

MED TECH GROWTH

Karen Zaderej

AxoGen President and CEO

Disclosures:

Graduate of Purdue University

AxoGen labs located in Sid Martin BioTechnology Incubator from UF

AxoGen technology licensed from University of Florida and University of Texas of Austin

Med Tech Makes a Difference

Our innovations help patients worldwide live longer, healthier and more productive lives.

- Between 1980 and 2010, medical advancements helped add five years to U.S. life expectancy and reduce fatalities from heart disease and stroke by more than half¹
- Mortality from breast cancer was cut by 31 percent¹
- Implantable cardioverter defibrillators have shown a 20 to 30 percent reduction in mortality after more than 10 years of follow-up; ²

¹ National Center for Health Statistics. "Health, United States, 2012: With Special Feature on Emergency Care." Hyattsville, MD. 2013.

² S. Bevan et al., "Adding Value: The Economic and Societal Benefits of Medical Technology", The Work Foundation – part of Lancaster University, November 2011

Med Tech Makes a Difference

We improve the efficiency of health care systems through earlier disease detection and more effective treatments that reduce the economic burden of disease and the cost of care.

- Between 1980 and 2010, advanced medical technology helped cut the number of days people spent in hospitals by 59 percent¹
- Minimally invasive surgery using laparoscopic, endoscopic and catheter-based devices in place of standard open surgical approaches for certain procedures saved \$8.9 billion in projected U.S. health plan spending in 2009 while reducing workplace absenteeism by 53,000 person-years, worth an additional \$2.2 billion in savings.²
- Evidence suggests that between \$34,000 and \$57,000 is saved each year for every 100 patients who use insulin pumps, which reduce the risk of diabetes complications through improved control over blood glucose levels³

¹ National Center for Health Statistics. (2013, March 14). Table 103 – Discharges, days of care, and average length of stay in nonfederal short-stay hospitals, by selected characteristics: United States, selected years 1980 through 2009-2010. Retrieved March 15, 2013, from Centers for Disease Control and Prevention:

² A. Epstein et al., "Impact of Minimally Invasive Surgery on Medical Spending and Employee Absenteeism," *Journal of the American Medical Association Surgery* magazine, published online March 20, 2013, www.jamasurg.com.

³ S. Bevan et al., "Adding Value: The Economic and Societal Benefits of Medical Technology", The Work Foundation — part of Lancaster University, November 2011

Med Tech Industry

- The United States is the world leader in manufacturing life-saving and life-enhancing treatments for patients
- Over 7,000 Med Tech companies in the U.S. – most with fewer than 100 employees (AdvaMed)
- Nearly \$150 billion in annual sales. (AdvaMed)
- Greater than 370,000 employees and nearly 1.9M total jobs (AdvaMed)
- In total, generated \$113 billion in payroll, with an average salary over \$84,000 (2009 data, MDMA)
- Medical technology represents less than 6% of the total health care expenditures in the United States (King, 2011).

Med Tech Growth Rate

The opportunity to create new life enhancing and/or cost reducing medical technologies is enormous but growth of the Med Tech sector is gated by two factors:

- Capital
- Talent



NASDAQ: **AXGN**

It's time to rethink nerve repair.™



AxoGen is focused in Nerve Repair

- ✓ Comprehensive product portfolio addresses 900,000+ procedures
- ✓ \$1.8B+ market opportunity
- ✓ “Five Pillar” Market Development Strategy delivered 24 consecutive quarters of YOY double-digit growth

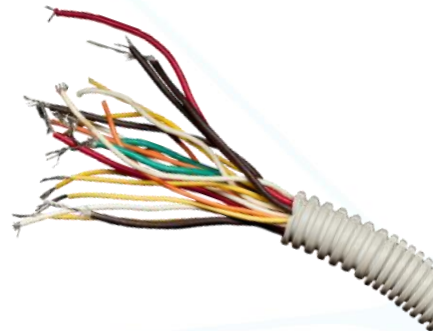
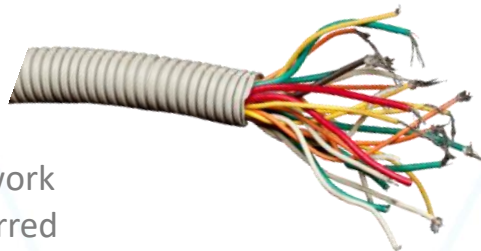
Q4 2016 Revenue	\$11.4M, 46% growth vs Q4 2015
2016 Revenue	\$41.1M, 50% growth vs 2015
High Gross Margins	84.3% as of December 31, 2016
Cash as of Dec. 31, 2016	\$30.0M
Debt as of Dec. 31, 2016	\$25.0 M

