

## Medical Alert

# MiMedx to pay \$7M for tissue implant maker

**Premium content from Atlanta Business Chronicle - by Urvaksh Karkaria**

Date: Friday, December 31, 2010, 6:00am EST

MiMedx Group Inc. (OTC BB: MDXG) has agreed to acquire a Kennesaw-based tissue implant manufacturer for \$7 million, most of it in MiMedx stock.

Surgical Biologics Inc. develops tissue processing techniques for creating implants from human amnion membranes, which comprise the innermost layer of the placenta, and lines the amniotic cavity. The amniotic tissue processed by Surgical Biologics is donated by mothers who have scheduled Cesarean sections.

Amniotic tissue has implant potential for numerous medical areas, such as wound healing, burns, soft tissue trauma, tendon repair and posterior spinal applications.

Marietta-based MiMedx is developing biomaterial-based products for use in musculoskeletal specialties. The company is commercializing a polyvinyl alcohol polymer called HydroFix, used as a blood vessel guard during anterior spine surgery.

MiMedx is also developing a collagen-based fiber technology that acts as a scaffold on which a patient's own tissue grows, to achieve healthy tissue reconstruction.

The acquisition of Surgical Biologics broadens the product portfolio, MiMedx CEO **Parker "Pete" Petit** said.

"We have a very efficient distribution network, particularly in the United States, with our sales reps groups," Petit said. "We need to continue to feed product to them."

Surgical Biologics tissue implants do not require regulatory device approval, Petit said, making them less expensive and quicker to take to market.

"Surgical Biologics needed all of the business support we have, and we needed additional implants while we wait on our other products to come through regulatory approval process," he said.

Surgical Biologics, which has about 30,000 implants on the market, expects about \$2 million in revenues this year.

MiMedx projects 2011 revenues generated from the Surgical Biologics processed tissue to be about \$7 million.

The acquisition is expected to close in early January, and it should be accretive in 2011.