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

# FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2014

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to_____

**Commission file number 0-52491**

# MIMEDX GROUP, INC.

(Exact name of registrant as specified in its charter)

| **Florida** | **26-2792552** |
|---|---|
| (State or other jurisdiction of incorporation) | (I.R.S. Employer Identification Number) |
| **1775 West Oak Commons Ct NE**<br>**Marietta, GA** | **30062** |
| (Address of principal executive offices) | (Zip Code) |

**(770) 651-9100**
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| Large accelerated filer ☐ | Accelerated filer x | Non-accelerated filer ☐ (Do not check if a smaller reporting company) | Smaller reporting company ☐ |
|---|---|---|---|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No x

As of April 17, 2014, there were 105,916,469 shares outstanding of the registrant's common stock.

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**Forward-Looking Statements**

This Form 10-Q and certain information incorporated herein by reference contain forward-looking statements and information within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of our products by the market, and management's plans and objectives. In addition, certain statements included in this and our future filings with the Securities and Exchange Commission ("SEC"), in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as "may," "could," "should," "would," "believe," "expect," "expectation," "anticipate," "estimate," "intend," "seeks," "plan," "project," "continue," "predict," "will," "should," and other words or expressions of similar meaning are intended by us to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Forward-looking statements include, but are not limited to, the following:

- the advantages of our products;
- our ability to develop future products;
- our belief regarding the growth of our direct sales force resulting in increased revenues;
- expectations regarding government and other third-party reimbursement for our products;
- our beliefs regarding our relationships with our two largest distributors;
- expectations regarding future revenue growth;
- our ability to procure sufficient quantities of donated placentas for our products and future products;
- market opportunities for our products and future products;
- prospects for obtaining additional patents covering our proprietary technology; and
- our ability to compete effectively.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in Part I, Item 1A, "Risk Factors," below and in our most recent Annual Report on Form 10-K, as well as other reports we file with the SEC. Except as expressly required by the federal securities laws, we undertake no obligation to update any such factors, or to publicly announce the results of, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

As used herein, the terms "MiMedx," "the Company," "we," "our" and "us" refer to MiMedx Group, Inc., a Florida corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only MiMedx Group, Inc.

Part I - FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements

MIMEDX GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| | March 31, 2014 (unaudited) | December 31, 2013 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 43,019,559 | $ 44,077,751 |
| Accounts receivable, net | 18,966,543 | 16,092,836 |
| Inventory, net | 3,639,094 | 3,880,776 |
| Prepaid expenses and other current assets | 2,278,996 | 1,337,408 |
| Total current assets | 67,904,192 | 65,388,771 |
| Property and equipment, net of accumulated depreciation | 4,288,743 | 4,086,106 |
| Goodwill | 4,040,443 | 4,040,443 |
| Intangible assets, net of accumulated amortization | 11,115,188 | 11,178,573 |
| Total assets | $ 87,348,566 | $ 84,693,893 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 2,618,753 | $ 2,490,531 |
| Accrued compensation | 5,413,595 | 5,588,811 |
| Accrued expenses | 1,369,048 | 1,405,974 |
| Other current liabilities | 192,522 | 122,551 |
| Total current liabilities | 9,593,918 | 9,607,867 |
| Other liabilities | 1,516,464 | 1,517,956 |
| Total liabilities | 11,110,382 | 11,125,823 |
| Commitments and contingencies (Note 12) | — | — |
| Stockholders' equity: | | |
| Preferred stock; $.001 par value; 5,000,000 shares authorized and 0 shares issued and outstanding | — | — |
| Common stock; $.001 par value; 130,000,000 shares authorized; 105,843,137 issued and 105,793,137 outstanding as of March 31, 2014 and 104,425,614 issued and 104,375,614 outstanding as of December 31,2013 | 105,843 | 104,426 |
| Additional paid-in capital | 150,874,988 | 147,284,219 |
| Treasury stock (50,000 shares at cost) | (25,000) | (25,000) |
| Accumulated deficit | (74,717,647) | (73,795,575) |
| Total stockholders' equity | 76,238,184 | 73,568,070 |
| Total liabilities and stockholders' equity | $ 87,348,566 | $ 84,693,893 |

See notes to condensed consolidated financial statements

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Net sales | $ 19,559,188 | $ 11,556,493 |
| Cost of sales | 2,977,275 | 1,905,020 |
| Gross margin | 16,581,913 | 9,651,473 |
| | | |
| Operating expenses: | | |
| Research and development expenses | 1,390,044 | 1,246,757 |
| Selling, general and administrative expenses | 15,851,553 | 8,369,010 |
| Amortization of intangible assets | 231,331 | 262,596 |
| | | |
| Operating income (loss) | (891,015) | (226,890) |
| | | |
| Other income (expense), net | | |
| Amortization of debt discount | — | (1,328,439) |
| Interest expense, net | (21,024) | (14,804) |
| | | |
| Income (loss) before income tax provision | (912,039) | (1,570,133) |
| Income tax provision | (10,033) | (50,275) |
| | | |
| Net income (loss) | $ (922,072) | $ (1,620,408) |
| | | |
| Net income (loss) per common share - basic and diluted | $ (0.01) | $ (0.02) |
| | | |
| Weighted average shares outstanding - basic and diluted | 105,358,694 | 93,128,466 |

See notes to condensed consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Three Months Ended March 31, 2014
(unaudited)

| | Convertible Preferred Stock Series A | | Common Stock | | Additional Paid-in Capital | Treasury Stock | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balance December 31, 2013 | — | $ — | 104,425,614 | $ 104,426 | $ 147,284,219 | $ (25,000) | $ (73,795,575) | $ 73,568,070 |
| Share-based compensation expense | — | — | — | — | 2,372,364 | — | — | 2,372,364 |
| Exercise of stock options | — | — | 317,193 | 317 | 444,755 | — | — | 445,072 |
| Exercise of warrants | — | — | 1,017,000 | 1,017 | 773,733 | — | — | 774,750 |
| Issuance of restricted stock | — | — | 83,330 | 83 | (83) | — | — | — |
| Net income (loss) | — | — | — | — | — | — | (922,072) | (922,072) |
| Balance March 31, 2014 | — | $ — | 105,843,137 | $ 105,843 | $ 150,874,988 | $ (25,000) | $ (74,717,647) | $ 76,238,184 |

