



Regenerative Medicine **Reimagined.**

December 2020



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; our dependence on our commercial partners and independent sales agents to generate a substantial portion of our net sales; our failure 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 Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, 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 **Reimagined.**



Our Mission: Provide advanced regenerative products that improve the outcomes in patients undergoing implantable device-related surgery

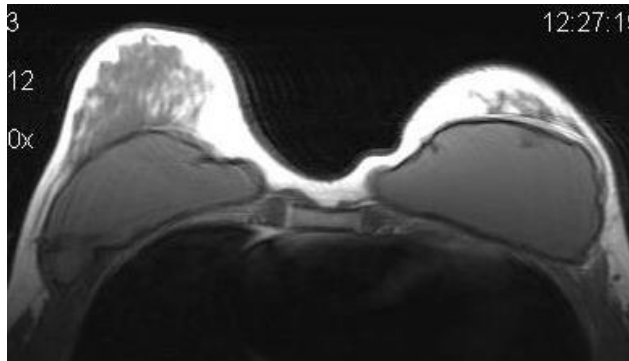
Implantable Medical Device-Related Complications Are Problematic



Fibrotic Capsule¹



Erosion²



Capsular Contracture³

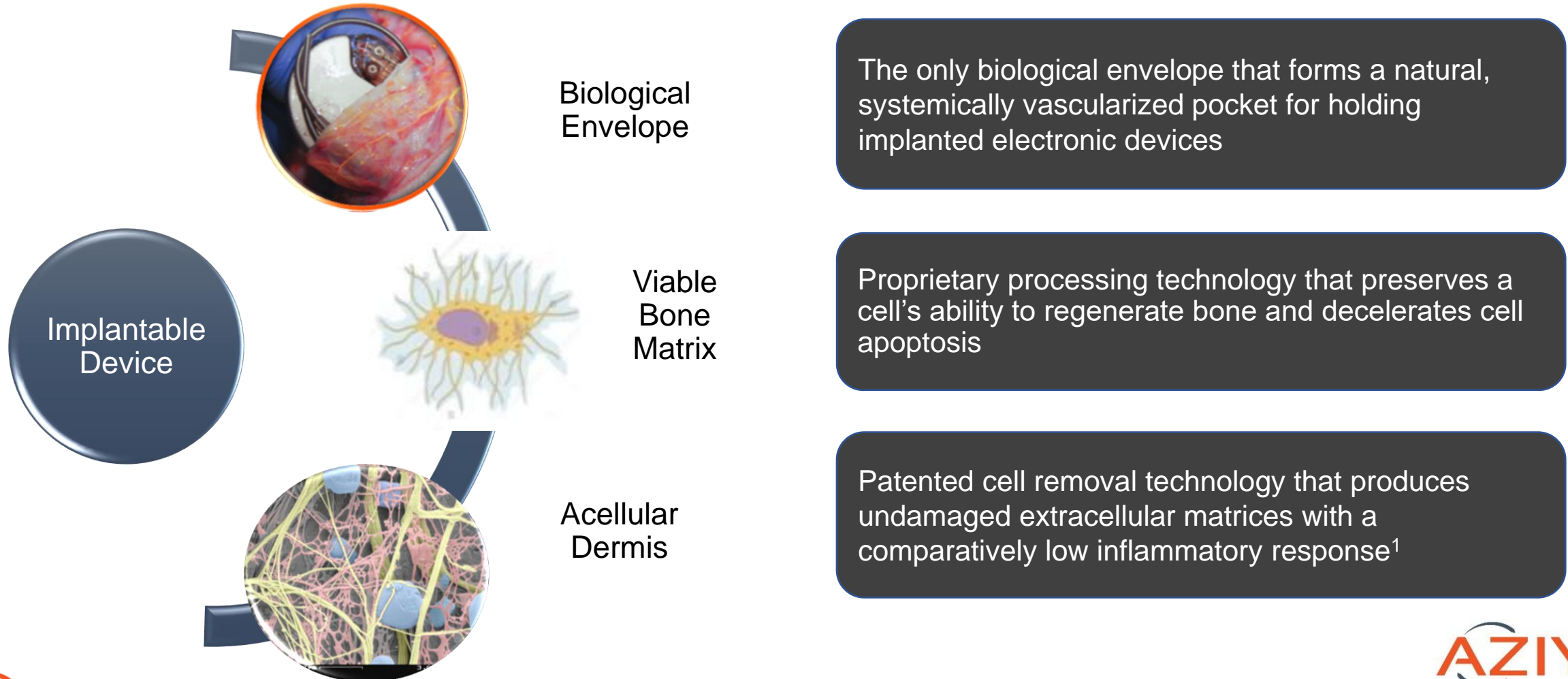
In 2019, **2M+ patients** in the United States faced potential implantable device-related complications

