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Thursday, Aug. 14, 2025 at 5 p.m. ET

Chief Executive Officer ? Randy Mills

Chief Financial Officer ? Matt Steinberg

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LU Pro revenue growth-- 49% sequential increase for LU Pro from Q1 to Q2 2025, driven by new hospital accounts and supported by seven national GPO contracts as of Q2 2025.

Bioenvelope business revenue-- Up 33% year-over-year, with LU Pro comprising 68% of segment revenue.

Hospital adoption-- 161 hospital systems actively ordering LU Pro after VAC approval, with 12-15 new institutions added monthly and a 95% VAC approval rate.

Sales channel mix-- Facilitating rapid geographic expansion.

Boston Scientific partnership-- Boston Scientific is involved in LU Pro sales at 98 hospitals, currently facilitating and participating in about 30% of approximately 1,600 hospital centers that would ultimately use LU Pro and are active in planners of pacemakers.

Sales per account-- Revenue per LU Pro account is 130% higher than for Kangaroo, reflecting increased hospital utilization rates.

Year-end revenue guidance-- Management expects to exit 2025 with a LU Pro-driven revenue run rate approaching $20 million.

Cardiovascular patch products-- Revenue exceeded $700,000 for the partial quarter post-distributor transition, more than doubling the previous quarter's distributor-driven sales.

SimpliDerm segment performance-- Revenue for SimpliDerm was $2 million, which management described as lower versus prior periods.

Total company revenue-- $6.3 million in sales, described as essentially flat year-over-year.

Gross margin-- Adjusted gross margin improved to 62.4%, rising by over four percentage points year-over-year, with cardiovascular contributing gross margins greater than 80%.

Adjusted EBITDA-- Adjusted EBITDA loss of $3.8 million, which management links to ongoing growth investments and new product development.

Cash position-- Ended the quarter with $8.5 million in cash, with the expectation of enhancement from near-term business development transactions.

Litigation resolution progress-- Settled 27 lawsuits and 97 of 110 total legacy cases from a discontinued business line, reducing financial and strategic overhangs.

Pipeline progress-- The NXT 41 base matrix for breast reconstruction has completed development and pre-submission FDA engagement; management plans to launch in 2026, with the antibiotic version targeted for 2027.

Elutia(ELUT -0.46%)'s rapid LU Pro adoption and hospital penetration led to significant sequential and annualized revenue growth, underpinned by new GPO contracts and expanded distributor activity. The company completed the majority of legacy litigation settlements, removing a substantial corporate impediment and reducing future legal costs. Advancement of the NXT 41 breast reconstruction pipeline, with regulatory submission and clear commercialization targets, signals a near-term expansion into a high-value market. The company reported markedly improved adjusted gross margin performance from operational efficiencies and product mix, with additional contributions expected from scaling cardiovascular sales. Management also outlined active business development initiatives that could positively impact the balance sheet in coming quarters.

Steinberg stated, "we ended the quarter with $8.5 million of cash," clarifying the company?s liquidity as it pursues further expansion and strategic options.

Management expects continued improvement in margin efficiency and operating leverage as bioenvelope and cardiovascular sales scale further.

CEO Mills said, "LU Pro is now at the stage where it is about scaling," establishing a near-term focus on driving revenue via VAC approvals and GPO expansion.

VAC (Value Analysis Committee): A hospital committee evaluating and approving new medical products before purchasing or clinical adoption.

GPO (Group Purchasing Organization): An entity that helps healthcare providers and hospitals aggregate purchasing power to negotiate contracts for medical products and services.

Bioenvelope: Refers to Elutia?s biologic products designed to hold implanted medical devices, such as pacemakers, and reduce infection risk.

Matt Steinberg: Thank you, operator, and thank you all for participating in today's call. Earlier today, Elutia Inc. released financial results for the quarter ended June 30, 2025. A copy of the press release is available on the company's website. Before we begin, I would like to remind you that management will make statements during this call that include forward-looking statements within the meaning of the federal securities laws which are pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Any statements contained in this call that do not relate to matters of historical facts or relate to expectations or predictions of future events, results, or performance are forward-looking statements.

