AZIYO BIOLOGICS

STONEGATE CAPITAL PARTNERS

June 1, 2022

Marco Rodriguez, CFA
marco@stonegateinc.com
214-987-4121

MARKET STATISTICS

Exchange / Symbol	NASDAQ: AZYO
Price:	$6.29
Market Cap (mm):	$85.7
Enterprise Value (mm):	$86.6
Shares Outstanding (mm):	13.6
Float (%):	41.9%
Volume (3-month avg.):	10,414
52-week Range:	$4.10 - $12.89
Industry:	Medical Devices

CONDENSED BALANCE SHEET

($mm, except per share data)

Balance Sheet Date:	03/31/2021
Cash & ST Invest:	$22.1
Cash/Share:	$1.62
Debt:	$23.0
Equity (Book Value):	$6.6
Equity/Share:	$0.48

CONDENSED INCOME STATEMENTS

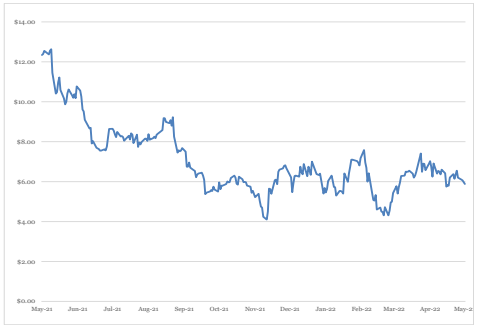
($mm, except per share data)

FY - 12/31	Revenue	EBITDA	Net Income	EPS
FY20	$42.7	$(9.7)	$(25.3)	$(8.88)
FY21	$47.4	$(19.3)	$(24.8)	$(2.36)
FY22E	$48.6	$(19.7)	$(28.5)	$(2.19)
FY23E	$58.5	$(13.6)	$(23.1)	$(1.69)

LARGEST SHAREHOLDERS

HighCape Partners Mgmt	4,862,604
Birchview Capital	1,417,923
Endurant Capital Mgmt	1,109,479
Matthew Strobeck, PhD	283,018
Brown Advisory	230,667
Perkins Capital Mgmt	227,729
Platinum Invstm Mgmt Ltd	188,181
Cormatrix Cardiovascular	98,060
Kevin Rakin	90,807
The Vanguard Group	55,570

STOCK CHART



COMPANY DESCRIPTION

Aziyo Biologics, Inc. develops and markets regenerative medical products to improve outcomes in patients undergoing surgery. The Company has developed a proprietary tissue processing platform and built a portfolio of advanced regenerative medical products that are designed to be very similar to the natural biological material. CanGaroo® is a unique biological envelope that forms a natural, systemically vascularized pocket for holding implanted electronic devices. The Company's next generation CanGaroo RM, which includes the antibiotics rifampin and minocycline for the reduction of surgical site infections, is expected to be cleared by the FDA in the second half of this year and will be a major growth driver. The Company also has a product line for bone repair that preserves cells' ability to regenerate bone and decelerates cell apoptosis. And the Company's SimpliDerm product is a patented acellular dermal matrix with lower inflammatory response that is used in soft tissue reconstruction surgeries. Aziyo Biologics, Inc. was incorporated in 2015 and is headquartered in Silver Spring, Maryland.

SUMMARY

- **Differentiated regenerative medical products** – Aziyo's products address unmet clinical needs with the goal of promoting healthy tissue formation and avoiding complications associated with medical implants. CanGaroo is the Company's flagship product and was designed to mitigate complications derived from implantable electronic devices (IEDs). SimpliDerm is for soft tissue repair and offers improved biocompatibility and better functioning in the patient. And lastly is Cellular Bone Matrices for the orthopedic and spinal surgery market.
- **Large target markets with room for expansion**– Aziyo estimates that in 2019, there were over 2M patients in the US with implantable device procedures. This represents a $3B+ market opportunity. With current low single digit penetration rates, the Company has ample opportunity to grow.
- **Scaling commercial team –** Aziyo's S&M strategy combines a direct sales force with indirect channels. The Company's direct sales force includes 30 territories focused on the US. Its key commercial partners include Boston Scientific (NYSE: BSX) and Biotronik. While these key commercial partners validate Aziyo's products, they also bring to bear 1,400+ sales reps and clinical specialists to further expand Aziyo's market share and sales.
- **Advancing a robust pipeline –** Aziyo continues to invest in driving its pipeline to drive long-term growth. First in line is CanGaroo RM, which adds the antibiotics rifampin and minocycline. The Company filed its 510(k) in Apr'22 and expects to begin marketing in the 2H2022. The Company expects that CanGaroo RM has the potential to reach $100M or more in annual revenues.
- **Product recall creates opportunity** – In June 2021, Aziyo issued a voluntary recall of one donor lot of FiberCel due to reports of post-operative infections. While this event hit revenues and the stock price, the Company has made important strides to rectify the situation. First, Aziyo concluded a thorough review of its procedures that found no deviations from its established protocols. Additionally, the FDA inspected Aziyo's manufacturing facility and quality control and issued no Form 483 observations (means no deviations from accepted protocols/standards). And Lastly, Aziyo has developed and implemented additional safeguards that it believes exceeds FDA and industry standards for donor screening and testing.
- **Recent equity financing** – In December 2021, Aziyo closed a private placement of its common stock which raised $14.0M. The financing was led by Birchview Capital, with participation from existing investors Deerfield Management and HighCape Capital. The financing strengthens the Company's balance sheet and validates the investment opportunity.
- **Valuation –** Based on our F22 estimates, Aziyo trades at an EV/S multiple of 1.3x compared to median comps at 4.2x EV/S. Using an EV/S range of 2.5x to 4.5x, with a midpoint of 3.5x, we arrive at a valuation range of $8.75 to $16.00, with a midpoint of $12.50. See page 8 for additional details.

BUSINESS OVERVIEW

Aziyo Biologics, Inc. is a regenerative medicine company focused on the development of regenerative medical products to improve outcomes in patients undergoing surgery. The Company has developed a proprietary tissue processing platform and built a portfolio of advanced regenerative medical products that are designed to be very similar to the natural biological material.

