

March 6, 2014



## **AxoGen, Inc. Reports 46% Fourth Quarter and 42% Full Year 2013 Revenue Growth**

Alachua, FL (PRWEB) March 06, 2014

AxoGen, Inc. (NASDAQ: AXGN), the emerging leader of the \$1.6 billion U.S. peripheral nerve repair market, announced financial results for the fourth quarter and full year ended December 31, 2013. Revenue for the quarter grew 46% to \$3.0 million and for the year grew 42% to \$10.9 million as compared to comparable periods.

"AxoGen is pioneering the development of a \$1.6 billion market for peripheral nerve repair. During the course of the fourth quarter, and throughout the year, we achieved many milestones while positioning the Company for expanded growth in 2014," said Karen Zaderej, President and Chief Executive Officer. "Our fourth quarter revenue growth reflects the success in increasing the number of customers who use more than one AxoGen product line during procedures, as well as an expanded customer base. As a pioneer in our market, we are constantly fine tuning our sales and marketing approach and believe that our efforts are driving greater market awareness and adoption of our portfolio: Avance® Nerve Graft, AxoGuard® Nerve Connector and AxoGuard® Nerve Protector."

### **2013 Fourth Quarter Financial Results**

Revenue for the 2013 fourth quarter increased 46% to \$3.0 million compared to \$2.0 million in the year-ago fourth quarter, reflecting new accounts and increased usage of the Company's portfolio by existing accounts and higher product pricing implemented in early 2013. Gross margin expanded to 80.0% compared to 76.6% in the 2012 fourth quarter. The gross margin improvement is due to the product mix, product price increases and manufacturing efficiencies.

Total operating expenses in the fourth quarter were \$5.2 million compared to \$3.8 million in the year-ago fourth quarter. The increased expenses are primarily attributable to the Company's sales force expansion, higher commissions and marketing efforts, such as surgeon educational programs and training events initiated in the second half of 2013. Operating loss was \$2.8 million compared to an operating loss of \$2.2 million in fourth quarter of 2012. Net loss was \$4.1 million, or \$0.24 per share compared to a net loss of \$4.0 million, or \$0.36 per share in the fourth quarter of 2012. The weighted average common shares for the fourth quarter of 2013 was approximately 17.3 million shares compared to 11.1 million shares in the year-ago fourth quarter as a result of the common stock offering in the 2013 third quarter.

## 2013 Full Year Financial Results

For the full year ended December 31, 2013, revenue totaled \$10.9 million, representing a 42% increase over the \$7.7 million reported for the year ended December 31, 2012. The growth is attributed to new accounts and the increased usage of the Company's products by existing clients. Gross profit increased to \$8.5 million, or 48%, compared to \$5.7 million for full year ended December 31, 2012. Gross margin expanded to 77.7%, a 320 basis point improvement compared to 74.5% in 2012, due to product mix, higher product pricing and manufacturing efficiencies. In 2013, expenses increased to \$18.1 million compared to \$13.5 million in 2012 due to the sales force expansion, higher commissions and preparations for the Company's Investigational New Drug (IND) application with the FDA. Net loss for 2013 was \$14.6 million, or \$1.08 per share compared to a net loss of \$9.4 million, or \$0.85 per share in 2012. The weighted average common shares outstanding for the 2013 full year were approximately 13.5 million shares compared to 11.1 million shares in 2012.

As of December 31, 2013, cash, cash equivalents and marketable securities totaled \$20.1 million, reflecting the total net proceeds to the Company of \$16.8 million from the common stock offering in the 2013 third quarter.

"During 2014 we will continue our efforts to raise surgeon and patient awareness of the new options for nerve repair. We will maintain a highly visible presence throughout the year at major clinical conferences and will sponsor three Peripheral Nerve Symposia, our peer-to-peer educational events showcasing the latest science and best practices in surgical nerve repair. We are confident this heightened campaign will continue to raise our profile and drive further growth in 2014. As a result, we believe the current analysts' consensus revenue estimate of \$16 million for 2014 is achievable," concluded Ms. Zaderej.

## Conference Call

The Company will host a conference call and webcast for the investment community today, Thursday, March 6, 2014 at 4:30 PM ET. Investors within the United States interested in participating are invited to call 877-674-2413 and reference the Participant Passcode 94925592. All other participants can use the dial-in number 1-914-495-8604, using the same Participant Passcode. To access the webcast, please visit <http://www.AxoGenInc.com/Investors/html>. Following the conference call, a replay will be available on the Company's website under the "Investors" tab, <http://ir.axogeninc.com/>.

## Canaccord Conference Presentation & Webcast

On Tuesday, March 11, 2014, the Company is scheduled to present and meet with investors at the Canaccord Musculoskeletal Conference at 11:10am CT (12:10pm ET) at the Sheraton New Orleans Hotel. A live webcast and subsequent archived replay of the Company's presentation may be accessed via the Investors section of the Company's website, <http://ir.axogeninc.com/>

## About AxoGen, Inc.

AxoGen (NASDAQ: AXGN) is a leading medical technology company dedicated to peripheral nerve repair. AxoGen's portfolio of regenerative medicine products is available in the United States, Canada and several European countries and includes Avance®

Nerve Graft, the only off-the-shelf commercially available processed nerve allograft for bridging severed nerves without the comorbidities associated with a second surgical site, AxoGuard® Nerve Connector, a porcine submucosa extracellular matrix ("ECM") coaptation aid for tensionless repair of severed nerves, and AxoGuard® Nerve Protector, a porcine submucosa ECM product used to wrap and protect injured peripheral nerves and reinforce the nerve reconstruction while preventing soft tissue attachments.

Avance® Nerve Graft is processed in the United States by AxoGen. AxoGuard® Nerve Connector and AxoGuard® Nerve Protector are manufactured in the United States by Cook Biotech Incorporated, and are distributed exclusively by AxoGen. AxoGen maintains its corporate offices in Alachua, Florida and is the parent of its wholly owned operating subsidiary, AxoGen Corporation.

#### Cautionary Statements Concerning Forward-Looking Statements

This Press Release contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic factors in the markets in which we are active, as well as our business plans. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "projects", "forecasts", "continue", "may", "should", "will" variations of such words and similar expressions are intended to identify such forward-looking statements. The forward-looking statements may include, without limitation, statements regarding our growth, our 2014 revenue estimate, product development, product potential, financial performance, sales growth, product adoption, market awareness of our products, data validation, our visibility at and sponsorship of conferences and educational events. The forward-looking statements are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the statements. Forward-looking statements in this release should be evaluated together with the many uncertainties that affect AxoGen's business and its market, particularly those discussed in the risk factors and cautionary statements in AxoGen's filings with the Securities and Exchange Commission. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those projected. The forward-looking statements are representative only as of the date they are made, and, except as required by law, AxoGen assumes no responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Source: AxoGen, Inc.