SIS, or (*c*) any form of access to or through a vein or artery over or through a device using SIS (e.g. transcatheter access), and (ii) patch repair shall be limited to patch repair as specified above only and does not include the creation or use of a vessel or conduit made out of SIS and does not include any use of SIS to replace or repair any valve; and

(e) SIS pouch devices into which implantable cardiac pacemaker or defibrillator devices are to be inserted at the point of care for subcutaneous implantation in human patients.

"Cook Patents" means the patent applications and patents that are identified in Exhibit E of the CorMatrix Agreement as of the Effective Date and specifically including the patent applications and patents that are listed in Exhibit A of this Agreement, as it may be amended from time to time by mutual agreement of the Parties, together with all divisionals, continuations-in-part, continuations, reissues, reexaminations and foreign counterparts of such applications.

"Effective Date" has the meaning set forth in Section 6.1.

"License" has the meaning set forth in Section 2.1(a).

"Specific Licensed Products" means the specific regulatory-approved products listed in Exhibit B of this Agreement for their regulatory-approved indications.

"Licensed Territory" means the world.

"Sale Transaction" has the meaning set forth in the recitals.

"SIS" means a composition of solid extracellular matrix composition prepared from intestinal tissue.

"Valid Enforceable Claim" means any claim in force or *bona fide* pending claim contained in the Cook Patents unless held invalid or unenforceable by a court of competent jurisdiction and of last resort or by any inferior court of competent jurisdiction, tribunal or agency from which no appeal is taken.

ARTICLE 2. GRANT OF LICENSES/COVENANT

2.1 Cook License Grant to Aziyo.

(a) Cook hereby grants to Aziyo an exclusive (subject to Section 2.1(b)) worldwide right and license to all of Cook's rights under the Cook Patents to make, have made, use, offer for sale, sell and import the Specific Licensed Products for the Aziyo Fields of Use in the Licensed Territory during the term of this Agreement (the "License"). This License shall be royalty-free as to Specific Licensed Products utilizing SIS material purchased by Aziyo from Cook. Aziyo shall have the right to grant sublicenses of the rights granted herein upon prior written approval from Cook, which approval will not be unreasonably withheld.

(b) Aziyo acknowledges and agrees that Cook shall have co-exclusive rights as set forth in the CorMatrix Agreement to the Vascular Patch product recited in Exhibit B that uses SIS to repair the wall of peripheral veins and arteries as specified in subparagraph (d) of the definition of "Aziyo Fields of Use" above, and that Cook's continuing license of CorMatrix in a field corresponding to such subparagraph (d) under the CorMatrix Agreement shall not be taken into account in any way in determining Cook's exploitation of Cook's co-exclusive rights.

2.2 Covenant. Cook agrees that to the extent that Cook has or acquires patents other than the Cook Patents, where such patents have an earliest claimed application priority date prior to the Effective Date ("Other Patents"), Cook covenants not to sue Aziyo for infringement of such Other Patents for Aziyo's marketing, distribution, sale and use of the Specific Licensed Products in the Aziyo Fields of Use for Specific Licensed Products purchased by Aziyo from Cook under the Supply Agreement between Aziyo and Cook.

ARTICLE 3. ENFORCEMENT

3.1 First Right of Aziyo to Notify and Initiate Proceedings. Aziyo shall have the first right, but not the obligation, to notify any infringer and/or initiate legal proceedings to abate any infringement in the Aziyo Fields of Use by a third-party product that is the same as a Specific Licensed Product. All fees, costs and expenses incurred therein and all damages or other monies obtained therefrom shall be the responsibility of and belong to Aziyo.

3.2 Notification regarding Infringements and Initial Consultation. Cook and Aziyo each agree to notify the other in writing in the event that they become aware of an infringement or apparent infringement of one or more Cook Patents in the Aziyo Fields of Use by a third-party product that is the same as a Specific Licensed Product, and to initially consult to consider what if any action should be taken. This agreement to consult shall not in any way modify the rights of Aziyo to first initiate proceedings hereunder as per Section 3.1.

3.3 Additional Rights/Obligations of the Parties

3.3.1 In the event that Aziyo has not initiated legal proceedings within six (6) months after providing or receiving notice under Section 3.2 above, for an infringement or apparent infringement of one or more Cook Patents, then Cook may initiate such legal proceedings on its own behalf; and, reasonably promptly thereafter, Aziyo may elect to join in those legal proceedings (in a manner other than in name only, if applicable) and upon Aziyo doing so each party shall bear its own fees, costs and expenses incurred in the legal proceedings except that court costs and expenses for any joint filings shall be apportioned one-half to each party, and each party will be apportioned one-half (1/2) of the damages or other monies awarded in those legal proceedings.

3.3.2 If legal proceedings are initiated under this Article 3 by any Party, each Party will be reasonably cooperative with the other Party, whether joining or not, in the conduct of the legal proceedings (for example including, to the extent possible, having its employees testify when requested, making available the relevant records, papers and information, samples and the like, and being joined in name only).

3.3.3 If a Party does not join in a legal proceeding initiated by the other Party under this Article 3 (in a manner other than in name only, if applicable), then any damages or other monies awarded in the suit shall belong to, and all fees, costs and expenses incurred in the suit shall be the responsibility of, the initiating Party.

3.3.4 If a Party is joined in a legal proceeding initiated by the other Party under this Article 3 in name only (the "Necessary Party"), and does not elect to join in any other capacity, then the initiating Party will indemnify and hold harmless the Necessary Party from and against all damages, fees, costs and expenses which may be finally assessed against the Necessary Party in such legal proceeding.

ARTICLE 4. LIMITED WARRANTY, MERCHANTABILITY

Cook Limited Warranty. Cook represents and warrants to Aziyo that it has the right, power and authority to enter into this Agreement. Cook does not warrant the validity of the patents licensed hereunder and makes no representation whatsoever with regard to the scope or commercial potential or profitability or income of or from the patents or that such patents may be exploited by Aziyo or its Affiliates without infringing other patents. COOK MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO THE PATENTS LICENSED HEREUNDER AND EXPRESSLY DISCLAIMS ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER WARRANTIES WITH RESPECT TO THE CAPABILITIES, SAFETY, UTILITY, EFFICACY, APPROVABILITY BY REGULATORY AUTHORITIES, TIME AND COST OF DEVELOPMENT, OR COMMERCIAL APPLICATION OF LICENSED PATENTS.

4.2 Aziyo Warranty. Aziyo represents and warrants that it has the right and authority to enter into this Agreement.

4.3 Survival. The foregoing representations and warranties shall survive the execution and delivery of this Agreement and the closing of the Sale Transaction.

ARTICLE 5. INDEMNIFICATION/EFFORTS

5.1 Aziyo Indemnity. Aziyo shall indemnify and hold harmless Cook and its officers, directors, employees and agents from and against all claims, demands, liabilities, damages and expenses (including reasonable attorneys' fees) arising from or related to Aziyo's exercise of the License.

5.2 Aziyo shall use commercially reasonable efforts to promote, solicit, and expand the sale of the Specific Licensed Products in the Aziyo Fields of Use in the Territory.

ARTICLE 6. TERM AND TERMINATION

6.1 Term. Unless sooner terminated as otherwise provided in this Agreement, the term of this Agreement shall commence on the date of the closing of the Sale Transaction (the "Effective Date") and shall continue until the date of expiration of the last to expire of the Licensed Patents, including any renewals or extensions thereof. The Parties agree that if the Sale Transaction has not occurred on or before June 15, 2017, this Agreement shall be null and void.