- Scar Tissue Formation
- Erosion, Migration
- Infection
- Non-Union of Implants
- Device Rejection

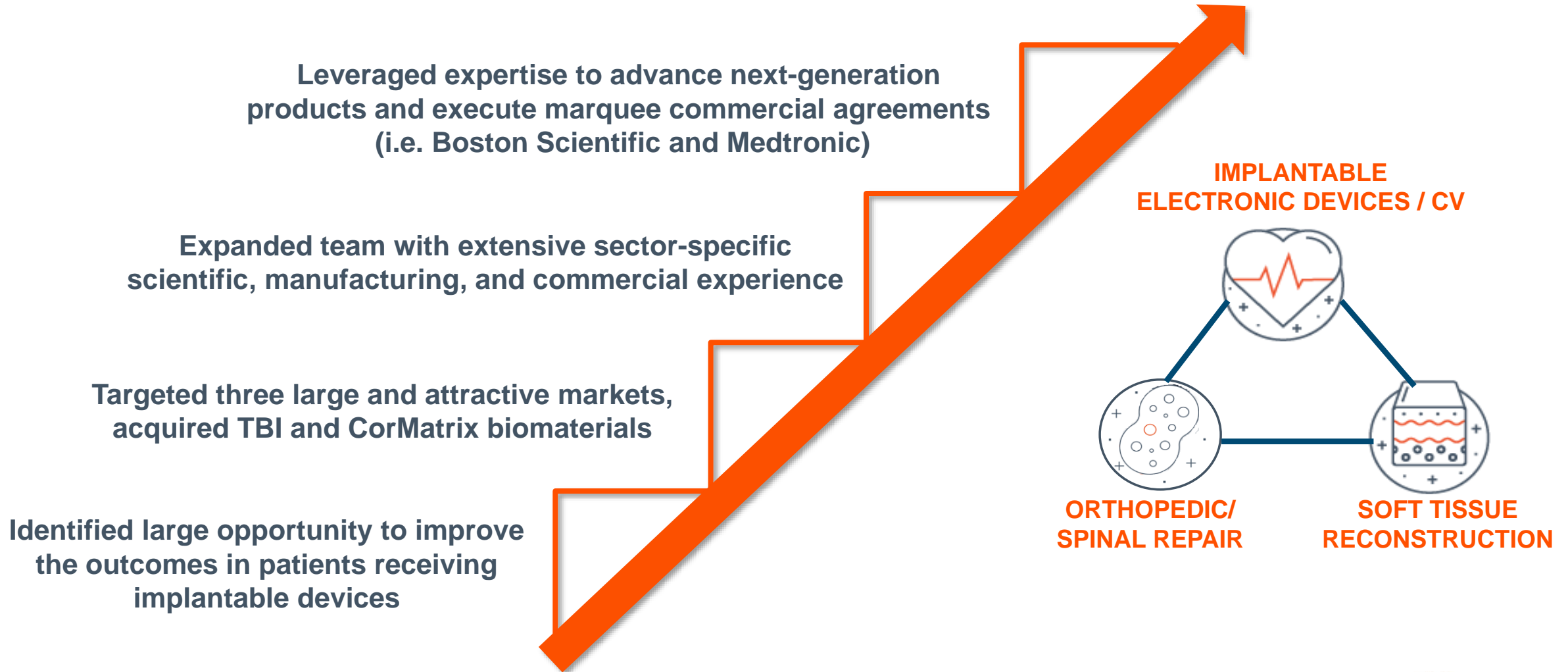
1. The Journal of Innovations in Cardiac Rhythm Management, 6 (2015), 2173–2177
2. Shapiro M, et al. Indian Pacing Electrophysiol J. 2004;4(4):213-216.
3. Ueberreiter K, et al. GMS Interdiscip Plast Reconstr Surg DGPW. 2012;1:Doc03

