



Aziyo Biologics 3rd Quarter Conference Call

C. Randal Mills, PhD

Chief Executive Officer

Matt Ferguson

Chief Financial Officer

November 14, 2022

Forward-Looking statements

This presentation of Aziyo Biologics, Inc. (“Aziyo,” “we,” “us,” “our” or the “Company”) (together with any other statements or information that we may make or discuss in connection herewith) contains forward-looking statements. All statements other than statements of historical facts, including but not limited to statements regarding future financial condition, results of operations, including, without limitation, cash flow improvement, business strategies, development plans, industry trends, regulatory activities, market opportunity, competitive position, our pipeline, potential growth opportunities, our products, their targeted effects and expected commercial availabilities, our pipeline and investments in new products and technologies, approvals of future products or product uses, expectations regarding continued acquisitions, ability to close and execute on strategic transactions and the potential results of such transactions are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “aim,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements are based on our management’s current expectations, beliefs and assumptions and on information currently available to us. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

The forward-looking statements in this presentation are only predictions. These statements involve known and unknown risks, uncertainties and other important factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements due to various factors, including, but not limited to our ability to enhance our products, expand our product indications and develop, acquire and commercialize additional product offerings; the impact on our business of the recall of a single lot of our FiberCel product and the discontinuation of its sales by our distribution partner; our dependence on our commercial partners and independent sales agents to generate a substantial portion of our net sales; our ability 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 ability to successfully expand, manage and maintain our direct sales force; our ability to achieve or sustain profitability; the adverse impacts of the novel strain of coronavirus disease, COVID-19 or any other 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; physician awareness of the distinctive characteristics, benefits, safety, clinical efficacy and cost-effectiveness of our products; the continued and future acceptance of our products by the medical community; our ability to obtain regulatory approval or other marketing authorizations by the FDA and comparable foreign authorities for our products and product candidates; and our ability to obtain, maintain and adequately protect our intellectual property rights and other important factors discussed under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 and as such risk factors may be updated from time to time in Aziyo’s other filings with the Securities and Exchange Commission (“SEC”), which are accessible on the SEC’s website at www.sec.gov and the Investor Relations page of Aziyo’s website at www.Aziyo.com. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified.

This presentation includes a discussion of certain non-GAAP financial measures, including non-GAAP gross profit and non-GAAP gross margins. We use the non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial measures are helpful to investors for supplemental informational purposes. We recommend that you do not rely on any single financial measure to evaluate our business. The Appendix to this presentation includes reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measure.

This presentation may also contain statistical data, estimates and/or other information or data made by independent parties and/or by us relating to market size and growth, as well about our industry and business. Any such data or information that is based on estimates, forecasts, projections, market research, or similar methodologies, involve a number of assumptions and limitations and are inherently subject to uncertainties, and we have not independently verified the accuracy or completeness of these data. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of our industry or the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

Regenerative
Medicine

VS

Medical
Devices

But the truth is...
devices work well

0.13%
Primary CIED Failure Rate

Devices work well...

0.13%

Primary CIED Failure Rate

6%

Pacemaker Procedure Failure Rate

5.6%

CIED **device-host interface** major complication rate

just not with **patients.**



Hematoma



Infection



Erosion

Aziyo Today

4 fully integrated business units



~\$50M
in revenue

~13-18% GROWTH*
FY22 FCST

* 13-18% growth excludes 2021 revenue from discontinued product FiberCel

Company Highlights

- Positive meeting with FDA provided clarity on path for clearance of the CanGaroo® RM Antibacterial Envelope
- Strong growth with net sales of \$12.4 million, an 8% increase over third quarter of 2021
- Device Compatibility business units (SimpliDerm® and CanGaroo®) had their highest quarter in company history with 18% YoY growth, further validating our strategy
- Former Shire head of business development, David Colpman, added to board of directors
- Company raises lower end of guidance range for net sales to \$48 – 50 million

Women's Health

UNIT GOAL
MAXIMIZE
REVENUE

\$500M
OPPORTUNITY

to improve
outcomes
in breast
reconstruction



SimpliDerm™

For Soft Tissue Repair

Optimal
Handling

Sterile

Fast
Integration

Proprietary human acellular dermal matrix (hADM) primarily used in breast reconstruction following mastectomy.