All forward-looking statements, including without limitation, those relating to our operating trends and future financial performance, are based upon our current estimates and various assumptions. These statements involve material risks and uncertainties that could cause actual results or events to materially differ from those anticipated or implied by these forward-looking statements. Accordingly, you should not place undue reliance on these statements. For a list and description of the risks and uncertainties associated with our business, please refer to the risk factors section of our public filings with the SEC, including Elutia Inc.'s annual report on Form 10-K for the year ended December 31, 2024, accessible on the SEC's website at www.sec.gov.

Such factors may be updated from time to time in Elutia Inc.'s other filings with the SEC. The conference call contains time-sensitive information and is accurate only as of the live broadcast

today, August 14, 2025. Elutia Inc. disclaims any intention or obligation, except as required by law, to update or revise any financial projections or forward-looking statements, whether because of new information, future events, or otherwise. Also, during this presentation, we will refer to gross margin, excluding intangible asset amortization, which is a non-GAAP financial measure.

Reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure is available in the company's financial results release for the second quarter ended June 30, 2025, which is accessible on the SEC's website and posted on the investor page of the Elutia Inc. website at www.elutia.com. And with that, I will turn the call over to Elutia Inc.'s CEO, Randy Mills.

Randy Mills: Thank you, Matt, and welcome one and all to our second quarter 2025 earnings call. Let me start with a rundown of today's topics. First and foremost, I want to provide some color on the success we continue to have with our LU Pro launch and the commercial success we continue to have there. Then I am going to switch gears and talk a little bit about the tremendous work our development teams are doing in the reconstructing pipeline that we have underway. And then you are going to turn it over to Matt, who is going to provide an update. We have some pretty significant updates on the litigation front.

Lastly, Matt will also do, as he always does, a rundown of our financial progress. Lastly, as I indicated in the press release, on the business development front, we have a number of strategic opportunities that we are sort of in the middle of that we are driving towards conclusion. And we anticipate having more to say on those in the near future here. Well, let's just jump right in with a review of LU Pro's first year and what a year it was. On the commercial side, 49% sequential growth this quarter over last quarter, built on the back of seven national GPO contracts that the team has secured.

As we have said all along, the key to revenue growth has to do with the number of hospital systems we can get into. Currently, at 161 hospital systems actively ordering. And then lastly, a lot of this growth has been facilitated by the tremendous partnership that we have developed with our friends at Boston Scientific. But it is great commercial success that has been built really on a great scientific foundation that we have at Elutia Inc. Our drug-eluting technology, particularly our biologics drug-eluting technology, we think is the best in the world. In this first year, I think we have done a good job of validating that.

Five peer-reviewed publications in the first year alone, validating not just the product but the base technology. We won the Edison Award. I was, got to, actually go and receive at what I would call the nerd Oscars for innovation in medical technology. Two medical device network excellent awards, one for product innovation, which is not a surprise. Another for product launch. Really combining what the two teams working together are able to accomplish. And then lastly, our innovator in chief, Dr. Michelle Williams, won the medical device innovator of the year award, and we think that was certainly well deserved. Okay. Turning to the scoreboard. Really, the numbers say it all.

First half performance bioenvelope revenue for the quarter up 33% year over year. That puts us at about a $14 million run rate now. Why is that? Well, that is really being driven by LU Pro growth almost exclusively by LU Pro growth, up 49% sequentially for the quarter. LU Pro now makes up 68% of our bio envelope revenue, and it continues to grow. Why is that? Well, that is all driven by our VAC approvals. So we now have over 160 hospitals that we have gotten through the VAC process. When we say through the VAC process, we do not just mean on contract and able to order.

We do not actually count these hospitals until they are actively ordering, and we are shipping them the product. So that breaks down sort of at a high level what is going on with the product that is in a

little, drive a little bit more detail here. So looking at the revenue, it is kind of amazing. We sold the first unit of LU Pro last September, and we experienced some very modest revenue recognition in 2024. But since then, this product has been on a tear. You could see the quarterly growth continues.