See notes to condensed consolidated financial statements

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Cash flows from operating activities: | | |
| Net income (loss) | $ (922,072) | $ (1,620,408) |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation | 263,131 | 98,751 |
| Amortization of intangible assets | 231,331 | 262,596 |
| Amortization of debt discount and deferred financing costs | — | 1,328,439 |
| Share-based compensation | 2,372,364 | 984,792 |
| Increase (decrease) in cash resulting from changes in: | | |
| Accounts receivable | (2,873,707) | (2,167,942) |
| Inventory | 241,682 | (933,555) |
| Prepaid expenses and other current assets | (941,588) | (555,692) |
| Other assets | — | (249,545) |
| Accounts payable | 128,222 | (194,977) |
| Accrued compensation | (175,216) | 765,532 |
| Accrued expenses | (36,926) | 236,788 |
| Accrued interest | — | (41,641) |
| Other liabilities | 101,808 | (11,324) |
| Net cash flows from operating activities | (1,610,971) | (2,098,186) |
| | | |
| Cash flows from investing activities: | | |
| Purchases of equipment | (465,768) | (73,534) |
| Patent application costs | (167,946) | — |
| Net cash flows from investing activities | (633,714) | (73,534) |
| | | |
| Cash flows from financing activities: | | |
| Proceeds from exercise of warrants | 774,750 | 924,624 |
| Proceeds from exercise of stock options | 445,072 | 232,531 |
| Principal payments of equipment leases | (33,329) | (14,813) |
| Net cash flows from financing activities | 1,186,493 | 1,142,342 |
| | | |
| Net change in cash | (1,058,192) | (1,029,378) |
| | | |
| Cash and cash equivalents, beginning of period | 44,077,751 | 6,754,485 |
| Cash and cash equivalents, end of period | $ 43,019,559 | $ 5,725,107 |

See notes to condensed consolidated financial statements

## 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulations S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Updates ("ASU'') to the FASB's Accounting Standards Codification ("ASC"). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results of operations for the periods presented have been included. Operating results for the three months ended March 31, 2014 and 2013, are not necessarily indicative of the results that may be expected for the fiscal year. The balance sheet at December 31, 2013, has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

You should read these condensed consolidated financial statements together with the historical consolidated financial statements of the Company for the year ended December 31, 2013, included in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission ("SEC") on March 4, 2014.

The Company operates in one business segment, Regenerative Biomaterials, which includes the design, manufacture, and marketing of products and tissue processing services for the Wound Care, Surgical, Sports Medicine, Ophthalmic and Dental market categories. Our biomaterial platform technologies include tissue technologies, AmnioFix® and EpiFix®, and device technology, CollaFix™.

## 2. Significant Accounting Policies

Please see Note 2 to our Consolidated Financial Statements included in the Company's Form 10-K for the fiscal year ended December 31, 2013, for a description of all significant accounting policies.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Accounts Receivable***

Accounts receivable represent amounts due from customers for which revenue has been recognized. Generally, the Company does not require collateral or any other security to support its receivables.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing receivables. The Company determines the allowance based on factors such as historical collection experience, customers' current creditworthiness, customer concentrations, age of accounts receivable balance and general economic conditions that may affect the customers' ability to pay.

***Inventories***

Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of market value. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based on estimates about future demand. The excess balance determined by this analysis becomes the basis for our excess inventory charge. Our excess inventory review process includes analysis of sales forecasts, managing product rollovers and working with operations to maximize recovery of excess inventory.

***Revenue Recognition***

The Company sells its products through a combination of a direct sales force and independent stocking distributors and representatives in the U.S. and independent distributors in international markets. The Company recognizes revenue when title to the goods transfers to customers, provided there are no material remaining performance obligations required of the Company or any matters of customer acceptance. In cases where the Company utilizes distributors or ships product directly to the end user, it recognizes revenue upon shipment provided all revenue recognition criteria have been met. A portion of the Company's revenue is generated from inventory maintained at hospitals or with the field representatives. For these products, revenue is recognized at the time the product has been used or implanted. The Company records estimated sales returns, discounts and allowances as a reduction of net sales in the same period revenue is recognized.

***Patent Costs***

The Company incurs certain legal and related costs in connection with patent applications for tissue based products and processes. The Company capitalizes such costs to be amortized over the expected life of the patent to the extent that an economic benefit is anticipated from the resulting patent or alternative future use is available to the Company. The Company capitalized approximately $168,000 of patent costs during the first three months of 2014. There were not any patent costs capitalized for the three months ended March 31, 2013.

***Recent Accounting Pronouncements***

The Company considers the applicability and impact of all ASUs. For the three months ended March 31, 2014, and through the date of this report, all ASUs issued, effective and not yet effective, were assessed and determined to be either not applicable or are expected to have minimal impact on our financial position or results of operations.

**3. Liquidity and Management's Plans**

As of March 31, 2014, the Company had approximately $43,020,000 of cash and cash equivalents. The Company reported total current assets of approximately $67,904,000 and current liabilities of approximately $9,594,000 as of March 31, 2014. The Company believes that its anticipated cash from operating and financing activities, existing cash and cash equivalents, as well as its $3 million line of credit will enable the Company to meet its operational liquidity needs and fund its planned investing activities for the next twelve months.