6.2 Termination for Breach. Either Party may terminate this Agreement, by written notice to the other Party, for any material breach of this Agreement by the other Party, if such breach is not cured within thirty (30) days after the breaching Party receives written notice of such breach from the non-breaching Party.

6.3 This Agreement will terminate automatically, without any further action taken, upon any reversal, nullification, or cancellation of the Sale Transaction or any other event relating to the Sale Transaction by which Aziyo no longer possesses the rights transferred from CorMatrix to Aziyo pursuant to the Sale Transaction.

6.4 Survival. The provisions of Articles 4 and 5 of this Agreement shall remain in full force and effect notwithstanding the termination of this Agreement.

ARTICLE 7. MANUFACTURE OF SIS MATERIALS

CorMatrix and Cook are parties to an Amended and Restated SIS Material Supply Agreement, of even date herewith, whereby Cook is designated as the exclusive supplier of SIS to CorMatrix (the "Supply Agreement"). The parties are entering into an SIS Material Supply Agreement, on an even date herewith, in which Cook is designated as the exclusive supplier of SIS to Aziyo for the Specific Licensed Products and agrees that Aziyo shall have the right under the circumstances set forth therein to sell Specific Licensed Products including SIS Material manufactured by it and to pay to Cook a royalty of three percent (3%) of Net Sales of Specific Licensed Products sold by Aziyo that include SIS material manufactured by Aziyo under the conditions specified therein and that fall within the scope of at least one Valid Enforceable Claim of a Cook Patent.

"Net Sales" as used in this Article 7 means gross sales on the initial sale, rent, lease or otherwise making available to third parties (that is, arms-length sales to other than Affiliates) of the Specific Licensed Products specified in paragraphs 8.1 and 8.2 above ("the specified Licensed Products"), less the following, to the extent the same are credited or deducted from the sales: returns, refunds, replacement or credits allowed to purchasers for return of products or as reimbursement for damaged products, freight, postage, insurance, and other shipping charges, sales and use taxes, customs duties, and any other governmental tax or charge (except income taxes) imposed on or at the time of the production, importation, use, or sale of the specified Specific Licensed Products, including any value added taxes (VAT), as adjusted for rebates and refunds. In the case of a specified product sold in combination with one or more other products (collectively, a "Combination Product"), Net Sales shall exclude the Proportionate Value (as defined below) of all other products included in the Combination Product. "Proportionate Value," for purposes of this paragraph, shall mean fair market value, as determined by the commercial sales price of the other product(s) if sold separately, or, if not sold separately, the fair market value of such other product(s) reasonably determined by the seller with notice of such fair market value to be given to the other party; taking into account that the sales price of the Combination Product may be less than the sum of the value of all of the component products in which case the value of each component product shall be proportionately reduced. No deductions shall be made for sales representations commissions, whether they be with independent agencies or regularly employed by the seller and on its payroll.

ARTICLE 8. ASSIGNMENT

Neither party shall grant, transfer, convey, or otherwise assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld except that either party may, without the consent of the other, assign this Agreement to an Affiliate or a successor in interest or transferee of all or substantially all of the portion of the assets to which this Agreement relates and (ii) Aziyo may, without the consent of Cook, grant a security interest in its rights and interests hereunder or make a collateral assignment thereof in connection with any bank or other institutional financing.

ARTICLE 9. NOTICES

All notices and other communications shall be hand delivered, sent by private overnight delivery service, or sent by registered or certified U.S. mail, postage prepaid, return receipt requested, and addressed to the party to receive such notice or other communication at the address given below, or such other address as may hereafter be designated by notice in writing:

If to Cook, at: Cook Biotech Incorporated
1425 Innovation Place
West Lafayette, IN 47906
Attn: President

If to Aziyo, at: Aziyo Med, LLC
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Attn: [XXX]
Email: [XXX]

With a copy to: Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attn: [XXX]
Email: [XXX]

Such notices or other communications shall be effective upon receipt by an employee, agent or representative of the receiving party authorized to receive notices or other communications sent or delivered in the manner set forth above.

ARTICLE 10. MISCELLANEOUS

10.1 Legal Compliance. The parties shall comply with all laws and regulations relating to the manufacture, processing, producing, use, selling, or distributing of Specific Licensed Products. Neither party shall take any action which would cause the other party to violate any laws or regulations or to breech any written agreement with a third party.

10.2 No Other Licenses. Only the licenses granted pursuant to the express terms of this Agreement shall be of any legal force and effect as between Cook and Aziyo. No license rights are created by implication or estoppel. In addition, nothing contained in this Agreement shall be construed as requiring Cook or Aziyo to file or maintain any patent application, to secure any patent or to maintain any patent in force, or as requiring Cook or Aziyo to bring or prosecute actions or suits against third parties for infringement, or as conferring any right to use, in advertising, publicity or otherwise, any name, trade name or trademark, or any contraction, abbreviation, or simulation thereof.

10.3 Entire Agreement. This Agreement constitutes the entire agreement between Cook and Aziyo with respect to the subject matter hereof and shall not be modified, amended or terminated except as herein provided or except by another agreement in writing executed by the parties hereto.

10.4 Severability. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary so that they will not render this Agreement illegal, invalid or unenforceable. If any provision or portion of any provision of this Agreement not essential to the commercial purpose of this Agreement shall be held to be illegal, invalid or unenforceable by a court of competent jurisdiction, it is the intention of the parties that the remaining provisions or portions thereof shall constitute their agreement with respect to the subject matter hereof, and all such remaining provisions or portions thereof shall remain in full force and effect. To the extent legally permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision which will implement the commercial purpose of the illegal, invalid or unenforceable provision. In the event that any provision essential to the commercial purpose of this Agreement is held to be illegal, invalid or unenforceable and cannot be replaced by a valid provision which will implement the commercial purpose of this Agreement, this Agreement and the rights granted herein shall terminate.

10.5 Force Majeure. Any delays in, or failure of, performance of any party to this Agreement shall not constitute default hereunder, or give rise to any claim for damages, if and to the extent caused by occurrences beyond the control of the party affected, including, but not limited to, acts of God, strikes or other work stoppages; civil disturbances, fires, floods, explosions, riots, war, rebellion, sabotage, acts of governmental authority or failure of governmental authority to issue licenses or approvals which may be required.

10.6 Amendment of the CorMatrix Agreement; No Assumption by Aziyo of CorMatrix Liabilities. Cook hereby consents and agrees to the assignment by CorMatrix of all of its right, title and interest under the CorMatrix Agreement to the Specific Licensed Products and the Patent Rights relating to such Products, and an amendment of the CorMatrix Agreement is being executed, on an even date herewith, to terminate the rights of CorMatrix thereunder with respect to the Specific Licensed Products and Patent Rights at the Effective Date. Cook acknowledges that Aziyo is not assuming any of the liabilities or other obligations of CorMatrix under the CorMatrix Agreement, all of which shall be retained by CorMatrix.

(signature page follows)

IN WITNESS WHEREOF, Cook and Aziyo have caused this License Agreement to be signed by their duly authorized representatives, under seal, to be effective on the Effective Date.