We now expect to end the year at a revenue rate approaching $20 million, and that really is due to the tremendous work the commercial team is doing. Dig in here and see what is really going on though. It is really driven by our sales per account. So as we said before, if we can get on contract with the hospital, what we are seeing is a 130% higher revenue in those accounts for LU Pro than we are seeing with Kangaroo. And this is reflecting greater utilization of the product. Kangaroo is a great biologic envelope.

It was able to hold the pacemaker in place, keep it stable, prevent erosion from taking place, and migration from taking place and ultimately a fibrotic capsule forming. If you add the powerful protection of rifampin and minocycline, you really get the full benefit of a drug-eluting biologic. And that is why we are seeing this 130% higher utilization rate with LU Pro than with Kangaroo. We could not do this not only without our own direct sales team, which is doing a great job, but also with our 1099 distributor network, which is now making up about 33% of our total sales, enabling us to very efficiently move across the country and gain new territories.

But also with our partnership with Boston Scientific. Now Boston actively involved in LU Pro sales. In 98 distinct hospitals ordering. They are currently facilitating and participating in about 30% of 1,600 or so hospital centers that would ultimately use LU Pro that are active in planners of pacemakers. That, if it just sort of scales the way it is going, makes this a $150 million product in just the US in just pacemakers alone, and we think the neuro market is at least as big of an opportunity for us there. So from a revenue standpoint, really strong work so far.

Again, we have said all along, our revenue if you want to know what our revenue is going to do, look at what our VAC approvals are doing. And here, this just shows the great work of our team continuing to grind out those approvals. 161 institutions, you can see there the monthly progress we are making. We add somewhere between 12 to 15 new institutions a month. We have something along the lines of 90 submissions in progress, and we have about a 95% success rate. So when we submit to a VAC, we have a very, very strong likelihood of gaining approval.

Facilitating that great work with the VACs is the work we have done with our GPO contract. And so we are on contract now with seven major GPOs including Premier, S3P, Adventist, and we have several others in the work. And believe we will be reporting on a few more successes there as the year concludes we get through the second half. So all in all, what an incredible first year for LU Pro. And I want to thank the entire Elutia Inc. crew. It really was a team effort from science to operations to commercial, everybody working together the way our culture says that we should. Okay.

Has a tremendous amount of fun and it is a great commercial success. But we are just getting started. Our mission is to humanize medicine so that patients can thrive without compromise. And there is no bigger need than in the breast reconstruction space. This year alone, 317,000 women will be told that they have an invasive form of breast cancer. Many of those are going to go on and require mastectomies and need reconstruction and a staggering one in three women going through breast reconstruction are going to suffer serious complications from that reconstruction procedure. And that is something we can fix and that is something that we have resolved to change.

Taking a look at the breast reconstruction market, it is a very big market, and it is a very big market that already has a dominance of biologics in it. So biologics represents a $1.5 billion addressable market in the US alone, and biologics accounts for 65% of the device-related spend in reconstruction. Breaking down the numbers, there are 151,000 mastectomies annually in the United

States. Two-thirds of those involve bilateral procedures. That generates somewhere between 200,000 to 225,000 individual breasts that are being reconstructed. Biologics account for 80% of the reconstruction cases at a cost of somewhere between $7,500 and $9,500 per case. Therefore, biologics are about 65% of the implant-related costs.

But they do not address the primary cause of implant failure. So this is a market where we see biologics as the standard of care and that standard of care is currently failing. Despite the high costs, biologics alone do not address the problem. And these numbers do not lie. As I said, one in three women going through the breast reconstruction procedure suffer a serious complication. Why is this? It is driven almost exclusively by persistent bacterial contamination. So 10% to 14% of women will experience a significant infection.

19% to 29% will suffer capsular contracture, which is most often a direct result of the inflammatory process from colonization of bacteria and up to 21% of women will actually have an implant loss. And there are significant and very real economic costs associated with these too. We are looking at almost $50,000 in economic burden to the hospital which because it is a postoperative infection, the hospital must bear alone. These are not insured costs. So if you think about this and just about everyone I know knows a woman going through a procedure like this. You have been diagnosed with breast cancer. Horrible news. You have the courage to go and face a mastectomy.