The Company is concentrating on patients receiving implantable medical devices along with other addressable markets that include orthopedic/spinal repair, and soft tissue reconstruction markets. In 2020, all target markets represented a combined $3B market opportunity in the US.

The Company's proprietary products are referred to as "core products" and are targeted to address unmet clinical needs with the goal of promoting healthy tissue formation and avoiding complications associated with medical implants, such as scar-tissue, capsular contracture, migration, erosion, non-union of implants and implant rejections. In addition, it offers contract manufacturing services for various products to corporate customers.

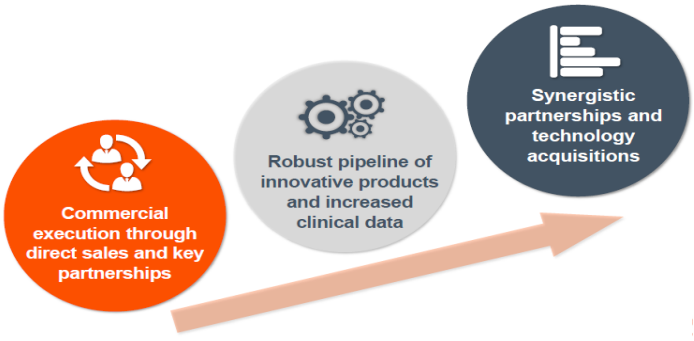
The company sells its products to hospitals and other healthcare facilities through its direct sales force, commercial partners, and independent sales agents. Aziyo Biologics, Inc. was incorporated in 2015 and is headquartered in Silver Spring, Maryland.

Growth Strategy

Aziyo Biologics' growth strategy focuses on four key pillars:

- Increase penetration in its target markets
- Robust pipeline of innovative core products from its proven R&D capabilities
- Continuing to expand its reach of its direct sales force
- Additional growth through selective acquisitions

Exhibit 1: Driving Current & Future Growth



Source: Company Reports

First, the Company believes the potential for growth in regenerative medicine in its target markets represents a long-term opportunity to increase the use of its products. The Company seeks to grow and penetrate its target markets through its direct sales force and by leveraging its relationship with its commercial partners that have well-established and significant cardiac rhythm and orthopedic/spinal infrastructure and experience.

Next, the Company has brought to market four commercial products in the prior three years and has a robust pipeline of products in development for its target markets. The Company has and will continue to conduct pre-clinical studies and trials and perform additional research to support the further adoption of its core products.

The Company has a direct sales force in the U.S. with approximately 30 territories. The Company's reps not only sell its core products, but also help support some of the Company's commercial partners and provide technical assistance. The Company plans to grow its direct sales force upon clearance of CanGaroo RM to drive expansion of its network of hospitals and physician customers, drive deeper penetration in current customer accounts, and provide technical assistance to its commercial partners.

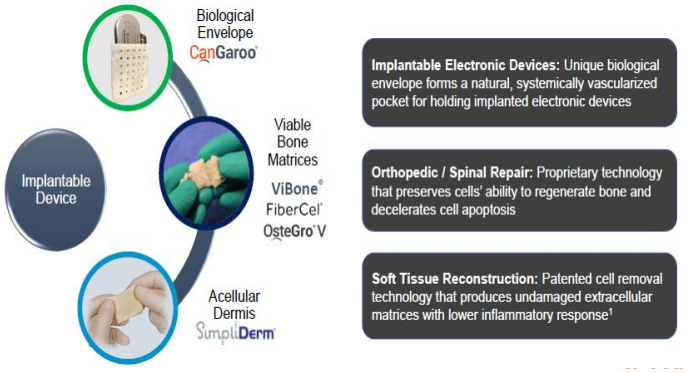
Lastly, the Company believes it has a proven track record to identify opportunities and integrate them. The Company was initially created in 2015 through the spin-out of the musculoskeletal division of Tissue Banks International. The Company then added important scientific talent to enhance the value of its assets and develop next generation products and formed various strategic partnerships to sell these products. In 2017, the Company acquired biomaterial medical device assets from CorMatrix Cardiovascular that led to its current CanGaroo product.

PRODUCT OVERVIEW

For F20 and F21, core products represented 85% and 79% of its revenue. The remainder of its revenue comes from "non-core" or contract manufacturing services. Aziyo's contract manufacturing primarily uses the remnants from the Company's biological materials used in its core products in bone repair and soft tissue reconstruction. The Company performs these services to leverage its existing overhead and improve cash flows. The Company has multiple contracts with medical/surgical companies to deliver finished products and subcomponents of clients' products. While the Company is seeking to diversify its customer base in contract manufacturing, the focus of the Company is its core products.

Aziyo's "core" products include three product lines that target three specific end markets: cardiovascular, spinal repair, and soft tissue reconstruction.

Exhibit 2: Diversified Regenerative Medical Portfolio

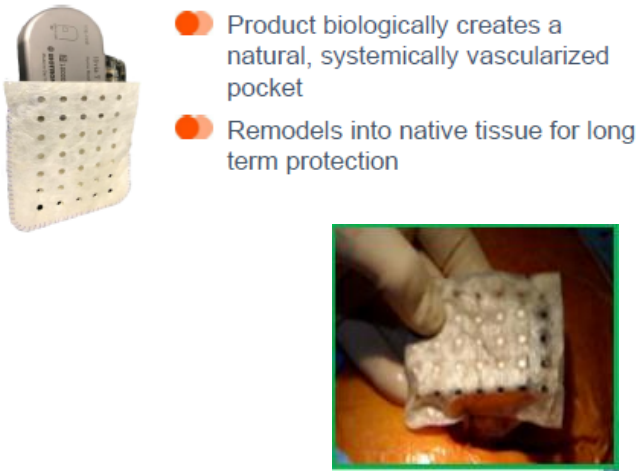


Source: Company Reports

Cardiovascular – Implantable Electronic Devices (IED)

Aziyo Biologics offers its CanGaroo product that was designed to mitigate complications derived from IEDs and the shortcomings of synthetic envelopes which carry the IEDs. CanGaroo is a biological product that forms a natural, systemically vascularized pocket that conforms to and securely holds IEDs. CanGaroo is used with pacemakers, defibrillators, and other cardiac IEDs. Additionally, the product is used with vagus nerve stimulators, spinal cord neuromodulators, deep brain stimulators and sacral nerve stimulators.

