

ADDITIONAL PRESS RELEASE DETAILS
November 26, 2019

MiMedx, its executives and shareholders have gone through an extremely frustrating two year period, which began with an illegal short selling attack against the Company starting in September of 2017. At that point, MiMedx Group had been named the fifth fastest growing public company in America by Fortune magazine. That was the result of very hard work by numerous managers and experienced executives at the Company. However, 14 of the top 16 managers that built this Company have now been dismissed by the Board. We think that those dismissals transpired in an attempt to justify the out-of-control investigation that cost approximately \$40 million for King & Spalding's activity, plus probably another \$30 million to other law firms and auditors. The Sally Yates Doctrine encourages these unreasonable approaches to investigations and the out-of-control legal and accounting expenses.

The SEC was given specific written details by the Company of the illegal trading activities and fraudulent publications on January 3, 2018. At about the same time, the DOJ informed the Company executives that they already knew about the illegal activities of our particular short seller, Marc Cohodes. Cohodes continued to harass the Company, its employees, the medical centers where MiMedx was conducting its clinical trials and research, and its customers. This harassment also included its new auditor, Ernst & Young.

Marc Cohodes sent Ernst & Young a threatening letter in February of 2018, which resulted in their refusing to complete the 2017 audit until the Company investigated all of his allegations. Subsequently, Ernst & Young accused the Audit Committee of not conducting an efficient investigation of some charges brought by sales employees that were terminated for violating their non-compete contract in late 2016. That accusation was unreasonable because that investigation was thorough and lengthy, particularly considering the ridiculous allegations from the dishonest employees. In addition, the investigation was conducted by the Company's outside counsel, Troutman Sanders.

Ernst & Young's demands of the Board should have been rebuffed. However, the Chairman of the Audit Committee was intimidated by these allegations and so concerned about the legal implications to himself that he convinced the majority of the Board to follow Ernst & Young's directions. The 2017 audit could have been quickly completed by the previous auditors, and any investigation subsequently completed as required.

Unfortunately, the "cover themselves playbook" for the Audit Committee, or the Sally Yates Doctrine, dictated that they find fault with management and terminate them for whatever reasons they could. However, there was no need for this type of "cover." However, this Audit Committee's action basically allowed a takeover of the

Company by the inexperienced Board members. Both Ernst & Young and the Audit Committee were intimidated by the numerous lies and allegations made by the short sellers. Also, by taking this action, Ernst & Young would end up billing the Company probably five times their quoted audit fee and then never complete the 2017 audit. Also, the behavior of the Chairman of the Audit Committee, Terry Dewberry, was exposed by a long-term Board member to a large shareholder as “acting crazy,” had “lost it,” and “had his own agenda.”

MiMedx executive management was never given legal “due process” during the “secret” investigation. Executive management was never interviewed and did not know what the charges were until the Company published them during the proxy contest on May 23, 2019. The investigation basically highlighted two quarters in 2015 where allegations were made of improper revenue recognition for a few distributors. Management, who knows the facts very well, denies any issues that should be of concern. However, please note that accounting is a profession of “opinions,” and accountants often disagree on matters of this nature.

Management always considered that more than sufficient “sales returns and allowances reserves” and “bad debt reserves,” which reduced quarterly revenues and profits, were in place to cover any questions with the thousands of revenue transactions that occurred each quarter. Remember, the Company was accurate with its quarterly revenue forecasts because it met or exceeded those estimates for shareholders for 29 out of 30 quarters. In addition, the Company collected in cash virtually all of its approximately \$1 billion in booked revenues over the years.

The MiMedx Chief Financial Officer and Controller were terminated on June 7th. The Chief Operating Officer, Bill Taylor, and Chief Executive Officer, “Pete Petit, were terminated on June 30th, 2018, in order to “Take the Company in a different direction.” Subsequently, this inexperienced Board made one disastrous decision after another forcing the Company’s stock down below \$1 per share from a high of \$18 per share. Thus, the Company lost \$1.8 billion in market capitalization at that low point, and the short sellers could have made almost one third of that amount through their illegal short selling.

Of course, King & Spalding, after being paid \$40 million for the 15 month investigation, presented the SEC and DOJ with information. That information has assisted the SEC/DOJ into filing these charges. The issues primarily involve some business transactions with several distributors during mid-2015. Apparently, former management operated the Company very efficiently, effectively and ethically up until mid-2015 and then afterwards.

Also, please recall that Mr. Petit has previously had the SEC file charges against him. They alleged that he passed inside information to a friend prior to the sale of Matria Healthcare, which was announced in late January of 2008. There was no real evidence. The SEC kept the case going for 4 ½ years, in spite of Mr. Petit passing a lie detector test. Relative to any potential damages, Mr. Petit’s friend held the Matria

stock for nine months and six months and made a total of \$9,899 on the sale. Two weeks before the federal court trial was to begin, the SEC dropped the case against Mr. Petit, which was in early June of 2014.

Mr. Petit commented, "Of course, the former management and myself are very frustrated with this self-serving and ridiculous process prompted by illegal short sellers and then orchestrated by the Audit Committee. The Audit Committee's actions ignored their fiduciary responsibilities to shareholders, which resulted in "CYA" activities and personal financial gain.

"However, the most unfortunate issue here relates to the fact that the SEC and DOJ have allowed this blatant illegal short selling to transpire against MiMedx, and numerous other companies, without any intervention. The illegal short selling conducted and led by Marc Cohodes is very easily documented, but in spite of that fact, no actions have been taken. I am concerned that the SEC and DOJ must have an informal policy of allowing illegal short selling to take place because they think they obtain important information from those activities. However, they should simply change their policy to pay these hedge funds and individuals a "whistle blower fee" if and when they complete an investigation, a trial and obtain the guilty verdicts. They should not allow these funds to continue to illegally short sell while the shareholders of these companies are totally devastated, and in many cases, employees are terminated and often the companies are forced into bankruptcy. THIS IS AN EXTREMELY UNBALANCED REGULATORY SYSTEM, WHICH IS NOT FAIR OR REASONABLE. " However, the Sally Yates Doctrine does create significant revenue opportunities for large law firms and accounting firms.

"These illegal short sellers need to be held accountable. Their "front running" and the subsequent trading activity is where the illegal activity is visible and blatant, and it would be easily acted upon if regulators were so motivated. Also, much of this trading takes place with "naked" shares not properly borrowed in the brokerage system, which is illegal."

"I would ask the Senate Banking Committee to use MiMedx as a "poster child" for this illegal trading activity and apparent lack of focus from the regulators. An investigation should be conducted."