Differentiated Regenerative Approach

Products designed to improve surgical outcomes in patients receiving implantable medical devices



Building Aziyo to Address a \$3B Market Opportunity



Experienced Leadership & Recognized Investor Base



Ron Lloyd

President & Chief Executive Officer

- 20+ years leading multibillion-dollar global organizations
- Extensive experience completing and integrating transformative acquisitions



Jerome Riebman, M.D.

Chief Medical Officer

- 20+ years leading the development of novel medical products
- Clinical experience in cardiovascular and thoracic surgery



Matthew Ferguson

Chief Financial Officer

- 20+ years leading finance departments at public and private healthcare and technology companies
- Experience scaling multiple commercial-stage med tech businesses



Darryl Roberts, Ph.D.

EVP, Operations & Prod Development

- 20+ years of leading product development efforts and operations
- Experience in regenerative medicine solutions



Tom Englese

Chief Commercial Officer

- 15+ years leading commercial organizations through periods of significant growth
- Former GM of a multi-product hospital division



Major Investors



Recent Accomplishments

Enhanced Internal Capabilities:

- Hired CFO, CCO, CMO, Head of Regulatory & VP Sales
- Expanded sales forces for national coverage
- Created national accounts organization
- Expanded R&D organization

Developed and Launched New Products:

FiberCel[®] OsteGro[®] V
SimpliDerm[™]

Executed Commercial Agreements:

Medtronic



Boston
Scientific

BIOTRONIK



Q3 2020 Year-over-Year
Core Products Revenue Growth of
31%

Strengthened Pipeline:

- Completed feasibility study to achieve targeted antibiotic release for CanGaroo

Recently Executed Multiple New
Contract Manufacturing Agreements

Solid Foundation to Enable Future Growth



Differentiated Regenerative Medicine Portfolio

Core Products

IMPLANTABLE ELECTRONIC DEVICES / CV

\$19 million in revenue in 2019

- Implantable electronic device envelope that remodels into vascularized tissue for long term pocket protection
- Revenue includes **CanGaroo**® & cardiac repair

ORTHOPEDIC / SPINAL REPAIR

\$11 million in revenue in 2019

- Proprietary process creates Viable Bone Matrices to protect and preserve the native bone cells and decelerate cell apoptosis
- Revenue includes **FiberCel**® & **ViBone**®

SOFT TISSUE RECONSTRUCTION

\$1 million in revenue in 2019

- Patented acellular dermal process mimics native tissue, enabling rapid integration, cellular repopulation and revascularization at the surgical site
- Revenue comprised of **SimpliDerm**™

Non-Core

CONTRACT MANUFACTURING

\$12 million in revenue in 2019

- Long-term tissue processing contracts
- Improve cash flow by leveraging existing overhead

Aziyo Portfolio

Diversified regenerative medicine portfolio with three major market opportunities



**IMPLANTABLE ELECTRONIC
DEVICES / CV**



**ORTHOPEDIC /
SPINAL REPAIR**



**SOFT TISSUE
RECONSTRUCTION**

Implantable Electronic Devices / CV: Platform Overview

\$600M MARKET OPPORTUNITY

~600K procedures in the U.S. in 2019

THE PROBLEM:

Fibrotic capsule formation, device migration or erosion, infection, discomfort

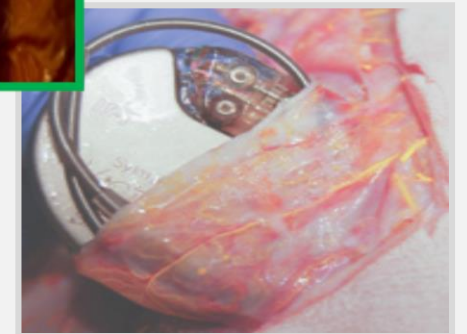
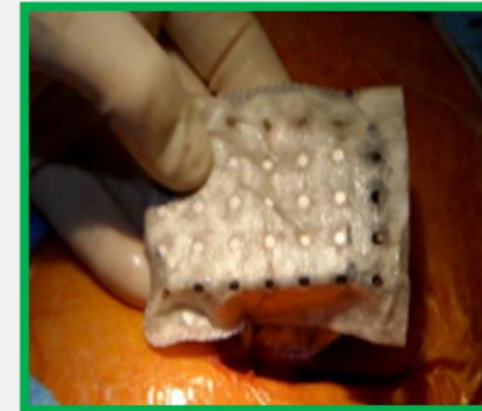
THE AZIYO SOLUTION: CanGaroo®