MARKET OPPORTUNITY

- Market leader acquired – **stopped paying** sales commissions on ADM
- Created a market void
- Price sensitive market opportunity

STRATEGY

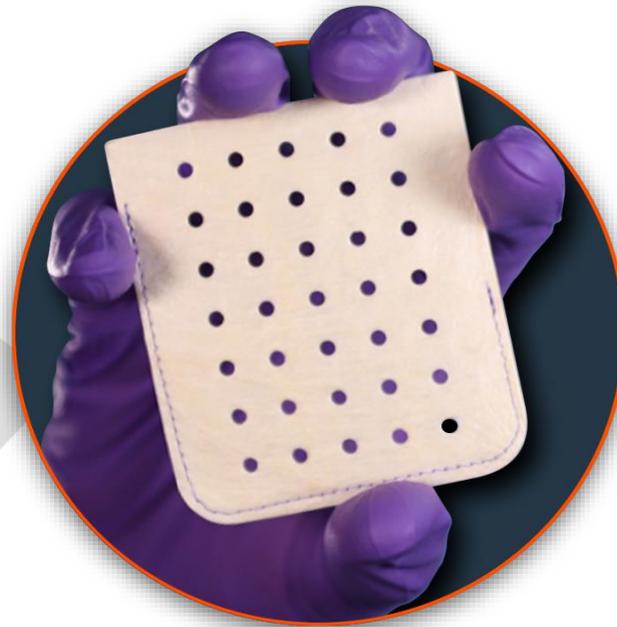
- Capture market share
 - independent reps
 - distributors
- Lower COGS with process improvements
- NextGen SimpliDerm leveraging CanGarooRM technology

Cardiac Device Protection

UNIT GOAL
PARTNER TO
MAXIMIZE VALUE

\$600M
OPPORTUNITY

in CIED
envelope market
with only two
players



CanGaroo[®]

Minimize
Inflammation

Infection
Resistant

Healthy
Tissue Growth

Patented porcine-derived extracellular matrix (ECM) helps orchestrate controlled healing and promotes device stabilization, while mitigating scar tissue.

MARKET OPPORTUNITY

- Four major players in the pacemaker market
- Market leader established the need for an envelope
- Aziyo has the **only other** envelope on the market

STRATEGY

- **Launch CanGaroo RM** antibiotic eluting envelope (awaiting FDA clearance)
- Add global partner for the CIED indication
- Expand into sleep apnea and neurostim