**4. Inventories**

Inventories consisted of the following items as of March 31, 2014, and December 31, 2013:

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| Raw materials | $ 222,108 | $ 202,414 |
| Work in process | 2,706,963 | 2,951,704 |
| Finished goods | 1,033,432 | 1,048,886 |
| | 3,962,503 | 4,203,004 |
| Reserve for obsolescence | (323,409) | (322,228) |
| Inventory, net | $ 3,639,094 | $ 3,880,776 |

**5. Property and Equipment**

Property and equipment consist of the following as of March 31, 2014, and December 31, 2013:

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| Leasehold improvements | $ 2,400,837 | $ 2,319,928 |
| Lab and clean room equipment | 2,632,088 | 2,025,263 |
| Furniture and office equipment | 1,570,092 | 1,240,466 |
| Construction in progress | 250,727 | 802,319 |
| | 6,853,744 | 6,387,976 |
| Less accumulated depreciation | (2,565,001) | (2,301,870) |
| | $ 4,288,743 | $ 4,086,106 |

Included in property and equipment is approximately $427,000 of equipment covered under capital leases. The corresponding liability is included in other liabilities in the accompanying condensed consolidated balance sheets. Interest rates for these leases range from approximately 3% to 12% with maturity dates from September 2016 to January 2018.

Also included is approximately $1.0 million in leasehold improvements paid for by the landlord of our new facility with a corresponding liability included in other liabilities which is amortized over the term of the lease.

Depreciation expense for the three months ended March 31, 2014 and 2013 was approximately $263,000 and $99,000, respectively.

**6. Intangible Assets and Royalty Agreement**

Intangible assets are summarized as follows:

| | | March 31, 2014 | December 31, 2013 |
|---|---|---|---|
| | Weighted Average Amortization Lives | Cost | Cost |
| Licenses (a) (b) | 10 years | $ 1,009,000 | $ 1,009,000 |
| Patents & Know How (b) | 14 years | 7,855,825 | 7,798,910 |
| Customer & Supplier Relationships (b) | 14 years | 3,761,000 | 3,761,000 |
| Tradenames & Trademarks (b) | indefinite | 1,008,000 | 1,008,000 |
| In Process Research & Development (b) | indefinite | 25,000 | 25,000 |
| Patents in Process (c) | indefinite | 691,018 | 579,987 |
| Total | | 14,349,843 | 14,181,897 |
| Less Accumulated amortization and impairment charges | | (3,234,655) | (3,003,324) |
| Net | | $ 11,115,188 | $ 11,178,573 |

(a) On January 29, 2007, the Company acquired a license from Shriners Hospitals for Children and University of South Florida Research Foundation, Inc. in the amount of $996,000. Within 30 days after the receipt by the Company of approval by the FDA allowing the sale of the first licensed product, the Company is required to pay an additional $200,000 to the licensor. Due to its contingent nature, this amount is not recorded as a liability. The Company will also be required to pay a royalty of 3% on all commercial sales revenue from the licensed products. The Company is also obligated to pay a $50,000 minimum annual royalty payment over the life of the license. As of March 31, 2014, this license had a remaining net book value of approximately $284,000

(b) On January 5, 2011, the Company acquired Surgical Biologics, LLC. As a result, the Company recorded intangible assets for Customer & Supplier Relationships of $3,761,000, Patents & Know-How of $7,690,000, Licenses of $13,000, Trade Names & Trademarks of $1,008,000 and In-Process Research & Development of $25,000. For the three months ended March 31, 2014 an additional $56,915 of costs associated with patents granted during the period were capitalized and included in Patents & Know- How subject to amortization.

(c) Patents in Process consist of capitalized external legal and other registration costs in connection with internally developed tissue-based patents that are pending. Once issued, the costs associated with a given patent will be included in Patents & Know-How under intangible assets subject to amortization.

Amortization expense for the three months ended March 31, 2014 and 2013 was approximately $231,000, and $263,000, respectively.

Expected future amortization of intangible assets as of March 31, 2014, is as follows:

| Year ending December 31, | Estimated Amortization Expense |
|---|---|
| 2014 (a) | $ 695,462 |
| 2015 | 927,283 |
| 2016 | 927,283 |
| 2017 | 837,650 |
| 2018 | 827,683 |
| Thereafter | 5,891,827 |
| | $ 10,107,188 |

(a) Estimated amortization expense for the year ending December 31, 2014 includes only amortization to be recorded after March 31, 2014.

**7. Line of Credit**

On May 17, 2013, the Company and Bank of America, N.A. (the “Lender”) entered into a Loan Agreement (the “Loan Agreement”). The Loan Agreement provides the Company with a secured revolving line of credit (the “Revolving Line of Credit”) of up to $3,000,000, and includes a sub-limit of up to $1,000,000 for the issuance of letters of credit. The Revolving Line of Credit is secured by the Company's accounts receivable and inventory. The Company intends to utilize the Revolving Line of Credit for general corporate purposes. As of the date of this filing, the Company has not made any draws under the Revolving Line of Credit.

Accrued interest with respect to principal amounts outstanding under the Loan Agreement is payable in arrears on a monthly basis calculated at the rate of LIBOR plus two percent (2%). The principal amount outstanding under the Loan Agreement and any accrued and unpaid interest is due no later than May 1, 2014, and the Revolving Line of Credit is subject to certain prepayment penalties upon early termination of the Revolving Line of Credit. The Loan Agreement is subject to renewal by the Lender at the end of the term.

The Loan Agreement contains covenants that limit, under certain circumstances, the ability of the Company to, among other things, merge with or acquire other entities, incur new liens, incur additional indebtedness, sell assets outside of the ordinary course of business, make loans, advances or other extensions of credit or engage in any business activities substantially different from the Company's present business without the Lender's consent. The Loan Agreement also requires the Company to maintain certain financial covenants, including a minimum funded debt to adjusted EBITDA ratio and a minimum fixed charge coverage ratio. Management is not aware of any violations of these covenants.

