

MiMedx Group, Inc.

(MDXG: NASDAQ)

New Captain on the Bridge

Based on our multiple of earnings model and a 20% discount rate, MiMedx target price is approximately \$11.00 per share. Our methodology applies a 20x multiple of earnings to 2026 EPS, a 15x multiple to 2026 EBITDA and discounts a blend of the two approaches to generate a one-year target price.

Current Price (9/9/2022) **\$3.39**
Valuation \$11.00

SUMMARY DATA

52-Week High **\$8.70**
 52-Week Low **\$3.04**
 One-Year Return (%) **-78.0**
 Beta **1.79**
 Average Daily Volume (sh) **504,606**

Shares Outstanding (mil) **142**
 Market Capitalization (\$mil) **481**
 Short Interest Ratio (days) **7.2**
 Institutional Ownership (%) **61.3**
 Insider Ownership (%) **2.0**

Annual Cash Dividend **\$0.00**
 Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
 Sales (%) **N/A**
 Earnings Per Share (%) **N/A**
 Dividend (%) **N/A**

P/E using TTM EPS **N/A**
 P/E using 2022 Estimate **N/A**
 P/E using 2023 Estimate **14.7**

Zacks Rank **N/A**

OUTLOOK

MiMedx is a wound care and therapeutic biologics company, developing and distributing allografts. The company derives its products from human placental tissues processed using the Purion technology. MiMedx differentiates itself in the regenerative medicine market through the substantial library of supportive research for its products. The company's platform includes numerous solutions for wound & burn repair & expects to expand the portfolio yearly with new offerings. The products are derived from placental and umbilical cord tissue.

In addition to its marketed products, MiMedx is developing assets in knee osteoarthritis (KOA) and potentially other line extensions in regenerative medicine and wound care. Phase III clinical trials are anticipated in 2H:22 for AmnioFix injectable in KOA and other indications based on products subject to enforcement discretion.

Legal matters are near conclusion with a majority of issues resolved and major related costs largely behind the company.

We forecast continued growth in commercialized products and success in the development pipeline that will drive topline growth. International opportunities include Japan, the UK and Germany which have approved MiMedx products and are in process to determine reimbursement.

Risk Level **Above Average**
Type of Stock **Small-Growth**
Industry **Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	\$60.0 A	\$68.2 A	\$63.1 A	\$67.4 A	\$258.6 A
2022	\$58.9 A	\$66.9 A	\$70.1 E	\$75.2 E	\$271.1 E
2023					\$320.0 E
2024					\$371.1 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	-\$0.08 A	-\$0.01 A	-\$0.02 A	\$0.02 A	-\$0.09 A
2022	-\$0.09 A	-\$0.10 A	-\$0.01 E	\$0.02 E	-\$0.14 E
2023					\$0.23 E
2024					\$0.37 E

*EPS is as calculated by our model ignoring Series B Convertible effect.

WHAT'S NEW

K. Todd Newton Appointed as Interim CEO

On September 6, 2022, MiMedx Group, Inc. (NASDAQ: MDXG) [announced](#) that Timothy R. Wright had departed the lead management role and would be replaced by board of director member [K. Todd Newton](#). Mr. Newton has served on the MiMedx board since 2019 holding the roles of Chair of the Audit Committee and as member of the Ethics and Compliance Committee. He has previous executive experience as CEO of Apollo Endosurgery (NASDAQ: APEN) where he led the device company for seven years. Previously he was CFO and COO at Arthro-Care Corporation. He has also held roles at Syneco Energy and Deloitte & Touche.

The board highlighted Mr. Newton's near 20 years of public company senior leadership experience and his guidance of the MiMedx management team on financial reporting and performance issues. Looking ahead, he will assist the board with its ongoing strategic review and continue to lead the company in its growth trajectory. A search committee has been formed to identify a permanent CEO comprised of board members [M. Kathleen Behrens](#), [James L. Bierman](#) and [William A. Hawkins III](#). An as yet unidentified search firm will assist in the process.