Radiation, oftentimes very frequently chemotherapy and instead what do you face? You face multiple surgeries, delays in your underlying cancer treatment, and the pain and suffering of a failed reconstructive procedure. This is something that the drug-eluting biologic technology that we have developed was made to fix. You might be wondering, so how bad is it? Well, how is this for bad company? Breast reconstruction ranks among the riskiest procedures in 150,000 times a year. It falls just between major limb amputation and colorectal resection with an ostomy for serious

complications. So it is not really surprising that women when faced with the option for breast reconstruction, 60% of women opt to not have their breast reconstruction.

Friends, this is a market that needs a revolution, and that is exactly what Elutia Inc. is bringing to the table. We have built on our award-winning technology from LU Pro to bring you what is next. NXT 41x is a fully engineered next-generation biological matrix that brings both the handling and the biological remodeling of a biologics matrix. But to that, we have added powerful antibiotics with sustained antibiotic release to prevent infection that is associated with these types of procedures. Our team has been hard at work on this for the past three years. And we are in a position now to where it is actually just around the corner.

So we have been hard at work, leveraging our proven development experience both from a technological standpoint as well as a regulatory standpoint to rapidly gain market access. And so as you guys know, we have submitted and gotten approval for LU Pro, but we have not talked about we spent a tremendous amount of time during those last three years developing and perfecting a great base biological matrix. And our development of that matrix is complete. Our animal data supporting the use of that matrix is complete. We have already held pre-submission meetings with the Food and Drug Administration. And our teams are now preparing submissions for approval.

So we anticipate having the NXT 41 base matrix approved now and launching in 2026. And the antibiotic matrix in 2027. We will obviously be providing more detail on this in the coming months, but I wanted to give you a good sense of not just where we are in the development program, but more importantly, why the NXT 41 program for breast reconstruction has been so high on the development team's priority list for the last three years. With that, I will conclude my comments and turn the call over to Matt who will discuss where we are from a litigation standpoint and then do a financial review.

Matt Steinberg: Thank you, Randy. So first off, the litigation update, which is a new section for our conference calls, but it is not a new situation that we have been working on here. As a little bit of background, this stems from a product recall that we had over four years ago. And it was in a part of the company that we actually sold two years ago. So it really relates to the history of the company as opposed to anything that we are doing right now. But what we have been left with based on that product recall is quite a large number of lawsuits, and many of you are aware of that already.

But we had 110 individual lawsuits that stemmed from this event in the long ago. It has been a really, a substantial weight on the company both from a value point of view and from a personal point of view. I am glad to say that we are now very close to the end of that process. We have made really substantial progress. Recently, and it has been a real focus for a small number of people in the company for some time. So what has happened, we have really started making a concerted effort at least a couple of quarters ago to get these cases behind us to get them all settled.

And just in the last quarter, we settled 27 of these cases. And, cumulatively, now we have settled 97 out of that original 110 and with the remaining 13 cases, they on any individual basis, they should actually be easier to settle than much of what we have had to deal with over the last few years and even in the last quarter. No single trial attorney is handling more than three of those. So in a lot of ways, that actually makes it a little bit easier for us to deal with them one by one. The implications of this for the company are there are two big ones.

One is that it substantially reduces the expense that we incur going forward. And then the other one is that it really removes an overhang that made it very difficult. We have been talking to other companies about any kind of strategic transaction and I think we have really addressed their concerns now and like I said, I think we are very close to putting this entirely behind us. So with that,

I will move on to the financial update. And there, it really integrates very directly with everything that Randy talked about.

I will not go through all of the bullet points on this page, but just hitting a few highlights really at the top of the list is the performance of LU Pro. We saw 49% growth on a sequential basis for LU Pro from Q1 of this year to Q2 of this year. That drove really substantial growth even in the overall bioenvelope business even though a lot a fair amount of that business is still Kangaroo. So saw $3.5 million in sales in the bio envelope business versus $2.6 million from a year ago.

And as Randy indicated, we expect that growth to continue, we expect more and more accounts convert over to LU Pro and to bring on new accounts based on having this really exciting product in our portfolio right now. Just touching briefly on our other two main product areas. In the cardiovascular patch products. We took control back of those products from an exclusive distributor last quarter in Q2. We only have them for a portion of the quarter. But even just in that portion of the quarter, we were able to generate over $700,000 of revenue from those products, and that is more than double what we were able to do through the distributor just the quarter before.