***8.*** **Net Income (loss) Per Share**

Basic net income (loss) per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is computed using the weighted-average number of common and dilutive common equivalent shares from stock options, warrants and convertible debt using the treasury stock method. For all periods presented, diluted net loss per share is the same as basic net loss per share, as the inclusion of equivalent shares from outstanding common stock options, warrants and convertible debt would be anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share:

| | Three months ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Net income (loss) | $ (922,072) | $ (1,620,408) |
| Denominator for basic earnings per share - weighted average shares | 105,358,694 | 93,128,466 |
| Effect of dilutive securities: Stock options and warrants outstanding and convertible debt (a) | — | — |
| Denominator for diluted earnings per share - weighted average shares adjusted for dilutive securities | 105,358,694 | 93,128,466 |
| Income (loss) per common share - basic and diluted | $ (0.01) | $ (0.02) |

(a) Securities outstanding that were excluded from the computation, prior to the use of the treasury stock method, because they would have been anti-dilutive are as follows:

| | Three months ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Outstanding Stock Options | 17,142,303 | 16,022,703 |
| Outstanding Warrants | 267,816 | 2,344,002 |
| Restricted Stock Awards | 942,084 | 257,500 |
| | 18,352,203 | 18,624,205 |

## 9. Equity

***Stock Incentive Plans***

The Company has three share-based compensation plans: the MiMedx Group, Inc. Assumed 2006 Stock Incentive Plan (the “2006 Plan”), the MiMedx Inc. 2007 Assumed Stock Plan (the “Assumed 2007 Plan”) and the MiMedx Group Inc. Amended and Restated Assumed 2005 Stock Plan (the “Assumed 2005 Plan”) which provide for the granting of qualified incentive and non-qualified stock options, stock appreciation awards and restricted stock awards to employees, directors, consultants and advisors. The awards are subject to a vesting schedule as set forth in each individual agreement. The Company intends to use only the 2006 Plan to make future grants. The number of assumed options under the Assumed 2005 Plan and Assumed 2007 Plan outstanding at March 31, 2014, totaled 375,000. On February 25, 2014, the Board of Directors approved 4,000,000 additional shares to be made available under the 2006 Plan, bringing the maximum number of shares of common stock which can be issued under the 2006 Plan to 26,500,000 at March 31, 2014, subject to the ratification and approval by the Company's stockholders.

Activity with respect to the stock options is summarized as follows:

| | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 1, 2014 | 15,375,960 | $ 2.46 | | |
| Granted | 2,094,369 | 7.29 | | |
| Exercised | (317,193) | 1.42 | | |
| Unvested options forfeited | (10,833) | 1.24 | | |
| Vested options expired | — | — | | |
| Outstanding at March 31, 2014 | 17,142,303 | 3.07 | 7.8 | $ 55,171,947 |
| Vested at March 31, 2014 | 8,777,850 | 1.69 | 6.8 | 38,950,079 |
| Vested or expected to vest at March 31, 2014 (a) | 16,742,166 | $ 3.01 | 7.7 | $ 54,754,819 |

(a) Includes forfeiture adjusted unvested shares.

The intrinsic value of the options exercised during the three months ended March 31, 2014, was approximately $1,977,000.

Following is a summary of stock options outstanding and exercisable at March 31, 2014:

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number outstanding | Weighted-Average Remaining Contractual Term (in years) | Weighted-Average Exercise Price | Number Exercisable | Weighted-Average Exercise Price |
| $0.50 - $0.76 | 1,165,935 | 3.9 | $ 0.66 | 1,165,935 | $ 0.66 |
| $0.87 - $1.35 | 6,364,011 | 7.4 | 1.20 | 4,791,313 | 1.20 |
| $1.40 - $2.29 | 1,571,700 | 5.8 | 1.64 | 1,321,698 | 1.66 |
| $2.33 - $3.75 | 2,042,318 | 8.5 | 2.75 | 605,964 | 2.77 |
| $3.95 - $5.99 | 3,263,670 | 9.0 | 5.08 | 892,940 | 4.99 |
| $6.02 - $8.34 | 2,734,669 | 9.3 | 7.09 | — | — |
| | 17,142,303 | 7.8 | $ 3.07 | 8,777,850 | $ 1.69 |

Total unrecognized compensation expense related to granted stock options at March 31, 2014, was approximately $18,212,000 and is expected to be recognized over a weighted-average period of 2.4 years.

The fair value of options granted by the Company is estimated on the date of grant using the Black-Scholes-Merton option-pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. Expected volatilities are based on historical volatility of peer companies and other factors estimated over the expected term of the options. The term of employee options granted is derived using the "simplified method" which computes expected term as the average of the sum of the vesting term plus the contract term. The term for non-employee options is generally based upon the contractual term of the option. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term or contractual term as described.

The assumptions used in calculating the fair value of options using the Black-Scholes-Merton option-pricing model are set forth in the following table:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Expected volatility | 64.1% | 64.3% |
| Expected life (in years) | 6 | 6 |
| Expected dividend yield | — | — |
| Risk-free interest rate | 1.69% - 1.96% | 0.98%-1.86% |

The weighted-average grant date fair value for options granted during the three months ended March 31, 2014 was approximately $4.23.

***Restricted Stock Awards***

Activity with respect to restricted stock awards is summarized as follows.

| | Number of Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2013 | 576,550 | $5.53 |
| Granted | 448,864 | 7.25 |
| Vested | (83,330) | 5.07 |
| Forfeited | — | — |
| Unvested at March 31, 2014 | 942,084 | $6.39 |

As of March 31, 2014, there was approximately $5,440,000 of total unrecognized stock-based compensation related to time-based, nonvested restricted stock. That expense is expected to be recognized on a straight-line basis over a weighted-average period of 2.5 years.

For the three months ended March 31, 2014 and 2013, the Company recognized stock-based compensation as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Cost of sales | $ 97,516 | $ 50,162 |
| Research and development | 159,686 | 75,978 |
| Selling, general and administrative | 2,115,162 | 858,652 |
| | $ 2,372,364 | $ 984,792 |

***Warrants***

The Company grants common stock warrants in connection with equity share purchases by investors as an additional incentive for providing long term equity capital to the Company and as additional compensation to consultants and advisors. The warrants are granted at negotiated prices in connection with the equity share purchases and at the market price of the common stock in other instances. The warrants have been issued for terms of five years.