- Product biologically creates a natural, systemically vascularized pocket
- Optimized for ease of use: five sizes, pliable — no oversizing of pocket required, 30-month shelf life
- Remodels into native tissue for long term protection

THE AZIYO DIFFERENCE

- **Indication:** to securely hold an IED to create a stable environment



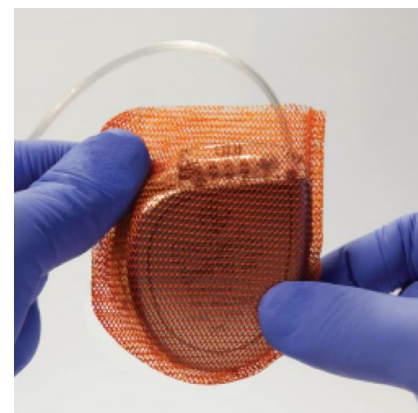
Implantable Envelopes: Differentiators

KEY FEATURES	CanGaroo®	TYRX
Biologic that remodels into healthy native tissue	✓	X
May prevent excessive scar-tissue formation	✓	X
Soft, pliable, easy to handle	✓	X
Shelf-life up to 30 months	✓	X
5 sizes including S-ICD	✓	X
No pocket upsizing required	✓	X

CanGaroo®



TYRX



AZIYO®
BIOLOGICS

Implantable Electronic Devices / CV: Go-to-Market Strategy

Commercial Approach

- CanGaroo sold through direct sales force (25+ reps) and sales agent agreements
- Ship product directly to hospitals
- Boston Scientific & Biotronik commercial agreements initiated in May of 2019
- Premier Inc. designation as a breakthrough technology expands reach to 4K+ U.S. hospitals

CanGaroo®

COMMERCIAL AVAILABILITY

- August 2014

PRODUCT/ STRATEGY

- Direct sales force
- Sales agent agreements

AZIYO®
BIOLOGICS

KEY PARTNERS
>1400 Reps/
Clinical Specialists

**Boston
Scientific**

BIOTRONIK

AZIYO®
BIOLOGICS

Orthopedic / Spinal Repair: Platform Overview

\$2B ANNUAL MARKET OPPORTUNITY¹

~1.5M orthopedic/spinal repair procedures in the U.S. in 2019

THE PROBLEM:

Inadequate bone healing remains one of the leading causes of failure for any fusion procedure. Standard processing techniques for allografts accelerate cell apoptosis, which may result in non-union or non-fusion

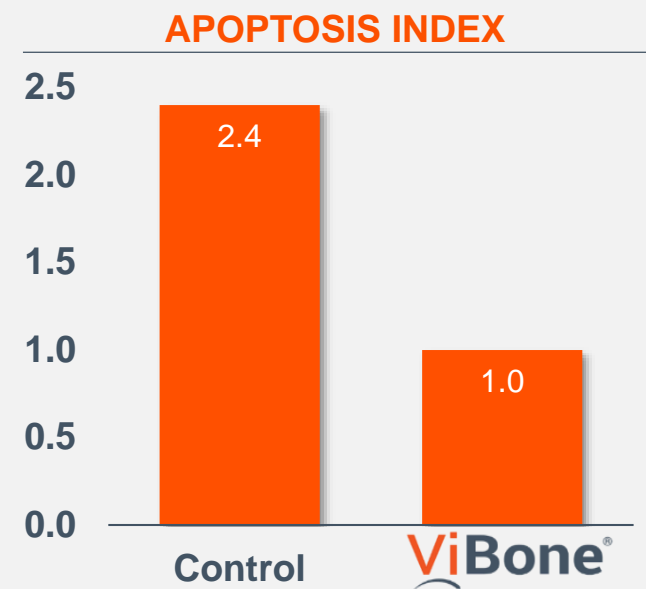
AZIYO SOLUTIONS: FiberCel[®] **ViBone[®]** OsteGro[®] V