Exhibit 3: The Aziyo Solution: CanGaroo



Source: Company Reports

The CanGaroo is soft and pliable and designed to conform to an implantable device for easy handling and implantation. The CanGaroo envelope is an extracellular matrix constructed from porcine (pig) small intestine submucosa. This natural biomaterial is rich in natural growth factors, structural proteins, and collagens. Importantly, the CanGaroo Envelope regulates the biologic healing response to decrease inflammation and stimulate formation of healthy tissue.

The product is designed to mitigate the biological foreign body response that normally occurs around IEDs. Once implanted in the body, the CanGaroo Envelope creates a hospitable environment for the surrounding cells to migrate into the bio scaffold and start matrix turnover. As such, CanGaroo is remodeled into a surrounding layer of vital, vascularized tissue, potentially reducing the risk of capsular formation, migration, and erosion of IEDs through the skin, and complications associated with Twiddler's syndrome. CanGaroo can also facilitate the process of implantation and of device removal during its replacement.

The product is sold in a variety of sizes and has a shelf life of 30 months. CanGaroo is medical device 510(k) cleared by the FDA.

Market Opportunity

The Company estimates that in 2019, there were more than 600,000 procedures in the US to install or replace IEDs, which represents a $600M opportunity.

IED's are a standard of care for patients suffering from cardiac arrhythmias and heart failure. IEDs are currently implanted in soft tissue, which is not heavily vascularized, and this implantation may trigger a biological response that results in inflammation and fibrosis (aka fibrotic scarring where excess connective tissue forms). This biological response can lead to the device and its wire leads being encased in dense or calcified fibrous material.

With patients with IEDs living longer, device reoperations are more common to replace or upgrade the device, or to replace or revise the wire leads. As a result of the biological reaction to current under-vascularized capsule surroundings of devices and its wire leads, make replacement or revisions more difficult by increasing the time of the surgery and increasing the risk of infection.

As mentioned, Aziyo's CanGaroo product was designed to mitigate complications deriving from IEDs and the shortcomings of the synthetic envelopes that carry IEDs. As a result, CanGaroo is a highly differentiated product offering. The largest competitor option is the Tyrx™ envelope. Medtronic (NYSE:MDT) acquired Tyrx in January 2014 for a total transaction value of $222.0M. The Company estimates Tyrx currently generates at least $100M in annual sales.

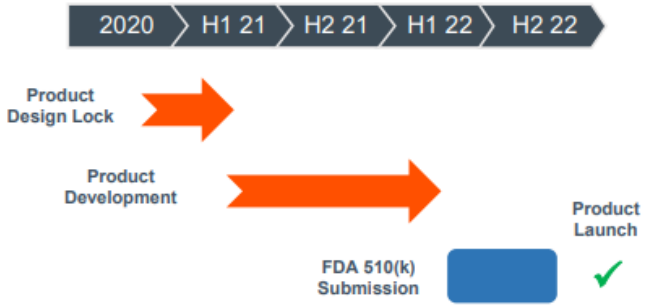
Two clinical studies are currently enrolling that will demonstrate the advantages of CanGaroo. The HEAL study is a national multi-center study that will evaluate patients who previously underwent implantation of CIEDs with either an Aziyo CanGaroo Envelope, Medtronic's Tyrx, or no envelope, who have had their implants for at least a year and are returning for a CIED change-out or revision procedure. The study focuses on identifying characteristics of soft tissue healing surrounding the CIED implant using tissue biopsies taken at the time of the change-out/revision procedure for patients treated with or without an envelope at the time of device implantation. This study has the potential to provide further insight into the ability of the CanGaroo Envelope to create a healthy, vascularized pocket to reduce complications that can arise with an implantable CIED, such as fibrotic capsule formation, device migration or erosion. As of January 4, 2022, 11 sites were recruiting patients with additional sites in process.

The second study is the CanGaroo De Novo Registry, which is a prospective, multi-center study that anticipates enrolling up to 500 participants who are undergoing implementation of a CIED for the first time with either a CanGaroo Envelope (approximately 330 patients) or no envelope (approximately 170 participants). Clinical outcomes of up to three months will be collected from all enrolled participants. The study also is anticipated to include a group of patients less than or equal to 65 years of age who will be followed for up to five years after treatment to provide insights into the pattern of longer-term outcomes and additional benefits. As of January 3, 2022, 21 sites are recruiting patients with additional sites in process.

The Company is currently developing a version of CanGaroo that includes antibiotics, with the specific aim of reducing the risks of infection following the implantation of an IED. The Company filed

a 510(k) in April 2022 and expects to begin marketing in the 2H2022.

Exhibit 4: CanGaroo RM 510(k) Development Timeline

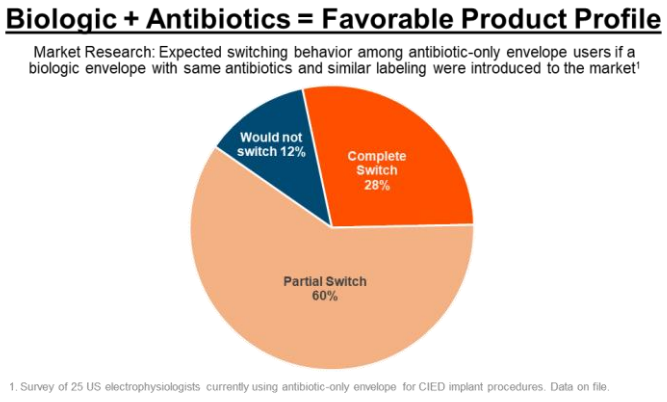


Source: Company Reports

In anticipation of its launch of CanGaroo RM, the Company has conducted market research surveys of current Tyrx users, and responses indicate a high degree of willingness to switch usage to CanGaroo RM. In a survey of 25 US electrophysiologists currently using the Tyrx envelope only for CIED implant procedures, 28% indicated they would switch all their envelope usage to CanGaroo RM once it becomes commercially available, and another 60% indicated they would switch a portion of their envelope usage to CanGaroo RM. Only 12% said they would not switch any of their usage to CanGaroo RM.