Following is a summary of the warrant activity for the three months ended March 31, 2014:

| | Number of Warrants | Weighted-Average Exercise Price per warrant |
|---|---|---|
| Warrants outstanding at January 1, 2014 | 1,284,816 | $ 0.90 |
| Warrants exercised | (1,017,000) | 0.76 |
| Warrants outstanding at March 31, 2014 | 267,816 | $ 1.44 |

Warrants may be exercised in whole or in part by notice given by the holder accompanied by payment in cash of an amount equal to the warrant exercise price multiplied by the number of warrant shares being purchased.

These warrants are not mandatorily redeemable, and do not obligate the Company to repurchase its equity shares by transferring assets or issuing a variable number of shares.

The warrants require that the Company deliver shares as part of a physical settlement and do not provide for a net-cash settlement.

All of our warrants are classified as equity as of March 31, 2014, and December 31, 2013 and expire at various times through the end of 2016.

10. **Income taxes**

The effective tax rates for continuing operations of (1.1%) and (3.2%), respectively, for the three months ended March 31, 2014 and March 31, 2013 were determined using an estimated annual effective tax rate and after considering any discrete items for such periods. Due to a valuation allowance against our U.S. deferred tax assets, the effective tax rate for the three months ended March 31, 2014 does not include the benefit of the current period U.S. tax loss. A valuation allowance is recorded to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that a portion or none of the deferred tax assets will be realized. After consideration of all the evidence, including reversal of deferred tax liabilities, future taxable income and other factors, management has determined that a full valuation allowance is necessary as of March 31,

2014. As a result, income tax expense for the three months ended March 31, 2014 is primarily due to income tax expense in certain state jurisdictions.

**11. Supplemental disclosure of cash flow and non-cash investing and financing activities:**

Selected cash payments, receipts, and noncash activities are as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Cash paid for interest | $ 21,024 | $ 3,688 |
| Income taxes paid | 7,292 | 7,275 |
| Purchases of equipment financed through capital leases | — | 107,259 |
| Deferred financing costs | — | 27,236 |
| Stock issuance in connection with Earn-Out Liability of 1,174,915 shares | — | 5,792,330 |
| Stock issuance of 5,272,004 shares in exchange for convertible debt | — | 5,272,004 |

**12. Contractual Commitments and Contingencies**

***Contractual Commitments***

In addition to the Capital Leases noted above in Note 5, the Company has entered into operating lease agreements for facility space and equipment. These leases expire over the next six years and generally contain renewal options. The Company anticipates that most of these leases will be renewed or replaced upon expiration. The estimated annual lease payments are as follows:

| 12-month period ended March 31 | |
|---|---|
| 2015 | $ 994,518 |
| 2016 | 1,309,672 |
| 2017 | 1,349,400 |
| 2018 | 1,390,059 |
| 2019 | 1,192,353 |
| | $ 6,236,002 |

Rent expense for the three months ended March 31, 2014 and 2013 was approximately $282,000 and $96,000, respectively and is allocated among cost of sales, research and development, and selling, general and administrative expenses.

***Letters of Credit***

As a condition of the leases for the Company's facilities, we are obligated under standby letters of credit in the amount of approximately $525,000. These obligations are reduced at various times over the lives of the leases.

***FDA Untitled Letter and Related Litigation***

Initially, MiMedx processed its tissue allografts in only one form, which was a sheet form. In 2011, MiMedx introduced a micronized form of its sheet allografts.

The FDA has specific regulations governing human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing or consisting of human cells or tissue intended for transplantation into a human patient. If an HCT/P meets the criteria for regulation solely under Section 361 of the Public Health Service Act (so-called “361 HCT/Ps”), no FDA review for safety and effectiveness under a drug, device, or biological product marketing application is required.

MiMedx believes that all of its tissue products qualify as 361 HCT/Ps. On August 28, 2013, however, the FDA issued an Untitled Letter alleging that the Company’s micronized allografts do not meet the criteria for regulation solely under Section 361 of the Public Health Service Act and that, as a result, MiMedx would need a biologics license to lawfully market the

micronized products.

After a series of correspondence and conference calls and a meeting with FDA representatives, in December 2013, the FDA clarified the basis for its position regarding the micronized products. Specifically, the FDA explained its belief that "[c]ryo-milling cut, dehydrated amniotic/chorionic membrane results in a micron-sized powder and the loss of the tensile strength and elasticity that are essential characteristics of the original amniotic/chorionic tissue relating to its utility to function as a 'physical membrane' (i.e. covering, barrier)." For this reason, the Agency continues to believe that the micronized products are more than minimally manipulated and the products therefore are not eligible for marketing solely under Section 361 of the Public Health Service Act. The Company responded to the FDA that while it does not agree with the Agency's position, it understands the Agency's interest in further regulating this emerging technology. Accordingly, the Company has proposed to the FDA that it will pursue the Investigational New Drug ("IND") and Biologics License Application ("BLA") process for certain micronized products, and, in parallel, also proposed to enter into negotiations with the FDA on a plan to transition the micronized products to licensed biological products and continue to market the micronized products under specific conditions. The Company had its first Pre-IND meeting at the FDA on March 13, 2014. During the meeting, the Company presented a series of questions focused on detailed plans for its first BLA for its micronized tissue and reviewed some of the Company's data. The FDA was extremely helpful in answering the Company's questions and providing additional information related to this complex process. The Company anticipates a second meeting to finalize study protocols and review additional information. There is no guarantee that the FDA will agree to a transition plan or allow us to continue to market our micronized products while we pursue one or more BLAs. If they do allow us to continue to market our micronized products, they may impose conditions, such as labeling restrictions and compliance with Current Good Manufacturing Practices ("cGMP"). It is also possible that we will be required to recall our micronized products Revenues from micronized products make up about 15% of projected revenues in 2014.