And we expect to also see continued growth there. And then for SimpliDerm, which is a product with a lot of opportunity, we did not do as well last quarter. And we generated $2 million of revenue there. Versus what we had done previously, which was higher. I do believe that there are multiple ways that we can generate value from that franchise whether it is by driving additional sales or by partnering with another company in order to bring value to our shareholders. So overall, those three things add up to sales of $6.3 million for the quarter. Which we expect to see growing going forward. That was essentially comparable to what we did in the year-ago quarter.

The other areas I would like to touch on are gross margin, where we are seeing really nice efficiency

in terms of our operations, and we saw a substantial improvement in our adjusted gross margin reaching 62.4% for Q2, up about four full percentage points or more than four full percentage points from a year ago. And we are seeing that largely based on the efficiency that we are getting in the bioenvelope business, as we start to scale that up a little bit more. And then also with the really high margins that we generate in cardiovascular, those gross margins are actually over 80% for that business.

And that does a nice job of dropping money towards our bottom line. So on a bottom line basis, there are different ways of looking at it, whether it is an operating or a net or an EBITDA basis. Really, I think the most instructive metric is adjusted EBITDA here, which takes out the nonrecurring and noncash expenses. There, we had a $3.8 million loss for the quarter. But when I think about that for where the company is with the really high growth top line franchise in the form of LU Pro, and then also with the product development investments that we have been making, which are going to yield really exciting results in the near future.

I am actually really pleased with the efficiency that we are seeing there. And the ability to move this company towards profitability. And then lastly, I just mentioned that we ended Q2 with $8.5 million of cash and I think the important thing to mention there is that we do have a number of business development transactions that we are evaluating, and we will not say too much more about that here, but we do expect to be able to say more in the very near future. And we do expect those to have an impact in a very positive way on our cash position. With that, I will turn it back to Randy.

Randy Mills: Thank you, Matt. Okay. So let's just conclude the call here. With providing you some guidance and clarity on where it is, we are going as a company. It is probably not going to come as a surprise to anyone to find out that a lot of our focus is dedicated exactly where it should be to LU Pro. LU Pro is now at the stage where it is about scaling. We know exactly how to grow revenue in

LU Pro. It is simply to get more VACs on contract. So we are going to continue to scale revenue in LU Pro by expanding the number of VACs and GPO coverage that we have.

We are going to be leveraging both the momentum that we have developed with our own direct sales channel as well as our partners at Boston Scientific to help drive this process. And those two things really should not come as a surprise to anyone. Third, we are going to continue to increase the production capacity and continue to lower COGS. We have already seen a tremendous job being done in our gross margin by our operations team. And as we like to say, that product does not make itself. The team in Georgia does a phenomenal job, growing with this product and continuing to meet product orders, and we are incredibly proud of the work that they do.

So you can expect to see more of that going on. Fourth, you have heard about it now. Our NXT 41 platform is now just about here. It is proven technology, drug-eluting biologics technology, through a proven regulatory pathway going into a much bigger market with a much bigger unmet medical need. And we are really excited to not just bring that to market from a business standpoint, but also, you know, when you are in this business, being able to develop a product like that for people and for an indication where there is such an outstanding medical need. We are not only excited, but we are passionately pursuing that and driving that forward at full speed.

And then lastly, as Matt said and as I said at the beginning of my conference, we are working on a number of strategic opportunities and expect to drive one or more of those to conclusion in the relatively near future. And we will have more on that when developments warrant. With that, I will conclude my comments. And turn the call over to the operator for your questions.

Operator: Thank you. Our first question is from Frank Takkinen with Lake Street Capital Markets. Please proceed.

Frank Takkinen: Thanks for taking the questions and congrats on all of the exciting progress. Wanted to start first with one on LU Pro. Obviously, you have had very strong market receptivity. And just curious when obviously, when a product is launching as quickly and successfully as LU Pro has, there are always bottlenecks along the way. So just curious what those bottlenecks are, whether that is still VACs and just the broad there and the variability of timing, inventory, or anything like that and anything you need to address to continue this growth trajectory?