- ✓ Solid balance sheet provides resources to execute business plan
- ✓ Significant barriers to competitive entry including a growing body of clinical data
- ✓ 150+ employees; Strong management team with track record of commercial success
- ✓ Expansion opportunities beyond current markets

The Function of Nerves

Nerves are like wires

- Transfer signals across a network
- If cut, data cannot be transferred
- If crushed, short circuits and data corruption may occur

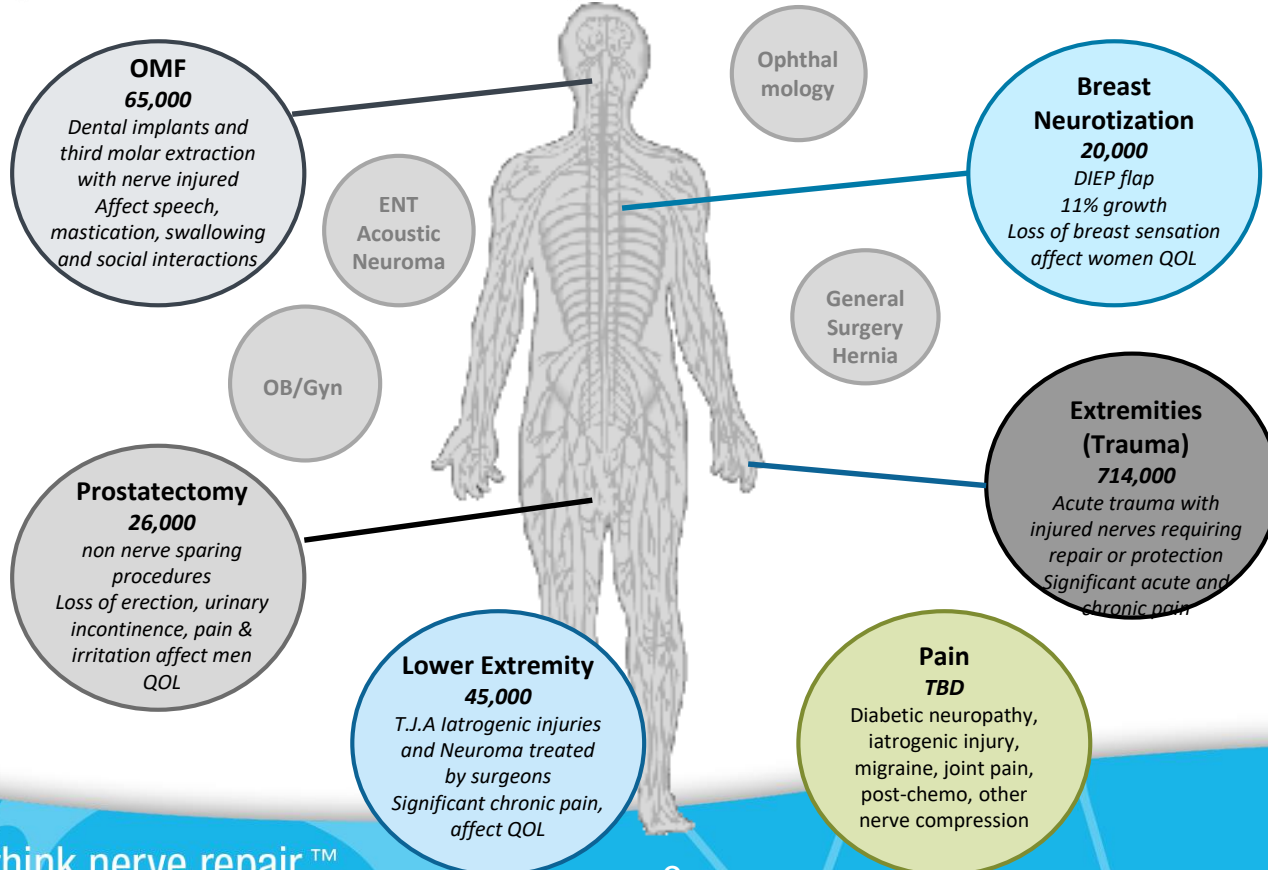


The peripheral nervous system is a vast network from every organ to and from the brain

- Sensory
- Motor
- Autonomic



Nerves are all over the body....there are many ways we can improve the lives of patients



It's time to rethink nerve repair.™



How are Nerves Injured?