Cook:	Aziyo:
COOK BIOTECH INCORPORATED	AZIYO MED, LLC
By: /s/ Umesh Patel	By: /s/ Jeffrey D. Hamet
Name: Umesh Patel	Name: Jeffrey D. Hamet
Title: President	Title: VP, Finance and Treasurer

CorMatrix hereby consents and agrees to the foregoing.

CORMATRIX CARDIOVASCULAR, INC.

By: /s/ John C. Thomas

Name: John C. Thomas

Title: CFO

EXHIBIT A

Cook Patents and Patent Applications

EXHIBIT B

SPECIFIC LICENSED PRODUCTS

Products/Applications	Reference to Cross License Agreement	Relevant Fields of Use from Cross License Agreement
CorMatrix® ECM® for Pericardial Closure	Paragraph 1.3 of Article 1	SIS for the repair of the pericardial sac
CorMatrix® ECM® for Cardiac Tissue Repair	Paragraph 1.3 of Article 1	SIS for repair of myocardial tissue
CorMatrix® ECM® for Carotid Repair	Amendment 1 Paragraph 1	SIS to repair Carotid Arteries
CorMatrix® ECM® for Vascular Repair	Amendment 5 Paragraph 1	Co-Exclusive Vascular Patch using SIS to repair the wall of peripheral veins and arteries
CorMatrix® TYKE® Patch, Pledget and Intracardiac or TYKE® Patch, Pledget and Intracardiac	Paragraph 1.3 of Article 1	SIS for repair of myocardial tissue
CorMatrix® CanGaroo® ECM® Envelope or CanGaroo® ECM® Envelope	Amendment 3 Paragraph 1	SIS pouch devices into which implantable cardiac pacemaker or defibrillator devices are inserted

Exhibit 10.17

DECEMBER 2017 AMENDMENT TO LICENSE AGREEMENT

This is an amendment (this "Amendment"), effective as of December 21st, 2017, to that certain LICENSE AGREEMENT (the "License Agreement") dated May 31, 2017, by and between COOK BIOTECH INCORPORATED, an Indiana corporation with its principal office at 1425 Innovation Place, West Lafayette, Indiana 47906 ("Cook"), and AZIYO MED, LLC, a Delaware limited liability company with its principal office at 12510 Prosperity Drive, Suite 370, Silver Spring, Maryland 20904 ("Aziyo").

WHEREAS, Cook and Aziyo entered into the License Agreement, by which Cook granted to Aziyo a license relating to certain defined Specified Licensed Products in certain defined Aziyo Fields of Use;

WHEREAS, Aziyo desires to add to the defined Aziyo Fields of Use certain fields relating to SIS pouch devices into which certain implantable electronic medical devices are to be inserted at the point of care for subcutaneous implantation in human patients;

WHEREAS, Cook is willing to grant to Aziyo additions to the defined Aziyo Fields of Use, on the terms and conditions herein;

NOW, THEREFORE, Cook and Aziyo agree as follows:

1. In Article 1 of the License Agreement, the definition of "Aziyo Fields of Use" is removed and replaced in its entirety with the following:

"Aziyo Fields of Use" means:

(a) the use of SIS for the repair of myocardial tissue, and for the repair of the pericardial sac. By way of clarification, the Aziyo Fields of Use do include placing the SIS patch material directly into or onto myocardial tissue but do not include the use of SIS for the repair or replacement of the coronary arteries, or for epicardial infarct repair;

(b) the use of SIS for all Atrial Septal Defect (ASD) and Ventricular Septal Defect (VSD) repair, except for the transvascular approach to ASD and VSD repair;

(c) the use of SIS to repair carotid arteries in an open surgery but not the use of SIS in conjunction with a stent or other frame; and for clarity, "open surgery" for purposes of this subparagraph (c) does not include (i) any form of percutaneous access (using a cut down or not) to or through a carotid artery using SIS, including but not limited to any vascular patching via percutaneous delivery (e.g. as in the repair of punctures created by percutaneous access devices), (ii) any form of indirect access to the carotid artery through a vascular vessel using SIS, or (iii) any form of access to or through a carotid artery over or through a device using SIS (e.g. transcatheter access);

(d) the use of SIS to patch repair the wall of peripheral veins and arteries, other than carotid arteries, using a sheet form patch product in open surgery and where a surface of the implanted patch forms part of the blood contacting lumen of the vein or artery, but not including the use of SIS in conjunction is with a stent or other frame; and for clarity, (i) "open surgery" for purposes of this subparagraph (d) does not include (*a*) any form of percutaneous access (using a cut-down or not) to or through a vein or artery using SIS, including but not limited to any vascular patching via percutaneous delivery (e.g. as in the repair of punctures created by percutaneous access devices), (*b*) any form of indirect access to the vein or artery through a vascular vessel using SIS, or (*c*) any form of access to or through a vein or artery over or through a device using SIS (e.g. transcatheter access), and (ii) patch repair shall be limited to patch repair as specified above only and does not include the creation or use of a vessel or conduit made out of SIS and does not include any use of SIS to replace or repair any valve;

(e) SIS pouch devices into which implantable cardiac pacemaker or defibrillator devices are to be inserted at the point of care for subcutaneous implantation in human patients;

(f) SIS pouch devices into which implantable electronic cardiac stimulation devices, other than cardiac pacemaker or defibrillator devices, are to be inserted at the point of care for subcutaneous implantation in human patients (hereafter the "Other ECSD SubField"); and

(g) SIS pouch devices into which implantable electronic neurostimulation devices for deep brain stimulation, spinal nerve and sacral nerve stimulation to relieve chronic pain, and nerve stimulation to help control bladder, digestive, abdomen, and bowel movements, are to be inserted at the point of care for subcutaneous implantation in human patients (hereafter the "ENSD SubField").".

2. The following paragraphs are added at the end of Article 5:

5.3. Minimum Requirements for SIS Pouch Devices. If, during the term of this Agreement, Aziyo fails in any calendar year to order and pay Cook Biotech for a minimum of five hundred thousand dollars ($500,000.00) of SIS Material pursuant to the Supply Agreement for use in SIS pouch devices SubFields emcompassed in 1 (e) through (g) as demonstrated by corporate records of Aziyo, Cook may, in its sole discretion, terminate the license to SIS pouch devices for the Other ECSD SubField and the ENSD SubField or convert such licenses to non-exclusive licenses unless Aziyo remits to Cook a non-refundable, non-creditable payment equal to any shortfall in purchasing such minimum amount of SIS Material pursuant to this Agreement within 45 days after such calendar year end.

5.4. Diligence for SIS Pouch Devices. If, within eighteen (18) months after execution of this Amendment, Aziyo has not commenced commercial sales of SIS pouch devices in the Other ECSD SubField under a U.S. regulatory approval for the Other ECSD SubField, Cook may, in its sole discretion, terminate the licenses to SIS pouch devices in the Other ECSD SubField under this Agreement or convert such license to a non-exclusive license. If, within eighteen (18) months after execution of this Amendment, Aziyo has not commenced commercial sales of SIS pouch devices in the ENSD SubField under a U.S. regulatory approval for the ENSD SubField, Cook may, in its sole discretion, terminate the license to SIS pouch devices in the ENSD SubField under this Agreement or convert such license to a non-exclusive license.

5.6. Regulatory/Pouches in the Other ECSD SubField. Aziyo shall obtain and be responsible for the costs associated with obtaining regulatory approval of the SIS pouch devices for the Other ECSD SubField. Aziyo shall also be responsible for pre-clinical development, pre-clinical studies and post-market clinical studies as may be required by regulatory bodies for regulatory approval.

