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MIMEDX GROUP ANNOUNCES FIRST QUARTER 2011 RESULTS

MARIETTA, Georgia, April 26, 2011 (PR Newswire) -- MiMedx Group, Inc. (OTCBB: MDXG), an integrated developer, manufacturer and marketer of patent protected biomaterial-based products and bioimplants processed from human amniotic membrane, announced today its results for the three months ended March 31, 2011.

Revenue for the three months ended March 31, 2011, was approximately \$1,044,000, as compared to revenue of \$114,900 recorded for the three months ended March 31, 2010. The Company recorded a net loss of \$3,348,000 or \$.05 per diluted common share for the first quarter compared to a net loss of \$3,142,000 million or \$.05 per diluted common share in 2010, an increase of approximately \$206,000. Included in the results is approximately \$236,000 of one-time acquisition related costs for legal, accounting and audit services. Earnings before interest, taxes, depreciation, amortization and share based compensation (Adjusted EBITDA*) for the first quarter of 2011 were a loss of approximately \$2,318,000 as compared to a loss of \$2,072,000 in the first quarter of 2010. Included in Adjusted EBITDA, were one-time acquisition costs and costs related to investments in animal studies, which are expected to decline later in the year.

Management Commentary

The Company reported that its increase in revenue as compared to 2010 was primarily due to sales from its new amniotic membrane biomaterial platform. MiMedx acquired this third technology platform through the Surgical Biologics acquisition which closed on January 5, 2011.

Parker H. Petit, Chairman and CEO, said "We built good revenue momentum in the first quarter from Surgical Biologics' existing customers and new customers from the MiMedx distribution channels. Revenue exceeded \$1,000,000 for the first quarter and our orders for the month of April will approach \$500,000. This demonstrates very nice momentum for the second quarter."

Petit added "As you will recall, we recently announced the nation-wide launch of EpiFix™, our amniotic tissue specifically processed to offer a wide variety of wound healing and wound care options. We believe wound care represents the greatest revenue opportunity for MiMedx among all of our products and tissues. We expect to generate revenue from our EpiFix™ wound care tissue in the second quarter. In addition, we plan to launch our amniotic tissue solution for certain pain management problems in June."

"During the quarter, our product gross margins were in line with management expectations and are expected to increase significantly as revenue increases and fixed manufacturing overhead, including quality assurance and facilities, is absorbed by increased production rates", said Bill Taylor, President and COO. "We continue to make significant investments in animal studies. We incurred approximately

\$222,000 in expenses during the quarter to support regulatory requirements related primarily to the CollaFix™ family of products as well as to support marketing initiatives that were launched at the American Academy of Orthopaedic Surgeons trade show in February.”

Earnings Call

MiMedx management will host a live broadcast of its second quarter conference call on Tuesday, April 26, 2011, beginning at 10:30 a.m. eastern time. A listen-only simulcast of the MiMedx Group conference call will be available online at the Company’s website at www.mimedx.com or at www.earnings.com. A 30-day online replay will be available approximately one hour following the conclusion of the live broadcast. The replay can also be found on the Company’s website at www.mimedx.com or at www.earnings.com.

About the Company

MiMedx is an integrated developer, manufacturer and marketer of patent protected biomaterial-based products and bioimplants manufactured from human amniotic membrane. The Company has an experienced team poised to capitalize on its science and technology to generate rapid sales growth and profitability. Our mantra is "Repair, don't replace" because our biochemists, engineers, designers and physicians believe it is better to augment repair when possible rather than replace traumatized, but otherwise healthy tissues and structures. Our platform technologies, HydroFix™ and CollaFix™, and our newest platform technology, Purion® developed by our wholly-owned subsidiary, Surgical Biologics, have a vast number of potential applications in treating traumatized tissue and structures and MiMedx is focused on commercializing multiple applications for the Company’s three technology platforms. In parallel, we are seeking strategic relationships, in selective categories, to more rapidly commercialize our technologies.

**Earnings before interest, taxes, depreciation, amortization and share based compensation is a non-GAAP financial measure and should not be considered a replacement for GAAP results. For a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure, see accompanying table to this release.*

Safe Harbor Statement

This press release includes statements that look forward in time or that express management’s beliefs, expectations or hopes. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, the expected decline during the balance of the fiscal year in one-time acquisition costs and expenses related to investments in animal studies, the Company’s revenue expectations for the month of April, the Company’s anticipated revenue opportunity in the wound care market, the timing of revenue from the Company’s EpiFix™ wound care tissue and the anticipated impact of recently hired personnel on the Company’s penetration of the wound care market, the timing of the launch of the Company’s amniotic tissue solution for certain pain management problems, and the expected increase in gross margins. These statements are based on current information and belief, and are not guarantees of future performance. Among the risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements include that the Company may continue to incur acquisition costs and make investments in animal studies during the balance of the year, that the

Company may not achieve the expected revenue for the month of April, that the anticipated revenue opportunity in the wound care market does not materialize or that the timing of revenue from the Company's EpiFix™ tissues in that market is delayed, that the Company's newly hired personnel may not have a material effect on the Company's revenue in the wound care market, that the launch of the Company's amniotic tissue solution for certain pain management problems may be delayed, that the expected increase in gross margins may not materialize, and the risk factors detailed from time to time in the Company's periodic Securities and Exchange Commission filings, including, without limitation, its 10-K filing for the fiscal year ended December 31, 2010. By making these forward-looking statements, the Company does not undertake to update them in any manner except as may be required by the Company's disclosure obligations in filings it makes with the Securities and Exchange Commission under the federal securities laws.