Randy Mills: Yeah. Thanks, Frank. So bottlenecks, I would say, at first, the commercial team really did give the operations team a run for their money. There were some people sweating being able to keep up with production as we first got that started. But they have done that. They have really mastered that. You are starting to see that efficiency show up in the gross margin. We, you know, we do not like any good company, we do not like to build crazy amounts of inventory. But we have the inventory in place there. To be able to have 100% service level. That is our goal. Deliver exactly what the customer wants, exactly when the customer expects to receive it.

And they have done a great job there. I wish it were more exciting and then and maybe I do not wish it was more exciting. Than the opportunity that we see. But really, it is about scaling VACs. The ordering is now so predictable. When we turn a hospital on, they order, and they are ordering at this really significant rate over when, you know, over what they were ordering Kangaroo at, a good account for us. We expect actually just an average account for us to do about $100,000 a year. So those accounts are just scaling. So as we get through the VAC process, revenue scales.

So I do not know if you call it a bottleneck or just the work we have to do, but we have 160 VACs through approval right now. It is kind of interesting it lines up. We have 1,600 centers that we are targeting, in total. It takes us on average about six months to do that. We always keep a really

strong number of those accounts in the pipeline. Like I said, I think right now, we happen to have 90. It is actually, we had a lot pull through, but we add new filings every day, and our partners at Boston Scientific are being tremendously helpful in opening up those new doors.

They certainly have accounts that they have a high interest and high need in. So it is not really much of a mystery anymore what drives the revenue. With LU Pro, it really is if we get through the VACs, we are seeing the ordering just scale.

Frank Takkinen: Great. That is good color. Maybe one on the NXT 41. Exciting to hear that advancing along. First, maybe just a little clarification and help us understand kind of the two-step process. I think we read in the press release that the first one is expected in 2026 and then the drug-eluting version in 2027. So some additional background there would be interesting to understand. And then just clarification, is there any linkage to 41 to SimpliDerm? As you think about business development activity?

Randy Mills: Sure. So the first centers around regulatory strategy. Right? So in and you know Dr. Williams, she does not just deliver great science. She also knows that the product will not help people until it can get through the FDA. And we are taking, what you might call a conservative or a derisked approach by uncoupling the regulatory clearances of first the matrix by itself, and then the matrix with the antibiotic attached to it. And so, the first approval that you will see is the matrix by itself. This is not a derivative of SimpliDerm. This is a brand new matrix for a lot of different reasons. We went with what we call a fully engineered matrix.

And so, this is a it starts with a porcine extracellular matrix base that we treat with a number of different procedures that chemical and enzymatic that Michelle and her team have developed. We optimized it not just for handling, but we also it for incorporation. And because this is an engineered

matrix, what we were looking to do there, Frank, was one of the knocks on sort of biologics and particularly human tissue that is used in is the donor to donor variability. And we wanted to take that out.

We wanted to make a base matrix where the physician would say, I know exactly how this thing is going to perform, and I know this base matrix is engineered in such a way to where it is going to incorporate biologically in an absolutely optimal state. And so that is what we did with that base matrix. And so that will you will see that come on the market in 2026 now. And then, shortly after that, the antibiotic delivery version attached and that we have been able to develop really, we think the expertise from the process with LU Pro and drug what the FDA wants to see from a drug-eluting standpoint. We are using the same drugs.

Different delivery system, but we really actually love rifampin and minocycline in this space. We will have more to talk about that, but we actually have some really powerful, not just antimicrobial effects, but actually pro-regenerative effects that we have been able to prove out in the lab with that. So we are really excited about that. And then your second question sort of centered around how this related to SimpliDerm. This is going into the same markets as SimpliDerm is obviously using a biologic mesh in breast reconstruction. But we think really with a second-generation sort of technology. And so what we like about having SimpliDerm is, yeah, we have our key accounts. We have our KOLs established.

These great surgeon relationships. And SimpliDerm is as we say, simply a great product. Physicians love SimpliDerm. We think it is the best biologic on the market today. But ultimately, where we are going is we think that NXT 41 really gives a more complete solution than any human-derived matrix could give.