5.7. Regulatory/Pouches in the ENSD SubField. Aziyo shall obtain and be responsible for the costs associated with obtaining regulatory approval of the SIS pouch devices for the ENSD SubField. Aziyo shall also be responsible for pre-clinical development, pre-clinical studies and post-market clinical studies as may be required by regulatory bodies for regulatory approval.

5.8. License Fee Payments. Aziyo shall make the following License Fee Payments to Cook, on or before the specified Payment Due Date. These License Fee Payments shall be nonrefundable and noncreditable by Aziyo against any other amounts due under this Agreement:

License Fee Payment	Payment Due Date
$200,000	October 20, 2018
$100,000	October 20, 2019
$100,000	October 20, 2020
$100,000	October 20, 2021
$100,000	October 20, 2022
$100,000	October 20, 2023
$100,000	October 20, 2024
$100,000	October 20, 2025
$100,000	October 20, 2026

5.9 Acceleration of License Fee Payments. If, as and to the extent permitted by the License Agreement, Aziyo consummates a Change in Control (as defined below), then Aziyo shall pay to Cook the total of all License Fee Payments under Section 5.8 that have not yet been paid within fifteen (15) days after the consummation of such Change in Control. “Change in Control” shall mean the acquisition by any individual, entity or group of beneficial ownership of 50% or more of the then outstanding shares of voting capital stock of Aziyo solely in exchange for cash or other liquid asset consideration, payable by such individual, entity or group to the holders of such outstanding shares of voting capital stock. For avoidance of doubt, the Parties acknowledge that the terms of this Amendment, including but not limited to this Section 5.9, shall be binding upon any permitted assignee or successor in interest of Aziyo in the License Agreement.

5.10 Cook Rights Upon Any Nonpayment of License Fee Payments. Upon any failure by Aziyo to make any License Fee Payment when due pursuant to Section 5.8 or Section 5.9, in addition to any and all other equitable or legal remedies that may be available to Cook under the License Agreement, Aziyo agrees that Cook shall be entitled, at Cook's discretion and election, to terminate the License Agreement in its entirety, to terminate or convert to a non-exclusive license all or any portion of the Aziyo Fields of Use, and/or to an injunction or injunctions to enforce specifically the provisions of Section 5.8 and/or Section 5.9 in any court of the United States or any state having jurisdiction. For clarity, Aziyo acknowledges that all of its payment obligations under the License Agreement, including but not limited to those under Sections 5.8 and 5.9, are material obligations, and that failure to make such payments would constitute a material breach of the License Agreement.

Except as amended hereby, the License Agreement is ratified and confirmed in all respects.

COOK BIOTECH INCORPORATED	**AZIYO MED, LLC**
BY: /s/ Umesh Patel Umesh Patel	**BY:** /s/ Jeffrey D. Hamet Jeffrey D. Hamet
TITLE: President	**TITLE:** Vice President of Finance
DATE: 21 Dec 17	**DATE:** 12/21/17

Exhibit 10.18

May 31, 2017

HighCape Partners Management, L.P.
10751 Falls Road
Suite 300
Baltimore, MD 21093

Ladies and Gentlemen:

As consideration for the transactional and financial advisory services that you are performing, and have performed, for Aziyo Biologics, Inc., a Delaware corporation (the "Company") in connection with the Company's acquisition of certain assets of CorMatrix Cardiovascular, Inc. on or about the date hereof and the refinancing of the Company's senior indebtedness with MidCap Financial Trust in connection with such acquisition, the Company hereby agrees that, contingent upon the consummation of (i) a "Sale Transaction" (as such term is defined under the Company's Certificate of Incorporation, as amended from time to time) (a "Sale Transaction") or (ii) an initial underwritten public offering of the Company's shares of Common Stock on a securities exchange ("IPO"), the Company shall pay you an amount equal to seven hundred fifty thousand dollars ($750,000.00). Such amount is due and payable upon the consummation of a Sale Transaction or an IPO and the Company's obligations under this letter agreement shall terminate upon the payment of such amount to you upon the earlier of a Sale Transaction and an IPO.

This letter agreement may be executed as an original by facsimile or other electronic transmission and in counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

If the foregoing represents your understanding and agreement, please sign a copy of this letter agreement in the space provided below and return the signed copy to us.

Very truly yours,

AZIYO BIOLOGICS, INC.

By: /s/ Jeffrey D. Hamet
Name: Jeffrey D. Hamet
Title: Vice President, Finance and Treasurer

ACKNOWLEDGED AND AGREED TO:

HIGHCAPE PARTNERS MANAGEMENT, L.P.

By: HighCape Partners Management, LLC, its general partner

By: /s/ Matt Zuga
Name: Matt Zuga
Title: Managing Member

SETTLEMENT AGREEMENT AND GENERAL RELEASE

THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE (this **"Settlement Agreement")** made and entered into as of April 6, 2018, by and among KeraLink International, formerly named Tissue Banks International, Inc. **("KeraLink"),** Aziyo Biologics, Inc. (together with any successor, whether by merger, consolidation, share exchange, other business combination or sale of all or substantially **all** of the assets (any such transaction, a **"Business Combination Transaction")** of Aziyo Biologics, Inc. **("Aziyo"),** Highcape Partners QP, L.P. **("QP"),** Highcape Partners, L.P. **("Highcape")** and Highcape Co-Investment Vehicle I, LLC **("Vehicle,"** and together with QP and Highcape collectively, the **"Highcape Entities,"** and each a **"Highcape Entity").** Each of KeraLink, Aziyo, and the Highcape Entities is referred to herein as a **"Party,"** and together as the **"Parties."**

W I T N E S S E T H:

A. On November 4, 2015, pursuant to that certain Contribution Agreement dated August 31, 2015 (the **"Contribution Agreement")** by and between Aziyo and KeraLink, KeraLink contributed certain assets to Aziyo in return for 19,499,999 shares of the Series A Preferred Stock, $0.001 par value per share of Aziyo (the **"Series A Preferred Stock"),** and 6,499,999 shares of the Common Stock, $0.001 par value **per** share of Aziyo (together with any capital stock, other securities or non-cash consideration of Aziyo or any successor or other person that may be received from time to time by KeraLink, whether by dividend or distribution or in connection with a Business Combination Transaction, in respect of the 6,499,999 shares of Common Stock, $0.001 par value **per** share, owned by KeraLink on the date of this Settlement Agreement, the **"Common Stock");**

B. In connection with the transactions performed pursuant to the Contribution Agreement, on November 4, 2015, pursuant to that certain Stock Purchase Agreement dated August 31, 2015, among KeraLink and the Highcape Entities (the **"Stock Purchase Agreement"),** KeraLink sold 19,500,000 shares of Series A Preferred Stock to the Highcape Entities for $19,500,000;

C. Certain disputes have arisen between KeraLink and Aziyo arising out of the Contribution Agreement, including whether certain representations and warranties made in the Contribution Agreement were true and accurate, and such disputes impact the Highcape Entities as the majority stockholder of Aziyo and relate to matters also covered in the Stock Purchase Agreement (collectively, the **"Dispute");** and