MIMEDX GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2011 (unaudited)	December 31, 2010
Current assets:		
Cash and cash equivalents	\$ 1,020,533	\$ 1,340,922
Accounts receivable, net	503,185	162,376
Inventory	570,643	111,554
Prepaid expenses and other current assets	<u>248,712</u>	<u>90,946</u>
Total current assets	2,343,073	1,705,798
Property and equipment, net of accumulated depreciation of \$1,585,986 and \$1,392,704, respectively	825,569	756,956
Goodwill	4,040,443	857,597
Intangible assets, net of accumulated amortization of \$2,466,583 and \$2,132,606, respectively	16,092,417	3,929,394
Deposits and other long term assets	<u>119,083</u>	<u>102,500</u>
Total assets	<u>\$ 23,420,585</u>	<u>\$ 7,352,245</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$ 1,686,272	\$ 848,285
Line of credit with a related party	800,000	-
Short-term convertible notes, plus accrued interest of \$3,432	-	403,432
Short-term notes payable, plus accrued interest of \$146	205,140	-
Deferred Rent Current	6,620	-
Total current liabilities	<u>2,698,032</u>	<u>1,251,717</u>
Long-term earn-out liability	7,404,700	-
Long-term convertible debt, plus accrued interest of \$11,644	897,061	-
Long-term notes payable, plus accrued interest of \$362	13,769	-
Other long term liabilities	22,285	-
Total liabilities	<u>11,035,847</u>	<u>1,251,717</u>
Commitments and contingency (Note 10)	-	-
Stockholders' equity:		
Preferred stock; \$.001 par value; 5,000,000 shares authorized and 0 shares issued and outstanding	-	-
Common stock; \$.001 par value; 100,000,000 shares authorized; 71,251,349 issued and 71,201,349 outstanding for 2011 and 64,381,910 issued and 64,331,910 outstanding for 2010	71,251	64,382
Additional paid-in capital	67,513,409	57,888,506
Treasury stock (50,000 shares at cost)	(25,000)	(25,000)
Accumulated deficit	<u>(55,174,922)</u>	<u>(51,827,360)</u>
Total stockholders' equity	<u>12,384,738</u>	<u>6,100,528</u>
Total liabilities and stockholders' equity	<u>\$ 23,420,585</u>	<u>\$ 7,352,245</u>

See notes to condensed consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2011	2010
REVENUES:		
Net sales	\$ 1,043,487	\$ 114,855
OPERATING COSTS AND EXPENSES:		
Cost of products sold	658,875	379,588
Research and development expenses	847,903	572,404
Selling, General and Administrative expenses	2,793,055	1,711,438
LOSS FROM OPERATIONS	(3,256,346)	(2,548,575)
OTHER INCOME (EXPENSE), net		
Interest (expense) income, net	(91,216)	(593,510)
LOSS BEFORE INCOME TAXES	(3,347,562)	(3,142,085)
Income taxes	-	-
NET INCOME/(LOSS)	\$ (3,347,562)	\$ (3,142,085)
Net loss per common share		
Basic and diluted	\$ (0.05)	\$ (0.06)
Shares used in computing net loss per common share		
Basic and diluted	70,333,476	51,227,540

See notes to condensed consolidated financial statements

As used herein, "GAAP" refers to generally accepted accounting principles in the United States. We use various numerical measures in conference calls, investor meetings and other forums which are or may be considered "Non-GAAP financial Measures" under Regulation G. We have Provided below for your reference supplemental financial disclosure for these measures, including the most directly comparable GAAP measure and an associated reconciliation.

Reconciliation of Net Loss to "Adjusted EBITDA" defined as Earnings before Interest, Taxes, Depreciation, Amortization and Share Based Compensation:

	Three Months Ended March 31,	
	2011	2010
Net Loss (Per GAAP)	\$ (3,347,562)	\$ (3,142,085)
Add back:		
Income Taxes	-	-
Financing expense associated with warrants issued in connection with convertible promissory note	-	568,636
Financing expense associated with beneficial conversion of note payable issued in conjunction with acquisition	72,918	-
Other interest (exp)/inc., net	15,383	24,884
Depreciation Expense	116,180	110,992
Amortization Expense	333,977	166,983
Employee Share Based Compensation	380,373	189,467
Other Share Based Compensation	107,560	9,667
Earnings Before Interest, Taxes, Depreciation, Amortization and Share Based Compensation	<u>\$ (2,321,171)</u>	<u>\$ (2,071,456)</u>