Following the publication of the Untitled Letter from the FDA regarding the Company's injectable products in September 2013, the trading price of the Company's stock dropped sharply and several purported class action lawsuits were filed against us and certain of our executive officers asserting violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 with respect to various statements and alleged omissions related to the Company's belief that FDA approval was not required to market its products, including its micronized products. These cases have now all been removed to, and consolidated in, the United States District Court for the Northern District of Georgia. By order dated December 9, 2013, the Court approved the appointment of a lead plaintiff and a lead counsel. A Consolidated Amended Class Action Complaint, containing substantially the same causes of action and claims for relief as the initial complaints, was filed on January 27, 2014. On February 26, 2014, the Company filed a Motion to Dismiss on various grounds. The plaintiff filed a Reply Memorandum of Law in opposition to the Company's Motion to Dismiss on March 28, 2014. On April 14, 2014, the Company filed a Reply Memorandum of Law in further support of its Motion to Dismiss. The Company currently believes that the outcome of this litigation will not have a material adverse impact on our financial position or results of operations.

**13. Subsequent Events**

***Line of Credit***

As of May 1, 2014, the Revolving Line of Credit expired and the Company elected not to renew.

***Stock Repurchase Program***

On May 12, 2014, the Company announced that its Board of Directors approved a stock repurchase program. Under the terms of the program, the Company may repurchase up to $10 million of its common stock from time to time through December 31, 2014. The timing and amount of repurchases, if any, will depend upon the Company's stock price, economic and market conditions, regulatory requirements, and other corporate considerations. The Company may initiate, suspend or discontinue purchases under the stock repurchase program at any time.

**Schedule II Valuation and Qualifying Accounts**

**MIMEDX GROUP, INC. AND SUBSIDIARIES**
**SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS**
Three Months Ended March 31, 2014 and 2013

| | Balance at Beginning of Period | Additions charged to Expense or Revenue | Deductions and write-offs | Balance at End of Period |
|---|---|---|---|---|
| For the three months ended March 31, 2014 | | | | |
| Allowance for doubtful accounts | $ 407,000 | $ 125,000 | $ (6,000) | $ 526,000 |
| Allowance for product returns | 215,000 | 201,000 | (111,000) | 305,000 |
| Allowance for obsolescence | 322,000 | 24,000 | (23,000) | 323,000 |
| | | | | |
| For the three months ended March 31, 2013 | | | | |
| Allowance for doubtful accounts | 49,000 | 27,000 | — | 76,000 |
| Allowance for product returns | 89,000 | 190,000 | (167,000) | 112,000 |
| Allowance for obsolescence | 159,000 | 25,000 | — | 184,000 |

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**Overview**

MiMedx Group, Inc. is an integrated developer, manufacturer and marketer of patent-protected regenerative biomaterials and bioimplants processed from human amniotic membrane.

"***Innovations in Regenerative Biomaterials***" is the framework behind the Company's mission to give physicians products and tissues to help the body heal itself. The Company's biomaterial platform technologies include its tissue technologies, AmnioFix® and EpiFix®. The Company's tissue technologies are processed from human amniotic membrane that is derived from donated placentas. Through MiMedx's donor program, mothers delivering full-term Caesarean section births can elect in advance of delivery to donate the placenta in lieu of having it discarded as medical waste. MiMedx processes the human amniotic membrane utilizing its proprietary Purion® Process, to produce safe and effective allografts. MiMedx® is the leading supplier of amniotic tissue allografts, having supplied over 225,000 allografts for application in the Wound Care, Surgical, Sports Medicine, Ophthalmic and Dental sectors of healthcare.

**Recent Events**

***FDA Untitled Letter***

As described in detail in Item 1 Financial Statements- Note 12, on August 28, 2013 the FDA issued an Untitled Letter alleging that the Company’s micronized allografts do not meet the criteria for regulation solely under Section 361 of the Public Health Service Act and that, as a result, MiMedx would need a biologics license to lawfully market the micronized products. While the Company responded that it does not agree with the Agency’s position, it understands the Agency’s interest in further regulating this emerging technology. Accordingly, the Company proposed to the FDA that it will pursue the Investigational New Drug (“IND”) and Biologics License Application (“BLA”) process for certain micronized products, and, in parallel, also proposed to enter into negotiations with the FDA on a plan to transition the micronized products to licensed biological products and continue to market the micronized products under specific conditions. The Company had its first Pre-IND meeting at the FDA on March 13, 2014. During the meeting, the Company presented a series of questions focused on detailed plans for its first BLA for its micronized tissue and reviewed some of the Company’s data. The FDA was extremely helpful in answering the Company’s questions and providing additional information related to this complex process. The Company anticipates a second meeting to finalize study protocols and review additional information. There is no guarantee that the FDA will agree to a transition plan or allow the Company to continue to market its micronized products while it pursues one or more BLAs. If they do allow the Company to continue to market its micronized products, they may impose conditions, such as labeling restrictions and compliance with Current Good Manufacturing Practices (“cGMP”). It is also possible that the Company will be required to recall our micronized products. Revenues from micronized products make up about 15% of projected revenues in 2014.

Following the publication of the Untitled Letter from the FDA regarding the Company’s injectable products in September 2013, the trading price of the Company’s stock dropped sharply and several purported class action lawsuits were filed against the Company and certain of its executive officers asserting violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 with respect to various statements and alleged omissions related to the Company’s belief that FDA approval was not required to market its products, including its micronized products. These cases have now all been removed to, and consolidated in, the United States District Court for the Northern District of Georgia. By order dated December 9, 2013, the Court approved the appointment of a lead plaintiff and a lead counsel. A Consolidated Amended Class Action Complaint, containing substantially the same causes of action and claims for relief as the initial complaints, was filed on January 27, 2014. On February 26, 2014, the Company filed a Motion to Dismiss on various grounds. The plaintiff filed a Reply Memorandum of Law in opposition to the Company’s Motion to Dismiss on March 28, 2014. On April 14, 2014, the Company filed a Reply Memorandum of Law in further support of its Motion to Dismiss. The Company currently believes that the outcome of this litigation will not have a material adverse impact on the Company's financial position or results of operations.