D. The Parties hereto desire to settle and compromise all claims that the Aziyo Parties have or could have asserted against the KeraLink Parties, and that the KeraLink Parties have or could have asserted against the Aziyo Parties prior to and including the date hereof, including the facts, actions and omissions underlying the Dispute and any claim arising out of or relating to the Contribution Agreement, the Stock Purchase Agreement and the agreements entered in connection therewith, except for the following: (i) matters in respect of the rights of KeraLink and the Highcape Entities in their capacity as owners of shares of Common Stock and Series A Preferred Stock, respectively; (ii) obligations arising out of Sections 1.8 (last sentence), 1.9 (last sentence), 4.3(b), 4.4, 4.8, 4.9, 4.10, 4.12, 8. l(a)(i) (but only to the extent relating to inaccuracies in respect of the representations and warranties in Section 2.9 of the Contribution Agreement), 8.l(a)(ii) (to the extent the underlying covenant or agreement itself is referenced in this clause (a)(ii)), 8.l(a)(iii), 8.l(a)(v), 10.4 or 10.5 of the Contribution Agreement; (iii) obligations arising out of Section 1.3 of the Stock Purchase Agreement; (iv) matters arising out of the Investor Rights Agreement dated November 4, 2015, among the Parties; and (v) matters arising out of the Right of First Refusal and Co-Sale Agreement dated November 4, 2015, among the Parties (the **"ROFR Agreement"),** except as any such matter would conflict with anything contained in or required by this Settlement Agreement, including any "Transfer" of Common Stock deemed to have occurred under the ROFR Agreement by KeraLink entering into and delivering this Settlement Agreement (such matters, collectively, **"Surviving Claims").**

NOW, THEREFORE, FOR AND IN CONSIDERATION OF the mutual promises herein contained, and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Parties, each intending to be legally bound, do hereby agree as follows:

1. **Initial Payment to Aziyo.** Within two business days after this Settlement Agreement is executed by each Party and delivered by Aziyo and each Highcape Entity to KeraLink, and by KeraLink to Aziyo and each Highcape Entity, KeraLink shall cause to be wired to Aziyo the amount of $90,000 in cash and in immediately available funds pursuant to the wiring instructions attached hereto as Exhibit A (which represents a payment of $400,000 in connection with the matters contemplated by this Settlement Agreement, less $310,000 owed by Aziyo to KeraLink as of the date of this Settlement Agreement in connection with the ongoing inter-company account maintained between Aziyo and KeraLink, wherein debits and credits between the entities incurred in the ordinary course of business are recorded and reconciled). The payment contemplated by this Section 1 (the **"Initial Payment Obligation")** shall be irrevocable and shall not be subject to adjustment, rescission, repayment or refund for any reason, regardless of the amount ultimately paid by KeraLink to Aziyo pursuant to Section 2.

2. **Secondary Payment to Aziyo**. KeraLink shall cause to be paid to Aziyo the Total Due, in accordance with the terms and provisions in this Section 2, and subject to the limitations and adjustments herein, including in certain circumstances Aziyo's limited recourse against KeraLink regarding such payments, which is more fully described below. For purposes of this Settlement Agreement, the **"Total Due"** means the lesser of: (a) $550,000; and (b) the sum of all "Payments" (as such term as defined below). Aziyo acknowledges and agrees that, under certain circumstances, the sum of **all** payments it receives pursuant to this Section 2 may be less than $550,000 once the Registered Maturity Payment or the Unregistered Maturity Payment (as applicable and each such term as defined below) is made, and in such an event no further payments will be due.

(a) Subject to each sub-section in this Section 2, upon the receipt of cash by KeraLink in connection with a sale, transfer or disposition of any shares of the Common Stock, including in connection with a Business Combination Transaction (each such sale, transfer or disposition, a **"Liquidation Event"),** KeraLink shall, after paying or reserving such documented costs and expenses reasonably incurred by KeraLink in connection with such sale, transfer or disposition, including the income and capital gains taxes, if any, owed by KeraLink as a result of such sale, transfer or disposition (collectively, the **"Disposition Costs"),** pay to Aziyo in cash and in immediately available funds an amount, not to exceed $550,000 (when all such payments to Aziyo are added together), equal to the difference between the amount of cash actually received for such shares of Common Stock in connection with the Liquidation Event, including any payments from any escrow, holdback or other contingent consideration arrangements (at such time actually received), *minus* the Disposition Costs for such Liquidation Event (each a **"Liquidation Event Payment").** Each Liquidation Event Payment will be due and payable to Aziyo within three business days after the receipt by KeraLink of such cash in connection with the underlying Liquidation Event. In furtherance of the provisions of this Section 2(a) and the obligations of KeraLink under this Settlement Agreement, KeraLink covenants and agrees that it will not sell, transfer or dispose of any shares of Common Stock in connection with a dividend or other distribution to the stockholders of KeraLink or otherwise sell, transfer or dispose of any shares of Common Stock in a transaction that does not represent an arm's length transaction with an unrelated third party. Further KeraLink covenants and agrees that other than in connection with a Business Combination Transaction, a "Sale Transaction" (as defined in Aziyo's Certificate of Incorporation), an "Approved Sale" (as defined in Aziyo's Investor Rights Agreement dated November 4, 2015) or another transaction in which all of the stockholders of Aziyo are selling or transferring their shares of capital stock of Aziyo or otherwise are legally or contractually obligated to sell, transfer or dispose of their shares of capital stock of Aziyo as part of such transaction, it will not sell, transfer or dispose of any shares of Common Stock for consideration other than cash.

(b) Subject to each sub-section in this Section 2, if on the date that is 180 days after the first date on which all of the shares of Common Stock held by KeraLink are: (i) registered for sale on a registration statement filed with and made effective by the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended (the **"Securities Act,"** and such registration statement, the **"Registration Statement");** (ii) listed on a United States national securities exchange; and (iii) not subject to any contractual restriction on transfer or sale (for example, a market stand-off agreement), other than customary arrangements for a registered secondary sale of common stock (for example, the obligation to deliver a prospectus in connection with the sale) and other than the obligations under this Settlement Agreement (the **"Registered Maturity Trigger Date"),** KeraLink has not made aggregate Payments equal to $550,000 nor the Unregistered Maturity Payment, then on the Registered Maturity Trigger Date if it is a business day, or on the next business day if the Registered Maturity Trigger Date is not, KeraLink shall pay to Aziyo an amount (the **"Registered Maturity Payment")** equal to the lesser of: (i) the difference between $550,000 *minus* the sum of **all** Payments paid to Aziyo as of such date; and (ii) the Fair Market Value (as defined below) as of the Registered Maturity Trigger Date of all shares of Common Stock then held and owned by KeraLink. Following such Registered Maturity Payment to Aziyo, **all** obligations and liabilities of KeraLink under this Section 2 shall be deemed fulfilled and KeraLink will have no further obligations or liabilities under this Section 2, including no further obligation to make any Liquidation Event Payment, any Unregistered Maturity Payment or any further Registered Maturity Payment. Further, pursuant to Section 2(e), all or any part of the Registered Maturity Payment may be paid by tendering shares of Common Stock to Aziyo. In furtherance of the provisions of this Section 2(b) and the obligations of KeraLink under this Settlement Agreement, KeraLink agrees to the registration by Aziyo of its shares of Common Stock, at such time as Aziyo may from time to time determine, and agrees to provide such documents and other information that Aziyo in its commercially reasonable discretion deems necessary or advisable in connection with the registration of such shares of Common Stock, and further covenants and agrees to cooperate with Aziyo's commercially reasonable requests and on customary and reasonable terms and conditions in connection with the registration of such shares of Common Stock; provided, however, that, in the event KeraLink materially breaches any of its obligations under this Section 2(b) and does not cure such material breach within 30 days of receipt of written notice of such material breach from Aziyo (the date such notice is delivered to KeraLink, the **"Breach Notice Date"),** KeraLink shall be obligated to make a Payment to Aziyo in an amount equal to $550,000 *minus* the sum of all Payments made to Aziyo as of the Breach Notice Date, which payment shall be made to Aziyo within three business days after the Breach Notice Date.