- Proprietary process optimized to protect the native bone cells needed for bone formation
- **Decelerates cell apoptosis** to avoid the loss of viable cells required for bone regeneration

THE AZIYO DIFFERENCE

- **Indication:** bone graft processed to preserve native factors that support repair in ortho and reconstructive procedures



Source: North American Spine Society Meeting 2018; ViBone Viable Bone Matrix: Assessment of Cell Health and Early Evidence of Spine Fusion

Source: IQVIA Market Data 2019

1. In 2019, bone repair products used in orthopedic/spinal repair procedures, excluding the cost for spinal and orthopedic hardware, was valued at more than \$2 billion.

Orthopedic / Spinal Repair: Go-to-Market Strategy

Focus on leveraging commercial relationships with existing sales and marketing infrastructure

KEY PARTNERS >800 Reps/Distributors	PRODUCTS	PRODUCT/STRATEGY	COMMERCIAL AVAILABILITY
Medtronic	FiberCel[®]	<ul style="list-style-type: none">• Fiber-Based Viable Bone Matrix	June 2019
Surgalign (fka RTI Surgical)	ViBone[®]	<ul style="list-style-type: none">• Particle-Based Viable Bone Matrix• ViBone Moldable	January 2017 January 2021
Others	OsteGro[®] V	<ul style="list-style-type: none">• Viable Bone Matrix	April 2020

Soft Tissue Reconstruction: Platform Overview

\$500M MARKET OPPORTUNITY

~100K procedures using biologic products for plastic and reconstructive surgery in the U.S. in 2019

THE PROBLEM:

Native tissue inadequate for defect repair; for procedures requiring larger sizes of biologic product, increased implanted material volume means increasing inflammatory response risk, poorer integration, and higher costs

THE AZIYO SOLUTION:



- **Indication:** repair or replacement of damaged or inadequate integumental tissue

THE AZIYO DIFFERENCE

- Patented acellular dermal process results in matrix structure closely resembles that which occurs naturally
- Low immunogenicity to **reduce inflammatory and foreign body response**
- Promotes healthy tissue remodeling
- **Potential processing capability for larger sizes at lower costs**

Soft Tissue Reconstruction: Go-to-Market Strategy

Key priorities to increase adoption:

- **Near Term:** Increasing product awareness, building clinical advocates and expanding market access
- **Long Term:** Leveraging unique product characteristics, sizes and clinical performance to fill market demand for pre-pectoral breast reconstruction





Near Term Commercialization

- Launched September 2019
- Commercial footprint (direct and distributors) increases in parallel with market access expansion