Based on the large market opportunity and the competitive product profile of CanGaroo RM, the Company estimates that this product has the potential to reach annual sales of $100M or greater in coming years.

Exhibit 5: CanGaroo RM Market Research



Source: Company Reports

Go To Market Strategy

Aziyo Biologics' sales and marketing strategy combines a direct sales force with an indirect channel. The Company has a direct sales force covering approximately 30 territories focused on the US. Its key commercial partners include Boston Scientific and Biotronik. Boston Scientific concentrates on the US market whereas Biotronik supports both the US and European markets. Importantly, these key commercial partners bring to bear 1,400+ sales reps and clinical specialists to further expand Aziyo's footprint and sales.

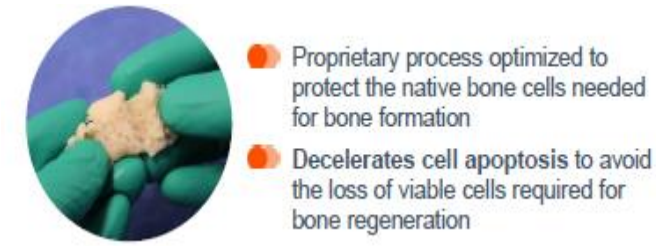
The Company's direct sales force is concentrating on gaining additional market access and driving market share by selling direct but also by supporting its commercial partners through technical assistance in the sales cycle. The Company also focuses on establishing system-wide agreements with healthcare systems and recently received designation as a "breakthrough technology" with Premier Inc., a leading healthcare improvement company comprised of approximately 4,100 U.S. hospitals.

The Company markets to electrophysiologists, and cardiac surgeons. Aziyo ships products directly to hospitals.

Orthopedic / Spinal Repair

Aziyo Biologics has three solutions targeted at this market, which include ViBone, OsteGro V and Fiber VBM.

Exhibit 6: Bone Repair Platform

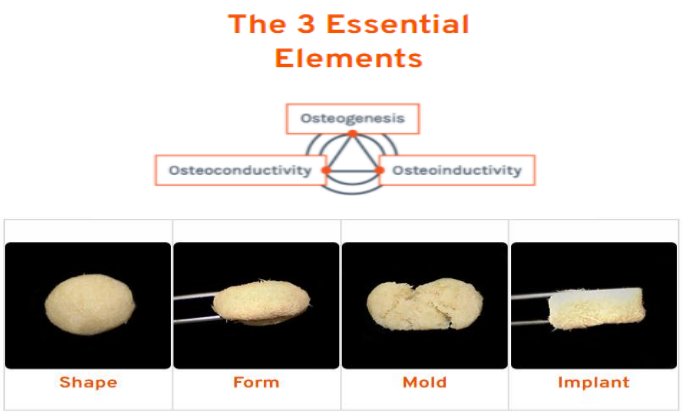


Source: Company Reports

Aziyo Biologics' bone regenerative products are processed by a proprietary method to protect and preserve native bone cells (osteogenic) needed for bone formation and to decelerate apoptosis (programed cell death). Additionally, its products are osteoinductive, which is the ability to recruit cells and signal the need for bone formation, and osteoconductive, which is a bone matrix that provides bones with the materials needed to remain strong. The Company's products have handling properties that support its placement by surgeons and its integration with the patient's bone.

ViBone is a particle-based bone repair product. It is designed to perform and handle in a similar fashion to an autograft and is marketed for use as allograft bone.

Exhibit 7: Bone Regeneration Elements Preserved



Source: Company Reports

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

Fiber VBM is a fiber-based bone repair product made from human tissue and engineered to be like natural tissue. It is used in orthopedic or reconstructive bone grafting procedures. This product's handling properties are critical for use as a bone void filler in various orthopedic and spinal procedures.

Market Opportunity

Aziyo estimates that in the US in 2019, there were an estimated 1.5M surgical procedures for orthopedic and spinal repair and represented a $2B+ market opportunity. There are an increasing number of surgeries over the last several years, driven by a higher incidence of comorbidities and chronic inflammatory and degenerative conditions, including osteoarthritis.

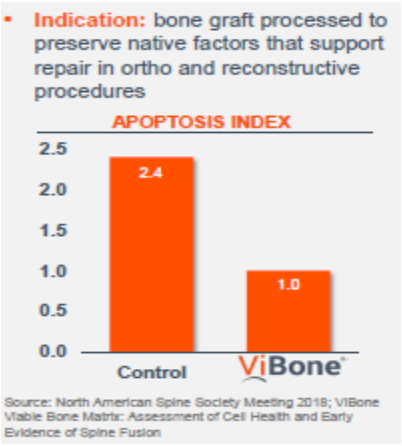
Within this market opportunity is spinal fusion, a leading application for bone fusion, where 695,000 procedures were performed in the US in 2019. The procedure involves grafting material to cause two vertebrae to grow together into one. Additionally, lower extremity applications that include ankle arthrodesis, or surgical immobilization of a joint by fusion of adjacent bones, represents about 165,000 procedures annually.

While orthopedic and spinal fusion success rates have improved, inadequate bone healing remains one of the leading causes of failure for any fusion procedure. Fusion procedures are especially challenging in patients with underlying healing deficiencies due to comorbidities such as diabetes or obesity.

Current gold standard solution is the use of Autologous bone, which is harvested from the patient. However, obtaining sufficient autologous material is not always possible, may not yield good quality material, and/or may cause donor site morbidity and pain. Allografts (human graft product sourced from a different person than the patient), can damage the extracellular matrix and induce cellular apoptosis, which results in premature cellular death.