(c) Subject to each sub-section in this Section 2, on the date that is one year after the date on which Aziyo first advises KeraLink in writing that the Board of Directors of Aziyo has determined that KeraLink is not an "affiliate" of Aziyo within the meaning of Rule 144 promulgated under the Securities Act (the **"Nonaffiliate Notice,"** and such date, the **"Nonaffiliate Notice Date"),** provided that: (i) the shares of Common Stock are registered under the Securities Exchange Act of 1934, as amended, and listed on a United States national securities exchange on the Nonaffiliate Notice Date; (ii) KeraLink has not made aggregate Payments equal to $550,000 as of the one-year anniversary of the Nonaffiliate Notice Date; and (iii) KeraLink has not made the Registered Maturity Payment to Aziyo, then on the one-year anniversary of the Nonaffiliate Notice Date if it is a business day, or on the next business day if the one-year anniversary of the Nonaffiliate Notice Date is not, KeraLink shall pay to Aziyo an amount (the **"Unregistered Maturity Payment")** equal to the lesser of: (I) the difference between $550,000 *minus* the sum of **all** Payments paid to Aziyo as of such date; and (II) the Fair Market Value as of the Nona:ffiliate Notice Date of all shares of Common Stock then held and owned by KeraLink. Following such Unregistered Maturity Payment to Aziyo, all obligations and liabilities of KeraLink under this Section 2 shall be deemed fulfilled and KeraLink will have no further obligations or liabilities under this Section 2, including no further obligation to make any Liquidation Event Payment, any further Unregistered Maturity Payment or any Registered Maturity Payment.

(d) Notwithstanding anything to the contrary herein, under no circumstances will KeraLink be required under or pursuant to this Section 2, or arising out of this Section 2, to pay Aziyo any further amounts, when the sum of all Liquidation Event Payments, the Registered Maturity Payment or the Unregistered Maturity Payment, as the case may be, and any other payment of any amount due under this Section 2, including a prepayment of any amount due (each a **"Payment,"** and collectively, the **"Payments")** is equal to $550,000. If a Payment is due and the full amount of such Payment would cause KeraLink to have paid, or Aziyo to have received, more than $550,000 in the aggregate under this Section 2, then such Payment shall be reduced to such amount that when taken together with **all** other Payments, is equal to (but not greater than) $550,000. If for any reason Aziyo receives an aggregate of Payments in excess of $550,000, Aziyo shall, within **5** business days, reimburse and pay such excess amount back to KeraLink, it being understood and agreed for this purpose that any Payments under this Section 2 made by the delivery of shares of Common Stock shall be valued at the Fair Market Value on the applicable valuation date as specified in this Section 2 and, to the extent any such excess payment was made by KeraLink with shares of Common Stock, at its option Aziyo may satisfy its obligations under this Section 2(d) by delivering shares of Common Stock with a Fair Market Value equal to such excess, as of the date such shares originally were delivered by KeraLink to Aziyo.

(e) KeraLink has the right to prepay all or any part of the Total Due still owing at any time or from time to time, without premium or penalty. KeraLink also has the right to pay any or all of the Total Due (other than amounts due pursuant to Section 2(a)) still owing at any time or from time to time, through the tender by KeraLink for forfeiture and cancellation of such number of shares of Common Stock held by KeraLink equal to the amount of the payment divided by the Fair Market Value as of the date of tender of a share of Common Stock. Any such payment of cash or Common Stock shall be considered a "Payment" as defined in Section 2(d).

(f) Aziyo shall have limited recourse against KeraLink regarding the obligations and liabilities of KeraLink set forth in this Section 2. Aziyo acknowledges and agrees that Aziyo's sole recourse for KeraLink's failure to make any Payment when due and payable under this Section 2 is against the Common Stock; provided, however, that, if KeraLink sells, transfers or disposes of such shares of Common Stock in violation of this Settlement Agreement, Aziyo shall be entitled to recover from KeraLink the Fair Market Value of such shares of Common Stock up to but not exceeding the Total Due, less any amount received by Aziyo on account of its lien on, or the enforcement of its rights and remedies against, the Collateral.

(g) For purposes of this Settlement Agreement, the **"Fair Market Value"** of a share of Common Stock means the following net of Disposition Costs, as of any particular date: (i) the sales price of such share of Common Stock in a Liquidation Event occurring on such day; (ii) the volume weighted average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock may at the time be listed; (iii) if there have been no sales of the Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on **all** such exchanges at the end of such day; (iv) if on any such day the Common Stock is not listed on a U.S. securities exchange, the closing sales price of the Common Stock as quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such day; or (v) if there have been no sales of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over **10** consecutive business days ending on the business day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any U.S. securities exchange, the term "business day" as used in this sentence means business days on which such exchange is open for trading. If at any time the Common Stock is not listed on any U.S. securities exchange or quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, the "Fair Market Value" of a share of Common Stock shall be the fair market value per share as determined jointly by KeraLink and Aziyo provided, that if KeraLink and Aziyo are unable to agree on the fair market value per share of the Common Stock within 15 days, such fair market value shall be determined by a nationally recognized investment banking, accounting or valuation firm jointly selected by KeraLink and Aziyo based upon its determination of the value of all outstanding shares of Aziyo as a whole and without any minority or other discount.

(h) (1) As security for the prompt payment and performance of the obligations of KeraLink to Aziyo under this Settlement Agreement, including the payment to Aziyo of the Total Due under this Section 2 and the Initial Payment Obligation under Section 1, KeraLink hereby grants, pledges and assigns to Aziyo a continuing lien on, and security interest in, upon and to, all right, title and interest in and to the 6,499,999 shares of Common Stock of Aziyo, $0.001 par value per share, owned by KeraLink on the date of this Settlement Agreement (the **"Initial Pledged Shares")** (together with any capital stock, other securities or non-cash consideration of Aziyo, any successor or other person that may be received from time to time by KeraLink:, whether by dividend or distribution or in connection with a Business Combination Transaction, in respect of the Initial Pledged Shares, any and all substitutions, additions or replacements thereof; and any and all proceeds thereof) (collectively, the **"Collateral").** This Settlement Agreement shall constitute a security agreement as that term is used in the Uniform Commercial Code, and in furtherance of the foregoing, KeraLink hereby agrees (w)(I) on the date hereof, to deliver to Aziyo all certificate(s) representing the Initial Pledged Shares (together with blank stock powers duly executed by KeraLink), and (II) promptly upon receipt, to deliver to Aziyo any additional certificates or instruments constituting Collateral acquired hereafter by KeraLink (together with blank stock powers duly executed by KeraLink or other appropriate instruments of assignment), (x) that Aziyo may attach an allonge to such certificate(s) and/or instruments that contains a restrictive legend to reflect the security interest in the Collateral (but shall not mark such certificate(s) and/or instrument(s) themselves), (y) that Aziyo may file against KeraLink a financing statement to perfect the security interest in the Collateral and (z) that Aziyo shall be entitled to retain possession of such certificates(s) and/or instruments received in respect of the Collateral until such time as the Initial Payment Obligation under Section 1 and all Payments to be made by KeraLink under this Section 2 have been paid or satisfied in full.