Frank Takkinen: Perfect. Helpful. And then maybe just one last one and I am guessing you cannot say too much on it. But related to the comments of very soon when we should hear some business development commentary. Would you characterize very soon as weeks? Months or quarters?

Randy Mills: It is nothing is done, Frank, until it is done. And so I would expect it to be in weeks, months, or quarters. In one of those. You know, it is just one of those things. It reminds me of that Billy Crystal line in Princess Bride. You know, you rush miracles, you get lousy miracles. Well, you rush business development, you get lousy business development. And so we have a number of transactions that we are contemplating right now. We would expect at least one of them to come to fruition, but nothing is done until it is done.

So I do not want to really provide any more time frame on that because I do not want to have to negotiate against ourselves with regards to time. And if I set an unrealistic expectation, really, it is only us that would bear the consequence of that.

Frank Takkinen: Perfect. Enough. Thanks for taking the questions.

Matt Steinberg: Thanks, Frank.

Operator: Our next question is from Ross Osborn with Cantor Fitzgerald. Please proceed.

Matt Ferguson: Hey guys, this is Matt Park on for Ross today. I guess just starting with gross margin, I was good step up this quarter with cardiovascular coming back in the mix. As we think about the path forward, how should we frame your ability to not just maintain but potentially expand gross margins from here?

Matt Ferguson: Hey, Matt. It is Matt Ferguson. Good to talk to you again. I think I got your whole question. I know it centered around gross margin and opportunities for growth in the future. And I would say, absolutely, opportunities across really all segments of our business to improve gross margin going forward. Certainly, in the case of LU Pro, we have got a lot of scaling that we are doing. And we will see the benefits of that over time. And I think you will see them as pretty substantial and significant, and they should not take too long. In the case of cardiovascular, that is a little more straightforward.

You know, we are now selling at a higher gross margin. I mentioned that in the prepared remarks that is over 80%. So the more we can grow that business, and I think there is a lot of opportunity there that will contribute positively to the overall gross margin. And in the case of SimpliDerm, you know, there are some things that we can do there to improve efficiency as well. So I think there are opportunities there as well. Probably a little less so than the other two, but substantial nonetheless. Did I get your entire question there, or was there another?

Matt Park: Yep. Yep. That was great. And then, I guess, just moving on to NXT 41x. This may have been answered already on the call, but you kind of just walk us through what level of clinical evidence or study design you believe is needed to support FDA approval for both the base matrix as well as the drug-eluting version?

Randy Mills: Yeah. So we are taking both the base matrix and the antibiotic delivery matrix to the same regulatory platform that we took LU Pro through. And so, from a regulatory standpoint, we will be able to do that with exactly the same playbook that we used for LU Pro. With the exception of there are when you get into surgical meshes for different things, there are different specific requirements for those that the team will be following the well-established standards on.

From a clinical standpoint, one of the reasons that we are staggering the launch of the base matrix is actually so we can go and generate the clinical data not from a regulatory standpoint, but actually from a marketing standpoint. Because we are looking to win this thing not in the short term, but actually in the long term. We think 41x has the opportunity we actually think we will be by far the first antibiotic-eluting matrix to market. But we care about the matrix that it is on. And so, you know, sort of not to pick on overly pick on TYRX, but we were not looking to just rush first with a synthetic or a plastic matrix.

But here, really a proven biologic matrix, which the surgeons have gotten used to and frankly expect and they should expect a great biologics matrix. And then prove that and then add to that, the drug-eluting component. But from a regulatory standpoint, it is actually pretty well, I say pretty straightforward, and I know our regulatory team would laugh at me for that. But a pretty straightforward combination development pathway that involves the Center for Device and Radiologic Health combined with the Center for Drugs. You put all that together and you have the same pathway that we got LU Pro through and we feel pretty confident we will be able to do that expeditiously with 41x.

Matt Park: Got it. That is super helpful. It for me. Congrats on the quarter and thanks for taking the questions.

Matt Ferguson: Thanks so much.

Operator: There are no further questions at this time. This will conclude today's conference. You may disconnect your lines at this time and thank you for your participation. Goodbye.

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