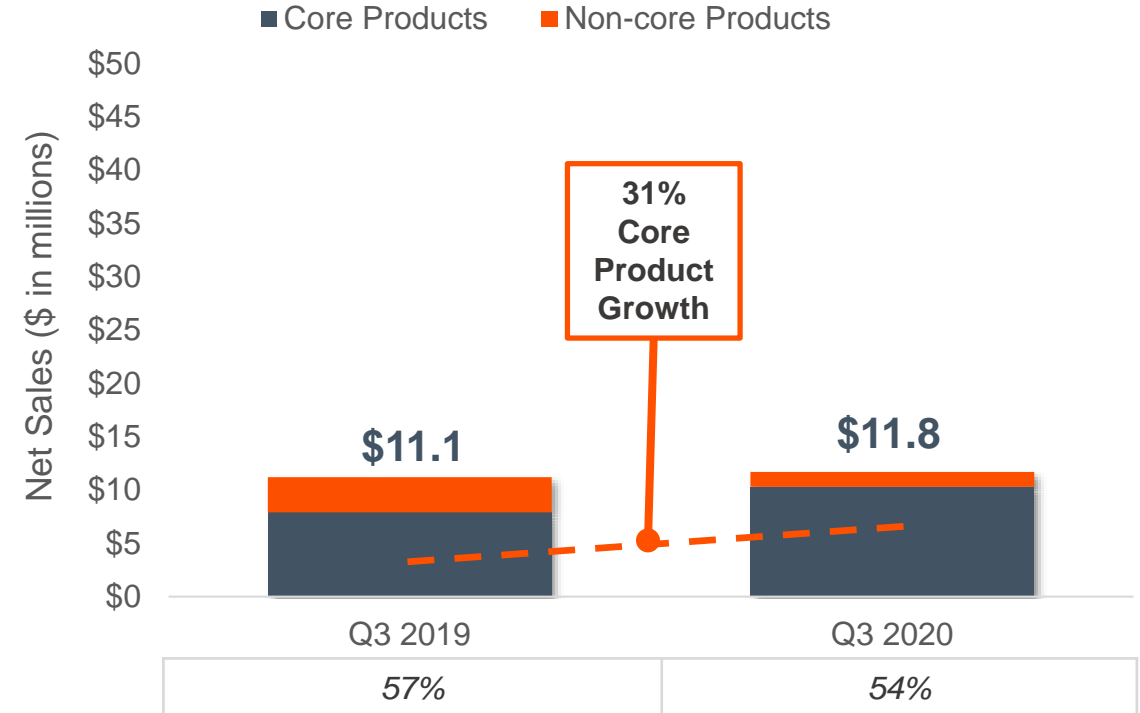
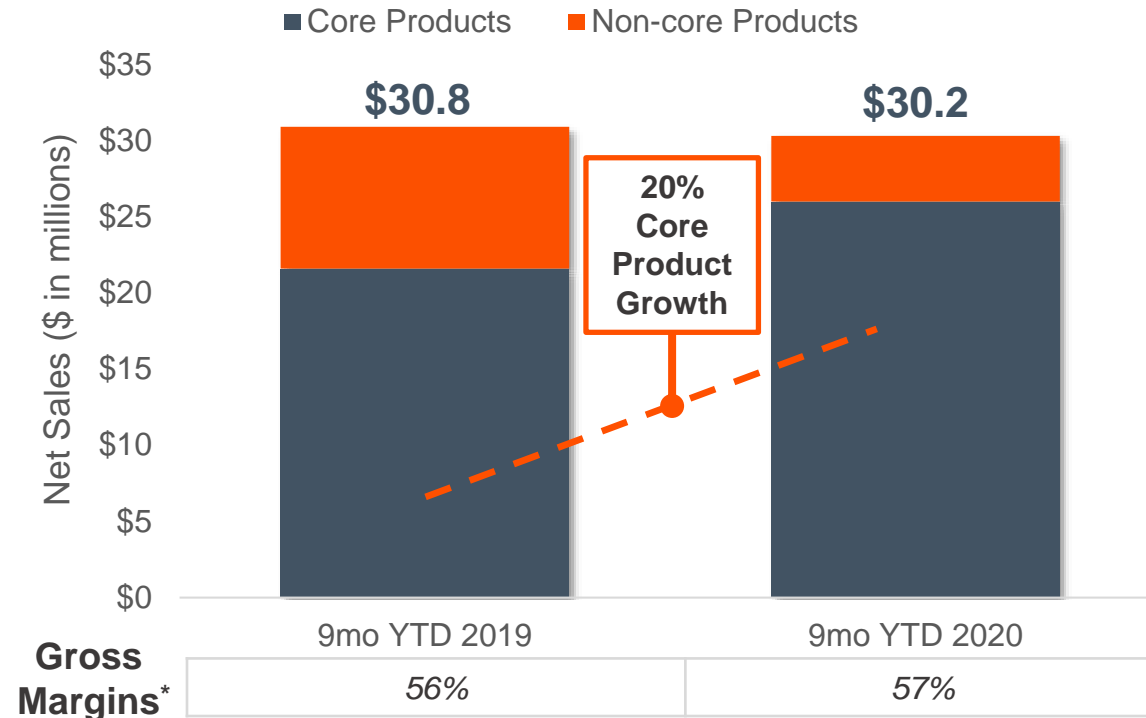
Long Term Pre-Pectoral Product Strategy