(2) In the event KeraLink is required to make a Registered Maturity Payment under Section 2(b) or an Unregistered Maturity Payment under Section 2(c) and KeraLink elects, pursuant to and in accordance with Section 2(e), to satisfy such payment by the delivery of shares of Common Stock, rather than a cash payment, the delivery of such shares of Common Stock to Aziyo shall be in full satisfaction of KeraLink's obligations in respect of such Registered Maturity Payment or Unregistered Maturity Payment, as applicable, in which event Aziyo shall not have any right or obligation under Article 9 of the Uniform Commercial Code or any other laws or regulations to sell or offer for sale any further shares of Common Stock.

(3) Aziyo shall have no duty with respect to any part or all of the Collateral of any nature or kind other than the duty to use reasonable care in the safe custody of any tangible items of the Collateral in its possession.

(4) KeraLink (x) represents and warrants that it has good title to the Collateral, free from all liens, mortgages, pledges, security interests, and other encumbrances except the lien in favor of Aziyo created hereunder and (y) agrees to keep the Collateral free from all liens, mortgages, pledges, security interests, and other encumbrances except the lien **in** favor of Aziyo created hereunder.

(5) Upon any failure by KeraLink to satisfy the Initial Payment Obligation under Section 1 or to make any Payment to Aziyo required under Section 2, following any notice, grace or cure period provided therein, Aziyo shall provide written notice to KeraLink of its failure to make such Payment and may include in such notice a demand for payment. KeraLink shall have 10 days following the receipt of such notice to cure such breach. If such Payment is not remitted to Aziyo by the conclusion of such period or any extensions agreed to in writing by Aziyo in its sole discretion, then Aziyo shall have, in addition to any other rights and remedies given by law or the rights hereunder, all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code. Any foreclosure of the Collateral under the Uniform Commercial Code shall be conducted in a commercially reasonable manner and KeraLink shall be entitled to any surplus proceeds.

(6) If Aziyo has received the amount due under Section 1 and all of the Payments due under this Section 2 to which it is entitled, it shall upon written request from KeraLink (i) release its security interest and lien on the Collateral, (ii) deliver to KeraLink all certificates and/or instruments evidencing the Collateral in its possession, and (iii) terminate any Uniform Commercial Code financing statements of record against KeraLink describing the Collateral and naming Aziyo as secured party. Notwithstanding the foregoing, if KeraLink elects to sell any of the Common Shares in connection with a Liquidation Event, in accordance with Section 2(a), then Aziyo shall at the time of such sale release its lien in the Collateral to be sold in accordance with the payoff letter described below in this clause (6). In connection with such proposed sale, KeraLink shall deliver written notice to Aziyo, which notice shall (x) identify the buyer, (y) identify the Common Stock that KeraLink requests be released from the lien of Aziyo for sale to the buyer, and (z) identify the amount of the Liquidation Event Payment to be paid to Aziyo by KeraLink or the buyer in respect of the purchase price of such Common Stock. Upon KeraLink's written request, Aziyo shall also provide to KeraLink and such buyer a payoff letter in form and substance reasonably satisfactory to Aziyo in which Aziyo agrees upon receipt by Aziyo of the Liquidation Event Payment for such Common Stock (i) to release its lien in the Common Stock proposed to be sold immediately and without further action by any person, (ii) to deliver such Common Stock to KeraLink or such buyer, without any allonge that Aziyo may have attached containing a legend or restriction on such Common Stock, and (iii) to amend any UCC financing statement of record against KeraLink describing the Common Stock and naming Aziyo as secured party to exclude from the collateral description thereof the Common Stock sold to such buyer. In connection with such sale, Aziyo shall arrange for the issuer of the Common Stock to reissue such Common Stock in certificates evidencing smaller share denominations, if applicable under this Settlement Agreement.

(i) Once made by KeraLink, the Payments shall be irrevocable and shall not be subject to adjustment, rescission, repayment or refund for any reason.

3. **Release of KeraLink.** In exchange for the consideration provided in this Settlement Agreement, including that consideration set forth in Sections 1 and 2, Aziyo and each of the Highcape Entities, on behalf of itself and its respective former, current and future stockholders, officers, directors, managers, employees, agents, contractors, parents, subsidiaries, affiliates, successors and assigns (collectively, the **"Aziyo Parties",** and each an **"Aziyo Party"),** hereby fully and irrevocably releases, waives and forever discharges KeraLink and each of its past and present affiliates and each of their officers, directors, managers, employees, stockholders, members, attorneys, agents, successors, heirs, and assigns (collectively **"KeraLink Parties",** and each a **"KeraLink Party"),** and each of them, from any and all claims, demands, liens, actions, agreements, suits, rights, causes of action, proceedings, obligations, debts, sums of money, accounts, bills, dues, covenants, undertakings, promises, :fiduciary duties, required notices or other informational disclosures, contracts, agreements, charges, complaints, controversies, damages, judgments, debts, costs, attorneys' fees, expenses, damages, judgments, orders, grievances and/or liabilities of whatever kind or nature in law, equity or otherwise, whether now known or suspected, which have existed or may have existed, from the beginning of time, or which do exist or which hereafter can, shall or may exist, whether vested or contingent, accrued or unaccrued (collectively, **"Claims"),** which any of the Aziyo Parties had, now has, or may hereafter have against the KeraLink Parties, or any of them, directly or indirectly arising out of, proximately caused by or resulting from, connected with, or based upon or in any manner related to or arising out of, in the past, or at present, (a) any event, fact or circumstance occurring or existing prior to the date of this Settlement Agreement, (b) any act, omission, transaction, or event occurring up to and including the date of this Settlement Agreement, and/or (c) any "Transfer" deemed to have occurred under the ROFR Agreement by KeraLink entering into and delivery this Settlement Agreement (collectively, **"Aziyo Claims");** provided however, that this release shall not apply to any Claim arising under this Settlement Agreement or to any Surviving Claims, and the foregoing release shall not operate to release any Claim arising under this Settlement Agreement or any of the Surviving Claims. For purposes of clarification, the Aziyo Claims being released above are **not** limited to Claims arising out of the Dispute, the Contribution Agreement, the Stock Purchase Agreement, **all** agreements entered into in connection with any of the forgoing, or to any particular incident or subject, and are intended to encompass every possible Claim, including, but not limited to, the Dispute, the Contribution Agreement, the Stock Purchase Agreement and all agreements entered into in connection with any of the forgoing, with the exception of any Claim arising under this Settlement Agreement and the Surviving Claims.