Bone morphogenetic protein-2 (BMP-2) is the only FDA approved osteoinductive growth factor for use in bone graft substitute. However, a well-documented side effect has emerged with the use of BMP-2, which includes postoperative inflammation and associated adverse effects, bone formations in unusual locations, bone resorption, and inappropriate formation of fat cells.

Exhibit 8: Aziyo Bone Repair Platform Difference



Source: Company Reports

Aziyo's bone regenerative products aim to overcome the limitations of existing solutions. Given that its products are designed with the three essential elements for bone growth (osteogenesis, osteoconductivity, osteoinductivity), they protect and preserve native bone cells needed for bone formation and decelerate cell apoptosis.

Go To Market Strategy

Aziyo's sales and marketing strategy seeks to leverage its commercial partners with existing sales and marketing infrastructure, while Aziyo focuses on R&D and manufacturing of its products. Current partners include Surgalign Holdings that is marketing ViBone. Surgalign purchases and resells Aziyo's products in the US and primarily markets the products to hospitals and other healthcare facilities.

The Company also has several other commercial partners for OsteGro V and Fiber VBM, targeting the orthopedic, spinal, and dental markets.

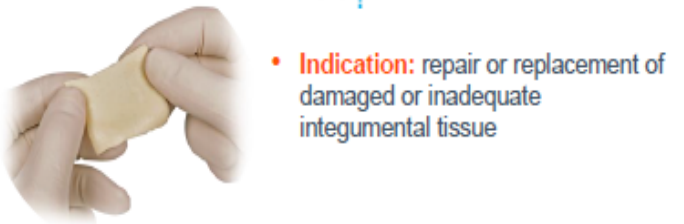
We do note that in June 2021, Aziyo issued a voluntary recall of one donor lot of FiberCel due to reports of post-operative infections in May 2021. At the time, Medtronic (NYSE: MDT) was the Company's distribution partner. Aziyo's immediate actions to address the issue included a thorough review of its procedures for screening donors and producing FiberCel that found no deviations from its established protocols. Additionally, the FDA inspected Aziyo's manufacturing facility and quality control in June 2021 and issued no Form 483 observations (means no deviations from accepted protocols/standards). While Medtronic ceased distribution of the Company's Cellular Bone Matrix products in October 2021, Aziyo has developed and implemented additional safeguards that it believes exceed FDA and industry standards for donor screening and testing.

Soft Tissue Reconstruction

Aziyo's product is called SimpliDerm and was designed to offer improved biocompatibility and better functioning in the patient. SimpliDerm is a pre-hydrated, human acellular dermal matrix (HADM) manufactured with the Company's patented cell removal technology. The patented cell removal technology is a process that maintains the biological and structural integrity of the tissue's extracellular matrix components. Furthermore, it is designed to allow for rapid integration, cellular repopulation, and revascularization at the surgical site. As such, its structurally intact extracellular matrix is designed to closely resemble that which occurs naturally.

SimpliDerm 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.

Exhibit 9: SimpliDerm Solution



Source: Company Reports

Market Opportunity

The Company estimates that there were more than 100,000 procedures in the US, in 2019 using biological matrices for plastic and reconstructive surgery. This places the market opportunity at approximately $500M.

Surgeries of this nature are performed to treat structures of the human body that are affected aesthetically or functionally due to defects, abnormalities, trauma, infection, burns, tumors, or disease. The clinical practice of plastic and reconstructive surgery includes a whole host of procedures, one of which is reconstruction of the breast, which is one of the most common applications of biological matrices.

Autologous tissue repair procedures are often used to address these issues but have limitations. First, the procedure may not be surgically feasible, or the patient may decline its use. Additionally, autologous tissue reconstruction may cause complications such as extended recovery and healing time, loss of sensation or weakness at the donor site, infection, and prolonged time under anesthesia during surgery.

Synthetic products have substituted when autologous reconstructions aren't feasible or desired. Limitations include the implantation of products that the body doesn't recognize and may trigger a foreign body reaction. This signaling cascade results in encapsulation of the foreign body in fibrotic tissue, which may impede tissue healing and may cause pain or other complications. Additional complications include damage to the surrounding soft tissue, altering mechanical properties or appearance of the original tissue, and increased risk of infection.

HADM products are a further "off the shelf" biological solution as well. Limitations include the use of harsh chemicals to remove the cells can damage the extracellular matrix; products can lack uniformity; and are limited in availability of larger sized for some of the products.

Exhibit 10: SimpliDerm Differentiation

Source: Company Reports

Further supporting growth in this part of Aziyo's business is a recent peer-reviewed publication reporting on a multi-site retrospective study of SimpliDerm use in reconstructive surgery compared to the current market-leading product. The paper reports on procedural statistics and outcomes in more than 100 patients. The study concluded that SimpliDerm is clinically equivalent to the market-leading acellular dermis product.

Go To Market Strategy

SimpliDerm is sold through independent sales agents to plastic and reconstructive surgeons. In the near-term, the Company is focused on increasing product awareness of SimpliDerm. This also includes building clinical advocates and expanding market access to SimpliDerm.

Longer term, Aziyo is seeking to leverage its unique product characteristics, product sizes, and clinical performance to fill market demand for pre-pectoral breast reconstruction.

Exhibit 11: SimpliDerm Market Strategy

Near Term Commercialization	• Launched September 2019 • Commercial footprint (distributors) increases in parallel with market access expansion (Health Trust Purchasing Group contract effective 3/1/2021)
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

Source: Company Reports

PIPELINE

The Company is focused on continuing to invest and drive its organic pipeline of products. Through this continued focus, the Company expects to drive long-term growth by using cash flows to accelerate current product growth, especially CanGaroo. Below in Exhibit 12 is an outline of the current pipeline.