- Distinctive market positioning: larger sizes at lower costs
- Connect unique product attributes to improved clinical outcomes
- Develop strategy for FDA pathway to obtain procedural specific label

Investing in Organic Pipeline to Drive Long-Term Growth

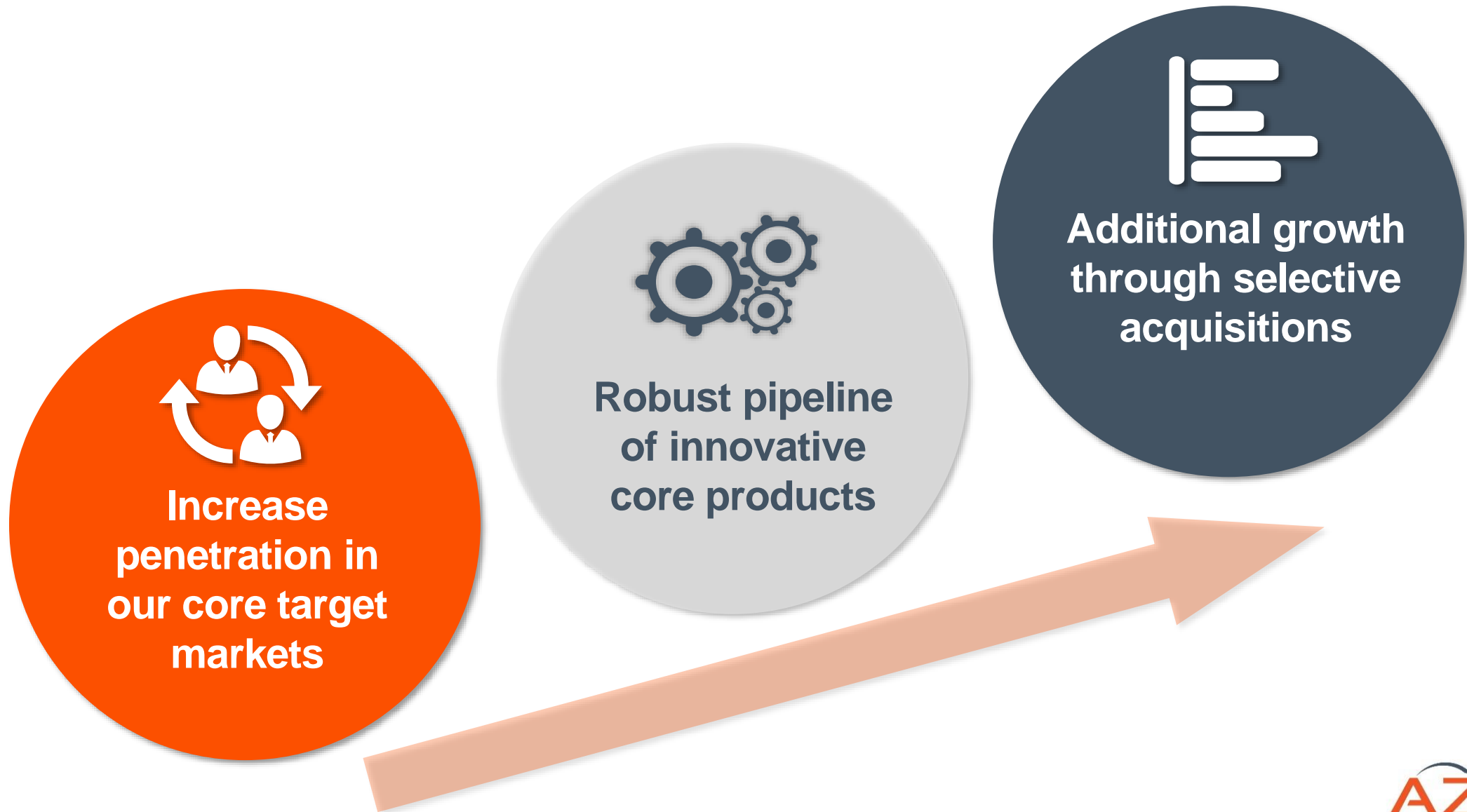
PRODUCT CANDIDATE	THERAPEUTIC AREA	APPROACH
	INFECTION REDUCTION WITH ANTIBIOTICS	<i>Expanded Indication</i>
	CIED IMPLANT POCKET HEALING	<i>Post Marketing</i>
	BREAST RECONSTRUCTION	<i>Expanded Indication</i>
Viable Bone Products	ORTHOPEDIC/SPINAL REPAIR	<i>New Product</i>