**Results of Operations Comparison for the Three Months Ended March 31, 2014 to the Three Months Ended March 31, 2013**

***Revenue***

Total revenue increased approximately $8.0 million, or 69%, to $19.6 million for the three months ended March 31, 2014, as compared to $11.6 million for the three months ended March 31, 2013. The increase in revenue as compared to the prior year is due primarily to increased wound care sales of EpiFix® in both commercial and government accounts.

***Tissue Processing Costs and Cost of Products Sold***

Cost of products sold as a percentage of revenue improved to 15.2% from 16.5% as compared to prior year. The improvement was due primarily to the increase in direct sales revenue, improved product mix and higher production rates that absorb a greater percentage of fixed manufacturing costs.

***Research and Development Expenses***

The Company's research and development expenses (“R&D expenses”) increased approximately $0.2 million, or 11.5%, to $1.4 million during the three months ended March 31, 2014, compared to approximately $1.2 million in the prior year. The increase is primarily related to increased investments in clinical trials, and personnel costs.

Research and development expenses consist primarily of internal personnel costs, expenses of clinical trials, fees paid to external consultants, and the cost of supplies and instruments used in the Company's laboratories.

***Selling, General and Administrative Expenses***

Selling, General and Administrative expenses for the three months ended March 31, 2014, increased approximately $7.5 million to $15.9 million compared to $8.4 million for the three months ended March 31, 2013. Selling expense increases were driven by costs associated with building a direct sales organization, and increased commissions due to higher sales volume. Additional spending increases included spending on support costs related to medical reimbursement, including the Company's reimbursement hotline; information technology infrastructure to help manage the growth of the business; and increased share-based compensation expense. Selling, General and Administrative expenses consist of personnel costs, professional fees, sales commissions, sales training costs, industry trade show fees and expenses, product promotion and product literature costs, facilities costs and other sales, marketing and administrative costs, depreciation and amortization, and share-based compensation.

***Net Interest Expense***

The Company recorded net interest expense of approximately $21,000 during the three months ended March 31, 2014, compared with approximately $1,343,000 of financing and net interest expense during the three months ended March 31, 2013. The decrease of approximately $1,322,000 is primarily due to the conversion and payoff of debt. The following table summarizes the interest charges for the three months ended March 31, 2014 and 2013, respectively:

| | Three Months Ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | 2013 | | | |
| | Debt Discount | Accrued Interest | Interest Expense | Total | Debt Discount | Accrued Interest | Interest Expense | Total |
| Convertible Senior Secured Promissory Notes | $ — | $ — | $ — | $ — | $ 1,328,439 | $ 11,571 | $ — | $ 1,340,010 |
| Other | — | — | 21,024 | 21,024 | — | — | 3,233 | 3,233 |
| | $ — | $ — | $ 21,024 | $ 21,024 | $ 1,328,439 | $ 11,571 | $ 3,233 | $ 1,343,243 |

***Liquidity and Capital Resources***

Revenue continues to increase quarter - over - quarter while management maintains tight controls over spending. As of March 31, 2014, the Company had approximately $43.0 million of cash and cash equivalents. The Company reported total current assets of approximately $67.9 million and total current liabilities of approximately $9.6 million at March 31, 2014, which represents a current ratio of 7.1 as of March 31, 2014. Management believes that its anticipated cash from operating and financing activities, existing cash and cash equivalents, as well as its $3 million line of credit will enable the Company to meet its operational liquidity needs and fund its planned investing activities for the next year.

***Contractual Obligations***

Contractual obligations associated with ongoing business activities are expected to result in cash payments in future periods. The table below summarizes the amounts and estimated timing of these future cash payments as of March 31, 2014:

| Contractual Obligations | TOTAL | Less than 1 year | 1-3 years | 3-5 years |
|---|---|---|---|---|
| Capital lease obligations | $ 332,900 | $ 111,962 | $ 200,073 | $ 20,865 |
| Operating lease obligations | 6,236,002 | 994,518 | 2,659,072 | 2,582,412 |
| | $ 6,568,902 | $ 1,106,480 | $ 2,859,145 | $ 2,603,277 |

***Discussion of cash flows***

Net cash used in operations during the three months ended March 31, 2014, decreased approximately $0.5 million to $1.6 million compared to $2.1 million used in operating activities for the three months ended March 31, 2013, primarily attributable to the decrease in the Net loss offset by the increase in working capital.

Net cash used in investing activities during the three months ended March 31, 2014, increased approximately $0.5 million to $0.6 million compared to $0.1 million used in investing activities for the three months ended March 31, 2013. The increase was due to purchases of plant and equipment related to the relocation to a new facility with expanded production capacity and capitalization of patent application costs.

Net cash flows from financing activities during the three months ended March 31, 2014, increased approximately $0.1million to $1.2 million compared to $1.1 million during the three months ended March 31, 2013. Cash flows from financing activities during the current quarter include approximately $.8 million received from the exercise of warrants compared to approximately $.9 million received from the exercise of warrants during the first three months of 2013 and approximately $.4 million received from the exercise of stock options compared to $0.2 million received from the exercise of stock options during the first three months of 2013.

Due to the material amount of non-cash related items included in the Company results of operations, the Company has developed an Adjusted EBITDA metric which provides management with a clearer view of operational use of cash (see the table below). The Adjusted EBITDA for the first quarter of 2014 was approximately $2.0 million which is an improvement of approximately $.9 million as compared to the prior year first quarter. This improvement was the result of a lower net loss for the period and higher share - based compensation expenses in 2014.