Exhibit 12: Robust Pipeline to Drive Long-Term Growth

PRODUCT CANDIDATE	THERAPEUTIC AREA	APPROACH
CanGaroo®	INFECTION REDUCTION WITH ANTIBIOTICS	*Expanded Indication*
	CIED IMPLANT POCKET HEALING (HEAL Study, 100 pts)	*Post Marketing*
	CANGAROO DE NOVO (500 pts)	
SimpliDerm™	BREAST RECONSTRUCTION	*Expanded Indication*
Viable Bone Products	ORTHOPEDIC/SPINAL REPAIR	*New Product*

Source: Company Reports

RISKS

Highly competitive markets – The Company's long-term growth is dependent on its ability to market its products and expand its product indications. The industry in which Aziyo operates is highly competitive and subject to rapid change and technological advancements. If the Company is unsuccessful in its pursuits, its operating results could be materially impacted.

Awareness and acceptance of products – The Company's growth is dependent on physician awareness of the distinctive characteristics, benefits, safety, and clinical efficacy of its products. While the Company is engaged in marketing efforts to increase awareness of its products, physicians may not adopt the products as fast as the Company expects.

Processing of human and porcine tissue for its products is complex – The Company manufactures its human and porcine tissue products using technically complex processes requiring specialized facilities, highly specific raw materials, skill, and diligence. This subjects the company to increased production risks.

Reliance on third party partners – A substantial portion of the Company's sales are generated through its commercial partners and independent sales agents. The Company cannot control its commercial partners and as such, its success is partially dependent on the ability and willingness of its partners to market its products.

Regulatory, reimbursement, and supplier risks – The Company is subject to various government regulations and safety rules for its products. Additionally, physicians and hospitals use reimbursement codes for procedure reimbursements from insurance/government entities. Aziyo is also reliant on a limited number of suppliers. If Aziyo experiences any issues related to regulatory, safety, or supplier disruptions, operating results could be negatively impacted.

Product safety/recalls – Quality and safety issues may occur with any of the Company's products or its manufacturing processes. In June 2021, Aziyo issued a voluntary recall of one donor lot of FiberCel due to reports of post-operative infections. While Medtronic ceased distribution of the Company's Cellular Bone Matrix products in October 2021, Aziyo has developed and implemented additional safeguards that it believes exceed FDA and industry standards. Any defects, failures or quality issues could lead to product recalls or safety alerts which could negatively impact the Company.

Growth and future capital needs - The Company strategy is to seek further penetration of its products and to grow its financial results. This expansion may require additional funding, which may not be available or may only be available on unfavorable terms. Additional debt capital would increase the indebtedness of the company and equity capital could dilute current shareholders.

VALUATION

We are using an EV/S comparison analysis to help frame our valuation range.

Exhibit 13: Comparative Analysis

Aziyo Biologics, Inc. (Nasdaq:AZYO)
(all figures in US$M expect per share information)

Name	Ticker	Price (1)	MC	EV	EV/S (2)			EV/EBITDA (2)			P/E (2)		
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Integra LifeSciences Holdings	IART	$ 62.64	$ 5,207.6	$ 6,463.0	4.2x	4.1x	3.9x	15.4x	15.6x	14.3x	31.6x	18.9x	17.1x
NuVasive, Inc.	NUVA	$ 57.41	$ 2,987.7	$ 3,790.8	3.3x	3.1x	2.9x	18.0x	12.3x	11.2x	NM	24.9x	22.0x
Vericel Corporation	VCEL	$ 27.15	$ 1,279.3	$ 1,228.0	7.9x	6.7x	5.5x	NM	34.5x	23.8x	NM	NM	288.8x
LeMaitre Vascular, Inc.	LMAT	$ 45.72	$ 1,003.6	$ 948.3	6.1x	5.8x	5.4x	18.9x	20.6x	17.2x	36.6x	37.4x	31.8x
Alphatec Holdings, Inc.	ATEC	$ 7.68	$ 781.5	$ 1,009.7	4.2x	3.2x	2.6x	NM	NM	NM	NM	NM	NM
Artivion, Inc.	AORT	$ 19.56	$ 786.3	$ 1,095.5	3.7x	3.4x	3.1x	33.4x	30.6x	21.2x	NM	NM	NM
Organogenesis Holdings Inc.	ORGO	$ 5.61	$ 724.4	$ 749.4	1.6x	1.5x	1.4x	7.5x	9.1x	6.5x	7.9x	16.5x	12.2x
SI-BONE, Inc.	SIBN	$ 14.95	$ 507.0	$ 416.5	4.6x	3.9x	3.2x	NM	NM	NM	NM	NM	NM
AxoGen, Inc.	AXGN	$ 9.67	$ 406.0	$ 411.8	3.2x	3.0x	2.5x	NM	NM	NM	NM	NM	NM
AVITA Medical, Inc.	RCEL	$ 5.70	$ 143.1	$ 53.7	1.6x	N/A	N/A	NM	N/A	N/A	N/A	N/A	N/A
TELA Bio, Inc.	TELA	$ 6.99	$ 101.8	$ 102.1	3.5x	2.4x	1.7x	NM	NM	NM	NM	NM	NM
MediWound Ltd.	MDWD	$ 1.77	$ 57.5	$ 42.1	1.8x	2.0x	1.5x	NM	N/A	N/A	NM	NM	NM
				Average	**3.8x**	**3.6x**	**3.1x**	**18.6x**	**20.4x**	**15.7x**	**25.4x**	**24.4x**	**74.4x**
				Median	**3.6x**	**3.2x**	**2.9x**	**18.0x**	**18.1x**	**15.7x**	**31.6x**	**21.9x**	**22.0x**
Aziyo Biologics, Inc.	**AZYO**	**$ 6.29**	**$ 85.7**	**$ 86.6**	**1.8x**	**1.8x**	**1.5x**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**

(1) Previous day's closing price
(2) Estimates from Capital IQ

Source: Company Reports, CapitalIQ, Stonegate Capital Partners

As seen above, Aziyo trades at an EV/S multiple of 1.8x on our F22 estimates. This compares to average comps at 3.6x EV/S and median comps at 3.2x EV/S. We believe Aziyo's valuation multiple is well below comps due to the voluntary recall of one donor lot of FiberCel, and as we mentioned, creates an opportunity. With a differentiated regenerative product portfolio that includes CanGaroo, large target markets with ample expansion opportunities, a scaling commercial team expected to drive revenue growth, and a robust pipeline of products that includes CanGaroo RM with antibiotics, we believe the Company should trade closer to comps. Using an EV/S range of 2.5x to 4.5x, with a midpoint of 3.5x, we arrive at a valuation range of $8.75 to $16.00, with a midpoint of $12.50.