Core Revenue Growth with Improving Margins



- Strong revenue growth in core products (i.e., CanGaroo, FiberCel, ViBone, SimpliDerm)
- Q3 growth accelerated due to increased hospital procedure volumes, strong market adoption and commercial execution
- Multiple new Non-core Contract Manufacturing agreements executed
- Completed an IPO in October 2020 generating net proceeds of approximately \$43 million

Aziyo's Growth Strategy



Investment Highlights

Targeting

\$3B

Market Opportunity

Experienced Leadership
Team Backed by
Deerfield and HighCape

Compelling Pipeline



Diversified Platform Generating
Revenue Growth with Improving Margins

Differentiated products supported by
**Efficient Commercial Model of Direct Sales
and Marquee Commercial Relationships**

ViBone[®]

CanGaroo[®]

FiberCel[®]

SimpliDerm[™]

Further Upside Potential Through Continued Acquisitions

Appendix

Statement of Operations

	Year Ended December 31,		Year-to-Date September 30,		Quarter Ended September 30,	
(\$ in thousands)	2018	2019	2019	2020	2019	2020
Core Products	\$22,720	\$30,918	\$21,562	\$25,956	\$7,878	\$10,345
Non-Core Products	\$16,318	\$11,983	\$9,285	\$4,260	\$3,260	\$1,429
Net Sales	\$39,038	\$42,901	\$30,847	\$30,216	\$11,138	\$11,774
Core Product Net Sales Growth		36%		20%		31%
Total Net Sales Growth		10%		(2%)		6%
COGS	\$23,093	\$23,133	\$15,972	\$15,676	\$5,595	\$6,233
Gross Profit	\$15,945	\$19,768	\$14,875	\$14,540	\$5,543	\$5,541
Gross Profit, excluding amortization*	\$19,343	\$23,166	\$17,423	\$17,088	\$6,392	\$6,390
Gross Margin	41%	46%	48%	48%	50%	47%
Gross Margin, excluding amortization*	50%	54%	56%	57%	57%	54%
Operating Expenses:						
Sales and Marketing	\$13,165	\$16,161	\$11,592	\$12,471	\$4,435	\$4,174
% of Net Sales	34%	38%	38%	41%	40%	35%
General and Administrative	\$8,520	\$9,616	\$6,741	\$8,894	\$2,448	\$3,195
% of Net Sales	22%	22%	22%	29%	22%	27%
Research and Development	\$2,481	\$2,400	\$1,742	\$2,811	\$507	\$863
% of Net Sales	6%	6%	6%	9%	5%	7%
Total Operating Expenses	\$24,166	\$28,177	\$20,075	\$24,176	\$7,390	\$8,232
Loss from Operations	(\$8,221)	(\$8,409)	(\$5,200)	(\$9,636)	(\$1,847)	(\$2,691)

* See following page for a reconciliation of Gross Profit and Gross Margin to corresponding non-GAAP measures excluding amortization

Non-GAAP Reconciliation

	Year Ended December 31,		Year-to-Date September 30,		Quarter Ended September 30,	
	2018	2019	2019	2020	2019	2020
<i>(\$ in thousands)</i>						
<i>Net Sales</i>	\$39,038	42,901	\$30,847	\$30,216	\$11,138	\$11,774
<i>Gross Profit (GAAP)</i>	\$15,945	\$19,768	\$14,875	\$14,540	\$5,543	\$5,541
<i>Amortization related to the CorMatrix Acquisition</i>	\$3,398	\$3,398	\$2,548	\$2,548	\$849	\$849
Gross Profit, excluding amortization (non-GAAP)	\$19,343	\$23,166	\$17,423	\$17,088	\$6,392	\$6,390
<i>Gross Margin (GAAP)</i>	41%	46%	48%	48%	50%	47%
Gross Margin, excluding amortization (non-GAAP)	50%	54%	56%	57%	57%	54%