Dr. Laurencin Award

In late August, MiMedx board member, [Dr. Cato T Laurencin](#), was [recognized](#) by the Regenerative Engineering Society with an award for his leadership and contributions to the field of regenerative engineering. The award is called The Cato T. Laurencin Regenerative Engineering Founders' Award. It was established by the American Institute of Chemical Engineers (AIChE) Foundation and the AIChE Regenerative Engineering Society to recognize accomplishments in the science and practice of convergence research as applied to regenerative engineering.

Summary

MiMedx updated investors with the announcement of a new CEO who will hold the position as interim while the board seeks a permanent replacement. Concurrent with the management change release we update our estimates to reflect the most current guidance and lower 2H:22 revenue estimates. Contributors to the change include the later launch of Epifix in Japan that is expected in September and a slower trends in new and established products. Management continues to guide for double digit topline growth driven by new products, new geographies and expansion of sales in surgical recovery. Based on the 2021 calendar, we expect to see third quarter results at the beginning of November. We maintain our valuation of \$11 per share.

PROJECTED FINANCIALS

MiMedx Group, Inc. - Income Statement¹

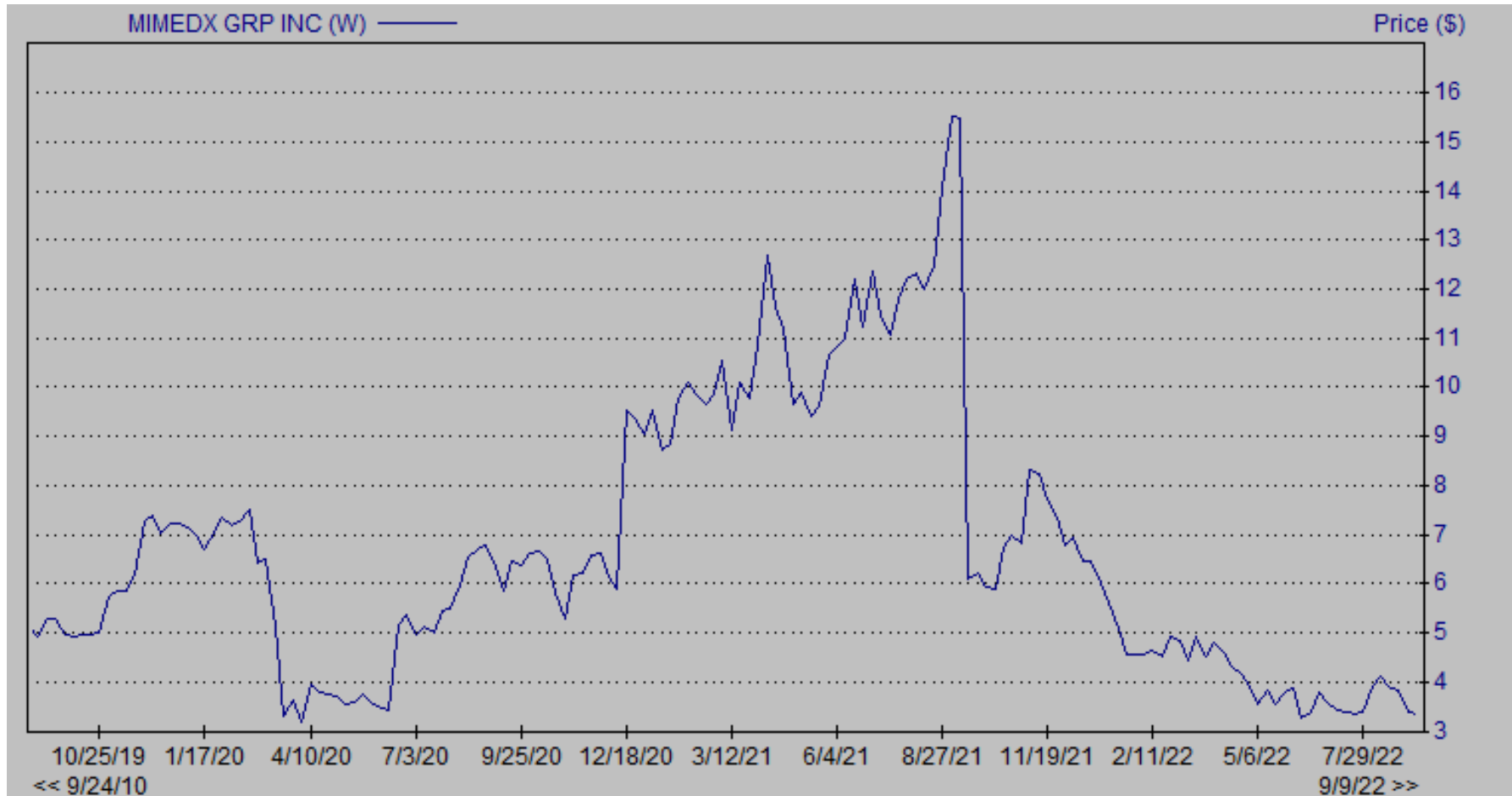
MiMedx Group, Inc.	2021 A	Q1 A	Q2 A	Q3 E	Q4 E	2022 E	2023 E	2024 E
Total Revenues (\$US '000)	\$258,615	\$58,894	\$66,883	\$70,120	\$75,250	\$271,147	\$319,953	\$371,146
YOY Growth	4%	-2%	-1.9%	11%	12%	5%	18%	16%
Cost of Goods Sold	\$43,283	\$9,936	\$11,823	\$13,533	\$14,471	\$49,763	\$51,193	\$59,383
