

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934**

Date of Report (date of earliest event reported): September 30, 2017

**MIMEDX GROUP, INC.**

(Exact name of registrant as specified in charter)

**Florida**

(State or other jurisdiction of incorporation)

**001-35887**

(Commission File Number)

**26-2792552**

(IRS Employer Identification No.)

**1775 West Oak Commons Ct, NE**

**Marietta, GA**

(Address of principal executive offices)

**30062**

(Zip Code)

**(770) 651-9100**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On September 30, 2017, MiMedx Group, Inc., a Florida corporation (the “Company”) completed its previously announced divestiture (the “Divestiture”) of its wholly-owned subsidiary, Stability Biologics, LLC, a Georgia limited liability company (successor-in-interest to Stability Inc., a Florida corporation) (“Stability LLC”), pursuant to the Membership Interest Purchase Agreement (“Agreement”) by and among the Company, Stability LLC, each person that, as of January 13, 2016, was a stockholder (the “Stockholders”) of Stability Inc., a Florida corporation and a predecessor-in-interest to Stability LLC, and Brian Martin, as stockholder representative, the terms of which were previously disclosed in the Current Report on Form 8-K dated August 18, 2017, which disclosure is incorporated herein by reference.

**Item 8.01. Other.**

On October 2, 2017, the Company issued a press release announcing completion of the Divestiture. A copy of the press release is furnished as Exhibit 99.1 and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(b) Pro Forma Financial Information.

The unaudited pro forma financial information of the Company to give effect to the Divestiture is filed as Exhibit 99.2 and is incorporated herein by reference.

(d) Exhibits

**Exhibit No. Description**

- 99.1 [MiMedx Group, Inc. Press Release dated October 2, 2017](#)
- 99.2 [Unaudited Pro Forma Condensed Consolidated Financial Statements](#)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 5, 2017

**MIMEDX GROUP, INC.**

By: /s/ Michael J. Senken  
Michael J. Senken, Chief Financial Officer



**PRESS RELEASE CONTACT:**

**MICHAEL SENKEN**

**PHONE: (770) 651-9100**

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## **MIMEDX COMPLETES DIVESTITURE OF ITS STABILITY BIOLOGICS SUBSIDIARY**

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**Marietta, Georgia**, October 2, 2017, (PR Newswire) -- MiMedx Group, Inc. (NASDAQ: MDXG), the leading biopharmaceutical company developing and marketing regenerative and therapeutic biologics utilizing human placental tissue allografts and patent-protected processes for multiple sectors of healthcare, announced today that it has completed the previously communicated divestiture of the Company's subsidiary, Stability Biologics LLC (f/k/a Stability Inc.), back to the former stockholders of Stability Inc.

The transaction closed on September 30, 2017. In the Company's press release of August 18, 2017, MiMedx reported that the consideration included a promissory note issued by Stability Biologics in the principal amount of \$3.5 million in favor of MiMedx and a waiver by the former stockholders of Stability Inc. of all claims and rights to any Earn-Out consideration. In that release, the Company also reported that it expects to book a one-time gain on this transaction. The amount of the gain will be disclosed in the Company's third quarter of 2017 earnings release.

Parker H. "Pete" Petit, Chairman and CEO, said, "When we signed the definitive agreement for the divestiture, we communicated that if the transaction closed in the third quarter, we would maintain our full year revenue guidance, and even without the Stability Biologics revenue contribution in the fourth quarter, we were confident in our ability to meet our revenue guidance for the year. With the transaction's closing completed within our projected timeline, we remain very confident in that guidance."

Bill Taylor, President and COO, commented, "Our new 'private label' distribution agreement with Stability Biologics whereby we have retained the Stability Biologics key sales relationships for the spine and orthopedics areas of our surgical business, will also be an asset to the Company in our exclusive focus on our biopharma strategy. We are dedicating our efforts to continuing down the Investigational New Drug/Biologics License Application (IND/BLA) regulatory pathways for numerous new therapeutic applications of our human placental-based technology."

## **About MiMedx**

MiMedx® is the leading biopharmaceutical company developing and marketing regenerative and therapeutic biologics utilizing human placental tissue allografts with patent-protected processes for multiple sectors of healthcare. “*Innovations in Regenerative Medicine*” is the framework behind our mission to give physicians products and tissues to help the body heal itself. We process the human placental tissue utilizing our proprietary PURION® Process among other processes, to produce safe and effective allografts. MiMedx proprietary processing methodology employs aseptic processing techniques in addition to terminal sterilization. MiMedx is the leading supplier of placental tissue, having supplied over 1,000,000 allografts to date for application in the Wound Care, Burn, Surgical, Orthopedic, Spine, Sports Medicine, Ophthalmic and Dental sectors of healthcare. For additional information, please visit [www.mimedx.com](http://www.mimedx.com).