4. **Release of Aziyo.** In exchange for the consideration provided in this Settlement Agreement, including that consideration set forth in Section 3, KeraLink on behalf of itself and each of the other KeraLink Parties hereby fully and irrevocably releases, waives and forever discharges Aziyo Parties, and each of them, from any and all Claims which any of the KeraLink Parties had, now has, or may hereafter have against the Aziyo Parties, or any of them, directly or indirectly arising out of, proximately caused by or resulting from, connected with, or based upon or **in** any manner related to or arising out of, in the past, or at present, (a) any event, fact or circumstance occurring or existing prior to the date of this Settlement Agreement, (b) any act, omission, transaction, or event occurring up to and including the date of this Settlement Agreement, and/or (c) arising through the date of this Settlement Agreement (collectively, **"KeraLink Claims");** provided, however, that this release shall not apply to any Claim arising under this Settlement Agreement or to any Surviving Claims and the foregoing release shall not operate to release any claim arising under this Settlement Agreement or to any Surviving Claims. For purposes of clarification, the KeraLink Claims being released above are **not** limited to Claims arising out of the Dispute, the Contribution Agreement, the Stock Purchase Agreement, all agreements entered into in connection with any of the forgoing, or to any particular incident or subject, and are intended to encompass every possible Claim, including, but not limited to, the Dispute, the Contribution Agreement, the Stock Purchase Agreement and all agreements entered into in connection with any of the forgoing, with the exception of any Claim arising under this Settlement Agreement and the Surviving Claims.

5. **Acknowledgment.** Each Party understands that it may later discover Claims or facts that may be different from, or in addition to, those that it or any other Party now knows or believes to exist regarding the subject matter of the releases contained in Section 3 and Section 4, and which, if known at the time of signing this Settlement Agreement, may have materially affected this Settlement Agreement and such Party's decision to enter into it and grant the release contained in Section 3 and Section 4. Nevertheless, the Parties intend to fully, finally and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the released contained in Section 3 and Section 4, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the releases given herein are and will remain in effect as complete releases, notwithstanding the discovery or existence of such additional or different facts. The Parties hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts. The Parties have been made aware of, and understand, the provisions of California Civil Code Section 1542 **("Section 1542"),** which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." The Parties expressly, knowingly and intentionally waive any and all rights, benefits and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

6. **Non-Assignment; Successor.** Each Party represents and warrants that it has not made any actual or purported assignment, transfer or hypothecation of any claims that are being released pursuant to this Settlement Agreement, or any interest in such released claims, or in any of the rights created under this Settlement Agreement, to any person or entity. The provisions of this Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns. Neither Party may assign, delegate or otherwise transfer, directly or indirectly, in whole or in part, any of its rights or obligations under this Settlement Agreement without the prior written consent of the other Party; provided, however, that Aziyo may so assign, delegate or otherwise transfer its rights and obligations without the consent of KeraLink to any successor or assignee in connection with a Business Combination Transaction. No assignment, delegation or other transfer of rights under this Settlement Agreement shall relieve the assignor of any obligations under this Settlement Agreement, and any assignment, delegation or transfer in violation of this Section 6 shall be void.

7. **Covenant Not-to-Sue.** Each Party covenants and agrees not to file or initiate a lawsuit, arbitration, or other legal proceeding against any Party asserting any of the Claims. If any of the Parties breaches this covenant, that Party shall indemnify, defend and hold harmless the other Party from any and all costs incurred by any and all of them, including their reasonable attorneys' fees, in defending against any such lawsuit, arbitration, or other legal proceeding, provided, however, that the foregoing covenant not to sue shall not preclude an action asserting any Claim arising under this Settlement Agreement or any of the Surviving Claims.

8. **No Admission of Liability.** The Parties hereto have entered into this Settlement Agreement solely for the purpose of settlement and compromise, and none of the Parties admits any liability to any of the other Parties.

9. **Authority.** The signatories below expressly acknowledge, represent and warrant that they are duly authorized to execute this Settlement Agreement, and acknowledge that they have read this Settlement Agreement and understand all of its terms.

10. **Governing Law.** This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflict of law principles thereof.

11. **Confidentiality.** This Settlement Agreement and its terms are CONFIDENTIAL. The Parties shall not voluntarily disclose this Settlement Agreement or its terms to any third party except: (a) to the Parties' attorneys, accountants, or other professional advisors; (b) to the Parties' managers, officers, directors, or stockholders; (c) in response to judicial or other legal process compelling disclosure; or (d) as otherwise required by any local, state, or Federal law, including applicable securities laws or regulations.

12. **Entire Agreement.** This Settlement Agreement represents the full and complete understanding of the Parties with respect to the subject matter contained herein and supersedes any and all prior oral or written agreements between the Parties with respect to said subject matter.

13. **Counterparts.** This Settlement Agreement may be executed in one or more counterparts, each one of which shall be deemed to be an original, but **all** of which shall constitute but one and the same Settlement Agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

14. **Taxes.** Aziyo will be responsible for paying all state and federal tax obligations arising from payments made to Aziyo as contemplated herein.

15. **Review of Agreement.** Each Party acknowledges that it has been represented by and/or has had the opportunity to consult with legal counsel of its choice concerning of the meaning and consequences of this Settlement Agreement; has been provided with sufficient time to review carefully the contents of this Settlement Agreement; and that it has carefully read and understands this Settlement Agreement.

16. **Construction.** As used in this Settlement Agreement, the word "including" shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Settlement Agreement to Sections shall be deemed references to Sections of this Settlement Agreement. Unless the context otherwise requires, the words "hereof," "hereby" and "herein" and words of similar meaning when used in this Settlement Agreement refer to this Settlement Agreement in its entirety and not to any particular Section or provision hereof. Except when used together with the word "either" or otherwise for the purpose of identifying mutually exclusive alternatives, the term "or" has the inclusive meaning represented by the phrase "and/or".

17. **Parties Jointly Prepared This Settlement Agreement.** Each Party has reviewed and had the opportunity to revise this Settlement Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Settlement Agreement or of any of its amendments or exhibits.

18. **Notice.** All notices, requests, consents, claims, demands, waivers, and other communications hereunder (each, a "Notice") shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the fourth day after the date mailed, by certified or registered mail (in each case, return receipt requested, postage pre-paid). Notices must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a Notice given in accordance with this Section 18):

If to KeraLink:

KeraLink International
5520 Research Park Dr., Suite 400
Baltimore, MD 21228
Email: [XXX]
Attn: [XXX]

If to Aziyo:

Aziyo Biologics, Inc.
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Email: [XXX]
Attn: [XXX]

If to any Highcape Entity:

Highcape Partners, L.P.
10751 Falls Road, Suite 300
Lutherville, MD 21093
Email: [XXX]
Attn: [XXX]

[Signatures begin on following page]

IN WITNESS WHEREOF, the undersigned have hereunto caused this Settlement Agreement to be executed by their duly authorized officials, all as of the day and year first above written.

KeraLink International

By: /s/ Douglas J. Furlong
Name: Douglas J. Furlong
Title: President and Chief Executive Officer

Aziyo Biologics, Inc

By: /s/ Jeffrey Hamet
Name: Jeffrey Hamet
Title: VP, Finance

Highcape Partners QP, L.P.

By: /s/ Matthew Zuga
Name: Matthew Zuga
Title: Partner

Highcape Partners, L.P.

By: /s/ Matthew Zuga
Name: Matthew Zuga
Title: Partner

Highcape Co-Investment Vehicle I, LLC

By: /s/ Matthew Zuga
Name: Matthew Zuga
Title: Managing Member

EXHIBIT A

Wiring Instructions for Aziyo:

Account Name: Aziyo Biologics, Inc.
Account Number: [XXX]
SWIFT: [XXX]
Routing: [XXX]
Bank Name: Silicon Valley Bank

Exhibit 21.1

SUBSIDIARIES OF AZIYO BIOLOGICS, INC.

Legal Name of Subsidiary	Jurisdiction of Organization
Aziyo Med, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Aziyo Biologics, Inc. of our report dated April 17, 2020 relating to the financial statements of Aziyo Biologics, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
September 14, 2020