Product Gross Margin	83.3%	83.1%	82.3%	80.7%	80.8%	81.6%	84.0%	84.0%
Selling, general & administrative	\$198,360	\$49,570	\$55,793	\$51,200	\$51,500	\$208,063	\$210,144	\$212,770
Investigation, restatement etc.	\$3,791	\$2,552	\$3,218	\$0	\$0	\$5,770	\$0	\$0
Research & development	\$17,345	\$5,964	\$5,512	\$6,123	\$6,150	\$23,749	\$20,000	\$22,000
Amortization of intangible assets	\$820	\$172	\$173	\$172	\$172	\$689	\$688	\$688
Impairment of intangible assets	\$53	\$0	\$0	\$0	\$55	\$55	\$0	\$0
Income from operations	(\$5,037)	(\$9,300)	(\$9,636)	(\$908)	\$2,903	(\$16,941)	\$37,929	\$76,304
Operating Margin	-2%	-16%	-14%	-1%	4%	-6%	12%	21%
Interest income, net	(\$4,980)	(\$1,126)	(\$1,170)	\$0	\$0	(\$3,500)	(\$3,500)	(\$3,500)
Other income, net	(\$23)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pre-Tax Income	(\$10,040)	(\$10,426)	(\$10,806)	(\$908)	\$2,903	(\$20,441)	\$34,429	\$72,804
Provision for Income Tax	(\$246)	\$63	(\$62)	\$0	\$0	\$1	\$0	(\$16,745)
Tax Rate	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.0%
Net Income	(\$10,286)	(\$10,489)	(\$10,868)	(\$908)	\$2,903	(\$20,440)	\$34,429	\$56,059
Net Margin	-4%	-18%	-16%	-1%	4%	-8%	11%	15%
Reported EPS	(\$0.09)	(\$0.09)	(\$0.10)	(\$0.01)	\$0.02	(\$0.14)	\$0.23	\$0.37
YOY Growth	-80%	22.7%	496.9%	-70.2%	3.1%	53%	-263%	58%
Basic Shares Outstanding	110,353	111,616	112,868	114,500	114,500	113,371	132,563	152,000
Fully Diluted Shares	140,334	141,076	142,490	144,100	143,960	142,906	147,363	152,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

¹ Financial statement information presents data as originally reported.

HISTORICAL STOCK PRICE

MiMedx Group, Inc. – Share Price Chart²



² Source: Zacks Research System

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