## **Important Cautionary Statement**

This press release includes forward-looking statements, including statements regarding the Company’s expectations relative to its revenue guidance for the year and its belief that its distribution agreement with Stability Biologics will be an asset to the Company. These statements also may be identified by words such as “believe,” “except,” “may,” “plan,” “potential,” “will” and similar expressions, and are based on our current beliefs and expectations. Forward-looking statements are subject to significant risks and uncertainties, and we caution investors against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Among the risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements include the risk that the Company is not able to meet its revenue guidance without the revenue contribution of Stability Biologics or for some other reason, and that the distribution agreement with Stability Biologics does not produce the expected key sales relationships. For more detailed information on the risks and uncertainties, please review the Risk Factors section of our most recent annual report or quarterly report filed with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date of this press release and we assume no obligation to update any forward-looking statement.

## **Investor Contact:**

COCKRELL GROUP

Rich Cockrell

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MIMEDX GROUP, INC. AND SUBSIDIARIES  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated balance sheet and statements of operations are based on the historical information of MiMedx Group, Inc. (the “Company”), adjusted to reflect the completion of the divestiture of its wholly-owned subsidiary, Stability Biologics, LLC, (“Stability LLC”) as of September 30, 2017. The unaudited pro forma condensed statements of operations are presented for the year ended December 31, 2016 and the six months ended June 30, 2017.

The unaudited pro forma condensed consolidated balance sheet reflects the transaction as if it had occurred on June 30, 2017, while the unaudited pro forma condensed statements of operations give effect to the sale as if it occurred on January 1, 2016. The pro forma adjustments described in the related notes, are based on available information and certain assumptions that the Company’s management believe are reasonable.

The unaudited pro forma condensed consolidated financial statements are provided as required by the disclosure requirements of SEC Regulation S-X and for informational purposes only and are not necessarily indicative of what the actual results of operations or financial position of the Company would have been if the sale had been completed on the dates indicated above, nor are they indicative of future financial results. The unaudited pro forma condensed consolidated financial statements and the related notes should be read in conjunction with the Company’s audited financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and the Company’s Quarterly Report on Form 10-Q for the six months ended June 30, 2017.

MIMEDX GROUP, INC. AND SUBSIDIARIES  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET  
AS OF JUNE 30, 2017  
(in thousands)

|   | Historical- Pre-<br>Disposition | Pro Forma<br>Adjustments for<br>the Disposition | Notes | Pro Forma As<br>Adjusted for the<br>Disposition |
|---|---------------------------------|---|-------|---|
| <b>ASSETS</b>   |                                 |   |       |   |
| Current assets:   |                                 |   |       |   |
| Cash and cash equivalents                               | \$ 47,533                       | \$ —  |       | \$ 47,533                                       |
| Accounts receivable, net                                | 60,738                          | (2,661)   | (a)   | 58,077  |
| Inventory, net  | 15,033                          | (4,010)   | (a)   | 11,023  |
| Prepaid expenses  | 8,218                           | (55)  | (a)   | 8,163   |
| Other current assets                                    | 1,024                           | —   |       | 1,024   |
| Total current assets                                    | <u>132,546</u>                  | <u>(6,726)</u>                                  |       | <u>125,820</u>                                  |
| Property and equipment, net of accumulated depreciation | 14,419                          | (1,483)   | (a)   | 12,936  |
| Goodwill  | 20,203                          | (251)   | (a)   | 19,952  |
| Intangible assets, net of accumulated amortization      | 22,289                          | (11,381)  | (a)   | 10,908  |
| Deferred tax asset, net                                 | 10,144                          | 3,832   | (g)   | 13,976  |
| Deferred financing costs and other assets               | 264                             | 3,110   | (b)   | 3,374   |
| Total assets  | <u>\$ 199,865</u>               | <u>\$ (12,899)</u>                              |       | <u>\$ 186,966</u>                               |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>             |                                 |   |       |   |
| Current liabilities:                                    |                                 |   |       |   |
| Accounts payable  | \$ 11,504                       | \$ (3,419)                                      | (a)   | \$ 8,085  |
| Accrued compensation                                    | 14,719                          | (112)   | (a)   | 14,607  |
| Accrued expenses  | 7,986                           | (11)  | (a)   | 7,975   |
| Current portion of earn out liability                   | 17,574                          | (17,574)  | (c)   | —   |
| Income taxes  | (822)                           | (2,786)   | (g)   | (3,608)   |
| Other current liabilities                               | 550                             | (53)  | (a)   | 497   |
| Total current liabilities                               | <u>51,511</u>                   | <u>(23,955)</u>                                 |       | <u>27,556</u>                                   |
| Earn out liability                                      |                                 |   |       | —   |
| Other liabilities                                       | 1,084                           | —   |       | 1,084   |
| Total liabilities                                       | <u>52,595</u>                   | <u>(23,955)</u>                                 |       | <u>28,640</u>                                   |
| Commitments and contingencies                           |                                 |   |       |   |
| Stockholders' equity:                                   |                                 |   |       |   |
| Common stock  | 112                             | —   |       | 112   |
| Additional paid-in capital                              | 161,883                         | —   |       | 161,883   |
| Treasury stock  | (966)                           | —   |       | (966)   |
| Accumulated deficit                                     | (13,759)                        | 11,056  | (d)   | (2,703)   |
| Total stockholders' equity                              | <u>147,270</u>                  | <u>11,056</u>                                   |       | <u>158,326</u>                                  |
| Total liabilities and stockholders' equity              | <u>\$ 199,865</u>               | <u>\$ (12,899)</u>                              |       | <u>\$ 186,966</u>                               |