BALANCE SHEET

Aziyo Biologics, Inc. (Nasdaq:AZYO)
Consolidated Balance Sheets (US$ Ms)
Fiscal Year: December

ASSETS	FY 2020	FY 2021	Q1 2022
Assets			
Cash	39.2	30.4	22.1
Accounts Receivable, Net	7.2	6.0	6.0
Inventory	10.1	9.6	9.9
Prepaid Expenses and Other Current Assets	2.9	1.5	3.0
Restricted Cash	0.4	-	0.1
Total Current Assets	59.7	47.4	41.1
Property and Equipment, net	1.2	1.2	1.2
Intangible Assets, Net	21.9	18.5	17.6
Other Assets	0.1	0.1	0.1
Total Assets	**$ 82.8**	**$ 67.2**	**$ 59.9**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable	2.1	1.6	1.7
Accrued Expenses	6.3	6.4	5.8
Payables to Tissue Suppliers	2.3	2.5	2.9
Current Portion of Long-term Debt	6.3	8.1	8.1
Current Portion of Revenue Interest Obligation	2.8	2.8	2.8
Revolving Line of Credit	6.5	4.8	6.2
Deferred Revenue and Other Current Liabilities	0.5	0.0	-
Total Current Liabilities	**26.8**	**26.0**	**27.3**
Non Current Liabilities			
Long-term Debt	17.8	10.4	8.8
Deferred Revenue and Other Long-term Liabilities	0.8	0.7	0.8
Long-term Revenue Interest Obligation	16.6	16.5	16.5
Total Long Term Liabilities	35.2	27.6	26.0
Total Liabilities	**62.0**	**53.6**	**53.4**
Shareholders' Equity			
Common Stock - Par Value	0.0	0.0	0.0
Common Stock - Par Value	0.0	0.0	0.0
Additional Paid in Capital	101.1	118.6	119.8
Accumulated Deficit	(80.3)	(105.1)	(113.2)
Total Shareholders' Equity (deficit)	**20.8**	**13.5**	**6.5**
Total Liabilities and Shareholders' Equity	**$ 82.8**	**$ 67.2**	**$ 59.9**

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENTS

Aziyo Biologics, Inc. (Nasdaq:AZYO)
Consolidated Statements of Income (in US$ Ms, except per share amounts)
Fiscal Year: December

	FY 2020	FY 2021	FY 2022E	FY 2023E
Net Sales	**42.7**	**47.4**	**48.6**	**58.5**
Cost of Goods Sold	22.1	28.4	27.2	29.2
Gross Profit/loss	**20.6**	**19.0**	**21.4**	**29.3**
Expenses				
Sales and Marketing	16.8	18.8	19.6	20.9
General and Administrative	13.2	14.0	15.5	15.9
Research and Development	4.1	9.3	9.9	10.6
Operating Income (Loss)	**(13.6)**	**(23.0)**	**(23.6)**	**(18.0)**
Interest Expense	5.6	5.3	4.8	5.0
Other (Income)/expense-net	2.6	(3.6)	-	-
Earnings before Taxes	**(21.8)**	**(24.8)**	**(28.4)**	**(23.0)**
Taxes and Other Expenses				
Provision for Income Tax	0.0	0.1	0.1	0.1
Net Income (Loss)	(21.8)	(24.8)	(28.5)	(23.1)
Accretion of Convertible Preferred Stock	3.5	-	-	-
Net Income to Common Shareholders	**(25.3)**	**(24.8)**	**(28.5)**	**(23.1)**
Basic EPS - Continuing Operations	**$ (8.88)**	**$ (2.36)**	**$ (2.19)**	**$ (1.69)**
WTD shares	2.9	10.4	13.0	13.7
EBITDA	(9.7)	(19.3)	(19.7)	(13.6)

Source: Company Reports, Stonegate Capital Partners estimates

IN THE NEWS

May 09, 2022 – Aziyo Biologics Provides Business Update and Reports First Quarter 2022 Financial Results.

April 25, 2022 – Aziyo Biologics to Report First Quarter 2022 Financial Results on Monday, May 9, 2022.

April 12, 2022 – Aziyo Biologics Announces Upcoming KOL Call Hosted by Cowen.

April 04, 2022 – Aziyo Announces FDA 540(k) Submission for CanGaroo® RM, its Next Generation Biomaterial Envelope Enhanced with Antibiotics.

March 31, 2022 – Aziyo Biologics to Participate in the Lytham Partners Spring 2022 Investor Conference.

March 3, 2022 – Aziyo Biologics Reports Fourth Quarter and Full Year 2021 Financial Results.

February 23, 2022 – Aziyo Biologics to Participate in the Cowen 42nd Annual Health Care Conference.

December 27, 2021 - Aziyo Biologics Present at the H.C. Wainwright Bioconnect Virtual Conference.

December 8, 2021 - Aziyo Biologics Announces Closing of $14.0 Million Private Placement.

November 15, 2021 – Aziyo Biologics to Participate in Upcoming Virtual Investor Conference.

November 9, 2021 - *Aziyo Biologics Reports Third Quarter 2021 Financial Results.*

October 25, 2021 – Aziyo Biologics Provides Business Update and Preliminary Third Quarter 2021 Revenue Results and Announces Timing for Third Quarter 2021 Financial Results.

September 15, 2021 – Aziyo Biologics to Participate in the 2021 Cantor Global Healthcare Conference.