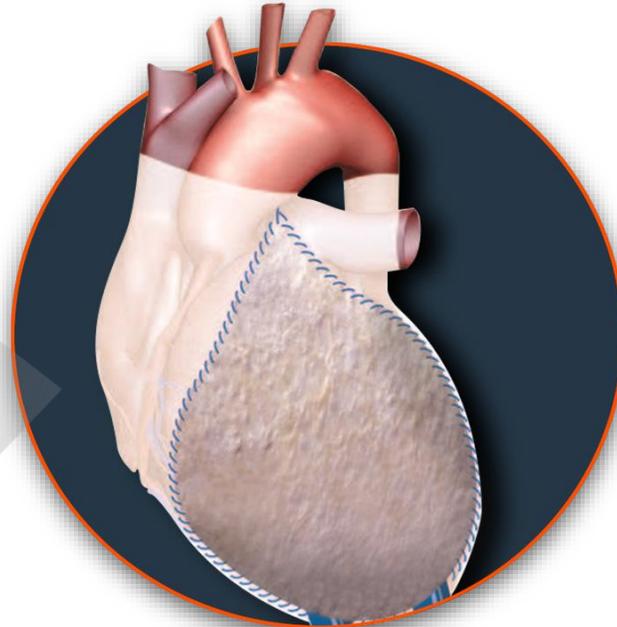
Cardiovascular

UNIT GOAL
MAXIMIZE
ASSET VALUE

80%

MARGIN PORTFOLIO

with biologic
device
that remodels
into healthy
vascular tissue



ProxiCor™

VasCure®

Minimize
Inflammation

Infection
Resistant

Healthy
Tissue Growth

Patented porcine-derived extracellular matrix (ECM) helps orchestrate controlled healing, encourages the body's natural immune response and does not elicit a typical foreign body response.

MARKET OPPORTUNITY

- Multiple players in the CV space without a natural ECM option for patients
- High margin products with multiple sales channel expansion opportunities

STRATEGY

- Drive continued usage by leveraging existing customer base of ~300 facilities
- Expand channel penetration through expanded distributor footprint

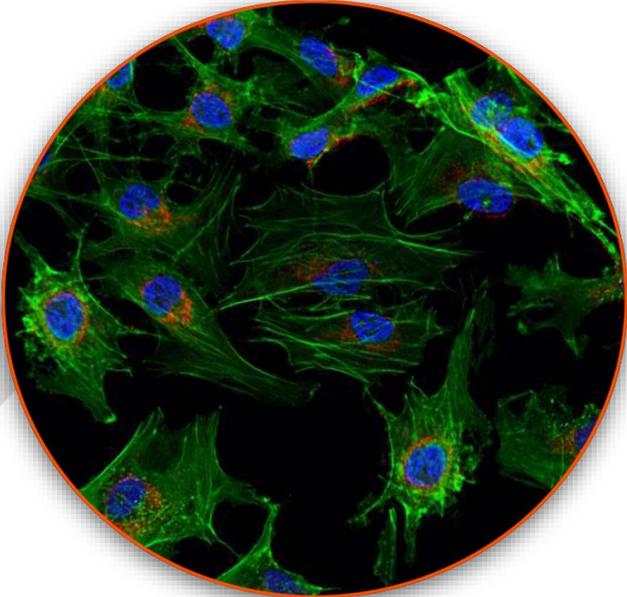
Orthobiologics

UNIT GOAL

MAXIMIZE
CASH FLOW

TARGETING
2X
GROWTH

in operating
income
from the unit
in 2023



ViBone® | **OsteGro**® V

Pioneers of Viable Bone Matrix Products

Human viable bone matrix (hVBM) contains viable osteoprogenitor cells and is used in the repair, replacement and reconstruction of osseous defects in orthopedic surgery.

MARKET OPPORTUNITY

- Invented the product category
- Turn-key service offers proprietary product development and manufacturing
- Relatively few unencumbered competitors

STRATEGY

- Prioritize high-margin viable bone products
- Implement process improvements to lower COGS

Financial Update

Matt Ferguson, Chief Financial Officer

- Strong growth with net sales of \$12.4 million, an 8% increase over third quarter of 2021
- Gross margin of 41% vs. 32% in Q3 2021
 - Non-GAAP gross margin* of 48% vs. 40% in Q3 2021
- Operating expense of \$12.8 million vs. \$10.7 million in Q3 2021
 - \$1.5 million in FiberCel litigation expense
 - \$0.8 million non-recurring expense related to CEO transition
- Net loss of \$9.9 million vs. \$8.3 million in Q3 2021
- Cash balance of \$8.1 million as of 9/30/2022
- Raised lower end of guidance range for full-year 2022 net sales to \$48-\$50 million

Priorities and Catalysts

1. CanGaroo RM clearance
2. Global partnership for CanGaroo CIED franchise
3. Improve Orthobiologics cash flow
4. Expand commercial footprint to capture SimpliDerm market share
5. Build out the Device Compatibility portfolio (sleep apnea, neurostimulators, SimpliDerm RM)
6. Strategic transactions and partnerships

Thank you!