Repair

Transections

Motor vehicle accidents, power tool accidents, battle field injuries, gunshot wounds, surgical injuries, natural/other disasters



Protect

Compression

Carpal, cubital, tarsal tunnel revision, blunt trauma, previous surgery

AxoGen Portfolio of Peripheral Nerve Products

SURGICAL



Avance[®]
Nerve Graft



AxoGuard[®]
NerveConnector



AxoGuard[®]
NerveProtector

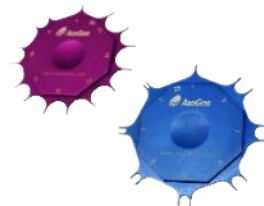


AVIVE[™]
SOFT TISSUE MEMBRANE

EVALUATION



AcroVal[™]
Neurosensory &
Motor Testing System



AxoTouch[™]
Two-Point Discriminator

AxoGen in the Future

We are just scratching the surface of the opportunity in nerve repair

- Expansion into new products, new applications and globally
- We expect to have over 600 employees in 5 years—many of them with technical backgrounds
- The acquisition and development of talent is currently our single biggest barrier to growth

We believe:

- *Patient safety is our first priority.*
- *Respect is the foundation for communication and action.*
- *In being effective stewards of the gift of human tissue.*
- *In creating and maintaining a company culture that encourages and rewards honesty, openness, passionate debate – and fun!*
- *Individual ownership and empowerment lead to superior team results.*
- *The organization, its members and partners must consistently achieve agreed upon results with flexibility and mutual support.*
- *Speed is critical!*

Traits and skills we look for....

- Communication skills
- Ability to work in a team and influence others
- Problem solving skills
- Tenacity
- The ability to translate “needs” into products
- The ability to deal with ambiguity and make decisions
- Biomaterials and regenerative medicine
- Neurotech/Bioelectric Science
- Regulatory
- Process validation and process control
- Six Sigma and continuous improvement in operations
- Clinical and non-clinical study design
- Statistics

Diversity in Engineering

- Diversity Matters – companies are 15% more likely to be successful if they are gender diverse (McKinsey & Co 2015)
- Most business leaders believe diversity encourages different perspectives and ideas that foster innovation (Forbes Insights 2011)

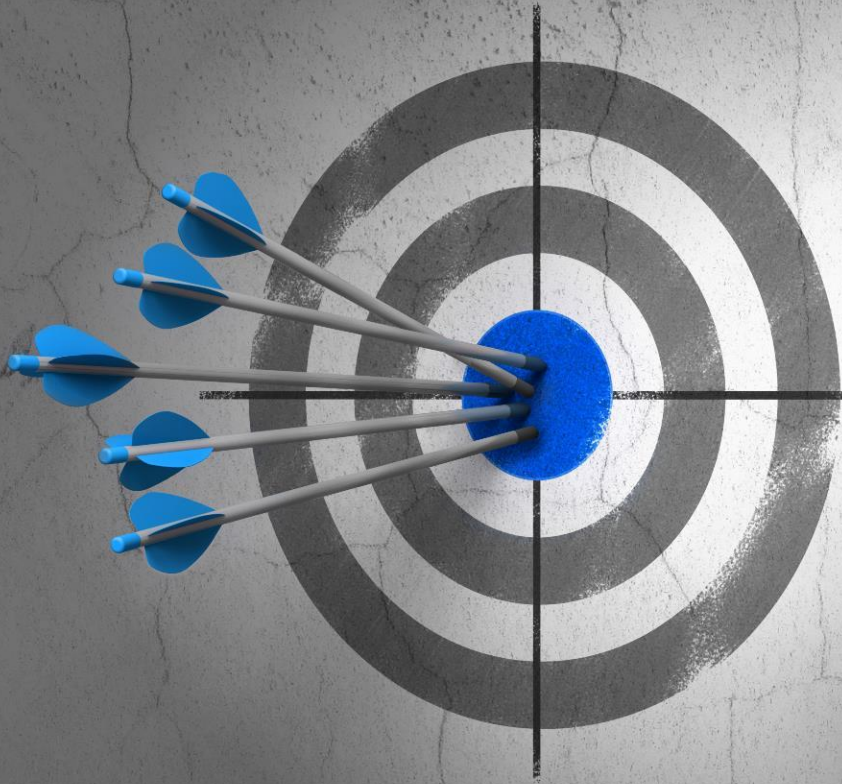
Bottom line, we are competing win. We need a diverse team.

The two most important things I learned as an engineering student at Purdue University

- Organized Problem Solving Skills
- A belief that every problem has a solution (you just need to find it!)

AxoGen 2017





Focus on Success