August 31, 2021 – Aziyo Biologics Appoints Peter G. Edwards as General Counsel.

August 09, 2021 – Aziyo Biologics Reports Second Quarter 2021 Financial Results.

June 07, 2021 – Aziyo Biologics Comments on June 2nd Voluntary Recall of One Lot of its FiberCel Fiber Viable Bone Matrix.

May 04, 2021 – Aziyo Biologics Reports First Quarter 2021 Financial Results and Increases 2021 Revenue Guidance.

CORPORATE GOVERNANCE

Ronald Lloyd – President & CEO – Mr. Lloyd has served as President and CEO and as a member of the board of directors since June 2018. Prior to joining Aziyo, Mr. Lloyd served as EVP 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 M.S. in Industrial Administration from Carnegie Mellon University and a B.A. in Management Science from Westminster College.

Matthew Ferguson - Chief Financial Officer – Mr. Ferguson has served as CFO since September 2020. Prior to joining, Mr. Ferguson served as CFO for Bossa Nova Robotics, a privately held robotics company serving major retailers, from September 2018 to July 2020. From January 2011 to August 2018, Mr. Ferguson held various management positions, including CFO, Chief Business Officer and Co-President, at Avinger, Inc., a publicly traded cardiovascular medical device company. From 2009 to 2010, Mr. Ferguson served as CFO at Tethys Bioscience, a provider of molecular diagnostic tests for cardiometabolic conditions. From 2008 to 2009, Mr. Ferguson served as the CFO at Proteolix, a biotechnology company developing treatments for cancer and autoimmune diseases. Mr. Ferguson also served as the CFO and VP of Finance and Business Development at FoxHollow Technologies, a publicly traded medical device company, from 2002 through its merger with ev3 in 2007. Mr. Ferguson holds an M.B.A. from the University of California at Berkeley, an M.S. in Mechanical Engineering from the University of Pennsylvania, and a B.S. in Civil Engineering from Stanford University.

Thomas Englese – Chief Commercial Officer – Mr. Englese has served as CCO 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 VP 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, MD, MA, FACS, FACC – Chief Medical Officer – Dr. Riebman has served as CMO 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. – EVP, Operations & Product Development– Dr. Roberts has served as EVP and General Manager of the Musculoskeletal Product division from May 2016 to June 2020 and as EVP, Operations and Product Development since July 2020. Prior to joining Aziyo, from 2013 to 2015 Dr. Roberts was SVP 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.

Peter Edwards – General Counsel – Mr. Edwards has served as General Counsel since September 2021. Prior to joining Aziyo, Mr. Edwards served as EVP and General Counsel of Celanese Corporation, a global specialty materials company, from January 2017 to January 2019. Previously, Mr. Edwards was EVP and General Counsel of Baxalta Incorporated, a biopharmaceutical spin-off from Baxter, from June 2015 until its merger with Shire plc in July 2016. Before that, he was SVP and General Counsel of the specialty pharmaceuticals company, Mallinckrodt plc, from July 2013 to June 2015 and served as its VP and General Counsel from May 2010 leading to its spin-off from Covidien plc in June of 2013. Additionally, Mr. Edwards formerly served as EVP and General Counsel for Solvay Pharmaceuticals in Brussels, Belgium from June 2007 until April 2010 and as its SVP and General Counsel in the US from October 2005 to June 2007. Prior to that, he held in-house positions of increasing responsibility within Mettler-Toledo, Inc. and Eli Lilly and Company. Mr. Edwards began his career in 1990 as an associate at Shook, Hardy & Bacon L.L.P. Mr. Edwards received his J.D., cum laude, from Brigham Young University.

IMPORTANT DISCLOSURES AND DISCLAIMERS

The following disclosures are related to Stonegate Capital Partners (SCP) research reports.

The information used for the creation of this report has been obtained from sources we considered to be reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice and SCP does not undertake to advise you of any such changes. In preparing this research report, SCP analysts obtain information from a variety of sources, including to but not limited to, the issuing Company, a variety of outside sources, public filings, the principals of SCP and outside consultants. SCP and its analyst may engage outside contractors with the preparation of this report. The information contained in this report by the SCP analyst is believed to be factual, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. While SCP endeavors to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. Reproduction or redistribution of this report without the expressed written consent of SCP is prohibited. Additional information on any securities mentioned is available on request. SCP does not rate the securities covered in its research. SCP does not have, nor has previously had, a rating for any securities of the Company. SCP does not have a price target for any securities of the Company.

Recipients of this report who are not market professionals or institutional investors should seek the advice of their independent financial advisor prior to making any investment decision based on this report or for any necessary explanation of its contents. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of SCP and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein.

SCP does not provide, nor has it received compensation for investment banking services on the securities covered in this report. SCP does not expect to receive compensation for investment banking services on the securities covered in this report. SCP has a non-exclusive Advisory Services agreement to provide research coverage, retail and institutional awareness, and overall Investor Relations support and for which it is compensated $3,000 per month. SCP's equity affiliate, Stonegate Capital Markets (SCM) - member FINRA/SIPC - may seek to provide investment banking services on the securities covered in this report for which it could be compensated.

SCP Analysts are restricted from holding or trading securities in the issuers which they cover. Research Analyst and/or a member of the Analyst's household do not own shares of this security. Research Analyst, employees of SCP, and/or a member of the Analyst's household do not serve as an officer, director, or advisory board member of the Company. SCP and SCM do not make a market in any security, nor do they act as dealers in securities.

SCP Analysts are paid in part based on the overall profitability of SCP and SCM. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by SCP for services described above. No part of Analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. This security is eligible for sale in one or more states. This security may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

CONTACT INFORMATION

Investor Relations
Aziyo Biologics, Inc
12510 Prosperity Drive, Suite 370
Silver Spring, MD 20904
Phone: 240-247-1147
www.aziyo.com

Investor Relations
Stonegate Capital Partners
8201 Preston Rd, Suite 325
Dallas, Texas 75225
Phone: 214-987-4121
www.stonegateinc.com