Adjusted EBITDA is a non-GAAP measure. Non-GAAP financial measures are commonly used in the industry and are presented because management believes they provide relevant and useful information to investors. However, there are limitations to using these non-GAAP financial measures. Adjusted EBITDA is not indicative of cash provided or used by operating activities and may differ from comparable information provided by other companies. Adjusted EBITDA should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with U.S. GAAP. The following table presents a reconciliation of Adjusted EBITDA to the most closely related financial measure reported under GAAP for the three months ended March 31, 2014 and 2013, respectively.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Net Loss (Per GAAP) | $ (922,072) | $ (1,620,408) |
| | | |
| Add back: | | |
| Income Taxes | 10,033 | 50,275 |
| Financing expense associated with beneficial conversion of Senior Secured Promissory Notes | — | 1,328,439 |
| Other Interest Expense, net | 21,024 | 14,804 |
| Depreciation Expense | 263,131 | 98,751 |
| Amortization Expense | 231,331 | 262,596 |
| Share - Based Compensation | 2,372,364 | 984,792 |
| Income (Loss) Before Interest, Taxes, Depreciation, Amortization and Share-Based Compensation | $ 1,975,811 | $ 1,119,249 |

***Critical Accounting Policies***

In preparing financial statements, the Company follows accounting principles generally accepted in the United States, which require the Company to make certain estimates and apply judgments that affect its financial position and results of operations. Management continually reviews the Company's accounting policies and financial information disclosures. A summary of significant accounting policies that require the use of estimates and judgments in preparing the financial statements was provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. During the quarter, there were no material changes to the accounting policies and assumptions previously disclosed.

***Recent Accounting Pronouncements***

For the effect of recent accounting pronouncements, see Item 1 Financial Statements – Note 2.

***Off-Balance Sheet Arrangements***

The Company has no off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of Company management, including its Chief Executive Officer and Principal Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and Principal Financial Officer concluded that the Company's controls and procedures were effective as of the end of the period covered by this report.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding disclosures.

**Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2014, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Limitations on the Effectiveness of Controls**

The Company has confidence in its internal controls and procedures. Nevertheless, management, including the Company's Chief Executive Officer and Principal Financial Officer, does not expect that the Company's disclosure procedures and controls or its internal controls will prevent all errors or intentional fraud. An internal control system, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of such internal controls are met. Further, the design of an internal control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

Following the publication of an Untitled Letter from the FDA regarding the Company’s injectable products in September 2013, the trading price of the Company’s stock dropped sharply and several purported class action lawsuits were filed against the Company and certain of its executive officers asserting violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 with respect to various statements and alleged omissions related to the Company’s belief that FDA approval was not required to market its products, including its micronized products. These cases have now all been removed to, and consolidated in, the United States District Court for the Northern District of Georgia. By order dated December 9, 2013, the Court approved the appointment of a lead plaintiff and a lead counsel. A Consolidated Amended Class Action Complaint, containing substantially the same causes of action and claims for relief as the initial complaints, was filed on January 27, 2014. On February 26, 2014, the Company filed a Motion to Dismiss on various grounds. The plaintiff filed a Reply Memorandum of Law in opposition to the Company’s Motion to Dismiss on March 28, 2014. On April 14, 2014, the Company filed a Reply Memorandum of Law in further support of its Motion to Dismiss. The Company currently believes that the outcome of this litigation will not have a material adverse impact on its financial position or results of operations.

### Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2014, the Company issued 1,017,000 shares of common stock and received cash proceeds of approximately $775,000 or $.76 per share, for the exercise of warrants. Of this amount, 975,000 warrants were exercised at an exercise price of $.73 per share by entities as to which the Company's Chairman and Chief Executive Officer is deemed a beneficial owner.

### Item 3. Default Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

**Item 6. Exhibits**

| Exhibit Number | Reference | Description |
|---|---|---|
| 3.1 | | Articles of Incorporation as filed with the Secretary of State of Florida on March 31, 2008 (incorporated by reference to Exhibit 3.1 filed with the Registrant's Form 10-Q on August 8, 2013) |
| 3.2 | | Articles of Amendment to Articles of Incorporation as filed with the Secretary of the State of Florida on May 14, 2010 (incorporated by reference to Exhibit 3.2 filed with the Registrant's Form 10-Q on August 8, 2013) |
| 3.3 | | Articles of Amendment to Articles of Incorporation as filed with the Secretary of the State of Florida on August 8, 2012 (incorporated by reference to Exhibit 3.3 filed with the Registrant's Form 10-Q on August 8, 2013) |
| 3.4 | | Articles of Amendment to Articles of Incorporation as filed with the Secretary of the State of Florida on November 8, 2012 (incorporated by reference to Exhibit 3.4 filed with the Registrant's Form 10-Q on August 8, 2013) |
| 3.5 | | Bylaws of MiMedx Group, Inc. (incorporated by reference to Exhibit 3.2 filed with Registrant's Form 8-K filed on April 2, 2008) |
| 3.6 | | Amendment to the Bylaws of MiMedx Group, Inc. adopted by the Board of Directors on May 11, 2010 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed on May 14, 2010) |
| 31.1 # | | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 # | | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 # | | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 # | | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | | XBRL Instance Document |
| 101.SCH | | XBRL Taxonomy Extension Schema Document |
| 101.CAL | | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | | XBRL Taxonomy Extension Presentation Linkbase Document |

# Filed herewith

**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 thereunto duly authorized.

May 12, 2014

By: /s/ Michael J. Senken

Michael J. Senken
Chief Financial Officer

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**PURSUANT TO RULES 13a-14(A) AND 15d-14(A)**
**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Parker H. Petit, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2014, of MiMedx Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ Parker H. Petit

Parker H. Petit
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO RULES 13a-14(A) AND 15d-14(A)**
**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Michael J. Senken, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2014, of MiMedx Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2014

/s/ Michael J. Senken

Michael J. Senken
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MiMedx Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Parker H. Petit, Chief Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2014

/s/ Parker H. Petit

Parker H. Petit

Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MiMedx Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Senken, Chief Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2014

/s/ Michael J. Senken

Michael J. Senken

Chief Financial Officer