See notes to condensed consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2017  
 (in thousands, except share and per share data)

|   | Historical- Pre-<br>Disposition | Pro Forma<br>Adjustments<br>for the<br>disposition | Notes | Pro Forma As<br>Adjusted for<br>the Disposition |
|---|---------------------------------|--|-------|---|
| Net sales                                     | \$ 149,019                      | \$ (3,670)   | (e)   | \$ 145,349                                      |
| Cost of sales                                 | 17,374                          | (2,609)  | (e)   | 14,765  |
| Gross margin                                  | 131,645                         | (1,061)  |       | 130,584   |
| Operating expenses:                           |                                 |  |       |   |
| Research and development expenses             | 8,949                           | (311)  | (e)   | 8,638   |
| Selling, general and administrative expenses  | 108,265                         | (2,827)  | (e)   | 105,438   |
| Amortization of intangible assets             | 1,033                           | (603)  | (e)   | 430   |
| Operating income                              | 13,398                          | 2,680  |       | 16,078  |
| Other expense, net                            |                                 |  |       |   |
| Interest expense, net                         | (294)                           | 211  | (f)   | (83)  |
| Income before income tax provision            | 13,104                          | 2,891  |       | 15,995  |
| Income tax (provision) benefit                | (708)                           | (1,021)  | (g)   | (1,729)   |
| Net income                                    | <u>\$ 12,396</u>                | <u>\$ 1,870</u>                                    |       | <u>\$ 14,266</u>                                |
| Net income per common share - basic           | <u>\$ 0.12</u>                  | <u>\$ 0.01</u>                                     |       | <u>\$ 0.13</u>                                  |
| Net income per common share - diluted         | <u>\$ 0.11</u>                  | <u>\$ 0.01</u>                                     |       | <u>\$ 0.12</u>                                  |
| Weighted average shares outstanding - basic   | <u>106,254,433</u>              | <u>106,254,433</u>                                 |       | <u>106,254,433</u>                              |
| Weighted average shares outstanding - diluted | <u>115,856,317</u>              | <u>115,856,317</u>                                 |       | <u>115,856,317</u>                              |

See notes to condensed consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (in thousands, except share and per share data)

|   | Historical- Pre-<br>Disposition | Pro Forma<br>Adjustments for<br>the disposition | Notes | Pro Forma As<br>Adjusted for the<br>Disposition |
|---|---------------------------------|---|-------|---|
| Net sales                                     | \$ 245,015                      | \$ (10,022)                                     | (e)   | \$ 234,993                                      |
| Cost of sales                                 | 32,407                          | (8,846)   | (e)   | 23,561  |
| Gross margin                                  | 212,608                         | (1,176)   |       | 211,432   |
| Operating expenses:                           |                                 |   |       |   |
| Research and development expenses             | 12,038                          | (492)   | (e)   | 11,546  |
| Selling, general and administrative expenses  | 179,997                         | (7,540)   | (e)   | 172,457   |
| Amortization of intangible assets             | 2,127                           | (1,176)   | (e)   | 951   |
| Operating income                              | 18,446                          | 8,032   |       | 26,478  |
| Other expense, net                            |                                 |   |       |   |
| Interest expense, net                         | (339)                           | 158   | (f)   | (181)   |
| Income before income tax provision            | 18,107                          | 8,190   |       | 26,297  |
| Income tax (provision) benefit                | (6,133)                         | (2,949)   | (h)   | (9,082)   |
| Net income                                    | \$ 11,974                       | \$ 5,241  |       | \$ 17,215                                       |
| Net income per common share - basic           | \$ 0.11                         | \$ 0.05   |       | \$ 0.16   |
| Net income per common share - diluted         | \$ 0.11                         | \$ 0.04   |       | \$ 0.15   |
| Weighted average shares outstanding - basic   | 105,928,348                     | 105,928,348                                     |       | 105,928,348                                     |
| Weighted average shares outstanding - diluted | 112,441,709                     | 112,441,709                                     |       | 112,441,709                                     |

See notes to condensed consolidated financial statements



MIMEDX GROUP, INC. AND SUBSIDIARIES  
Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

- (a) Represents the pro forma adjustments to eliminate assets and liabilities related to the disposition.
- (b) Represents the fair value of the note receivable received at closing.
- (c) Represents earn out consideration related to the disposition that was eliminated.
- (d) Represents the estimated gain on the disposition.
- (e) Represents the elimination of revenue, cost of goods sold, income and expenses related to the disposition.
- (f) Represents the net impact of interest income earned on the note receivable and the elimination of interest accretion on the earn out.
- (g) The income tax impact has been calculated using a projected annual effective tax rate of 35.3%. Compensation related discrete items have been attributed as applicable.
- (h) The income tax impact has been calculated using a combined effective rate of 33.9%. Permanent book/tax differences and deferred tax movement have been specifically attributed where applicable.