Mimedx and Fuse Medical

"We do not sell through [ph] PODs, period. All this stuff in Texas is just a lot of noise, but they'll dig up a name and they'll relate it through another social media matter and tie them together and say that's an indication of channel stuffing, or something else."

-Parker H. Petit on Q3 Earnings call, 10/27/17

Mimedx claims that they don't business with PODs including Fuse Medical. The information below disputes their claims and proves management's statements to be knowingly false and misleading.

Case No. 1:17-cv-07568 (PGG) (KHP)

"A "physician owned distributor" of MiMedx called Fuse Medical ("Fuse") was paying doctors in Fuse stock, which was false because MiMedx has never had a relationship with Fuse and that company's practices are irrelevant to MiMedx's practices;"

".....MiMedx has a relationship with Fuse. It does not. That's a false statement of fact."

Fuse is a publicly traded POD based in Texas. Ticker Symbol: FZMD.

FUSE MEDICAL, LLC, FUSE MEDICAL V, LP AND FUSE MEDICAL VI, LP
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2014 AND 2013

Fuse Medical is a physician-partnered company and national distributor that provides diversified healthcare products and supplies, including biologics and bone substitute materials, while striving to document cost savings and clinical outcomes to its manufacturers, physicians, health insurers and medical facility partners. Fuse Medical has entered into partnership arrangements with physicians in order to distribute its products.

On May 28, 2014, as a result of the Merger, Golf Rounds acquired Fuse. Fuse was formed in Delaware on July, 18, 2012. Subsequent to the formation of Fuse, two physician partnerships were formed. Fuse Medical V, LP, was formed on November 15, 2012 and is owned 59% by Fuse, 1% by Fuse Management V, LLC (the General Partner) and 40% by individual physicians. The second partnership, Fuse Medical VI, LP was formed on January 31, 2013. Fuse Medical VI, LP is owned 59% by Fuse, 1% by Fuse Management VI, LLC (the General Partner) and 40% by individual physicians. Fuse Medical V, LP and Fuse Medical VI, LP are limited partnerships. The above companies have been combined for financial statement purposes as each of the companies are under common control, operate

as a single business entity, and became wholly-owned subsidiaries of Fuse immediately prior to the Merger. Collectively, the entities are referred to as “Fuse”.

Mimedx 2016 10K:

The formation of PODs could result in increased pricing pressure on our products or harm our ability to sell our products to physicians who own or are affiliated with those distributorships.

Physician-Owned Distributorships ("PODs") are medical product distributors that are owned, directly or indirectly, by physicians. These physicians derive a proportion of their revenue from selling or arranging for the sale of medical products for use in procedures they perform on their own patients at hospitals that agree to purchase from or through the POD, or that otherwise furnish ordering physicians with income that is based directly or indirectly on those orders of medical products. The Office of Inspector General (OIG) of the Department of Health & Human Services has issued a Special Fraud Alert on PODs, indicating that they are inherently suspect under the anti-kickback statute.

We do not directly sell to or distribute any of our products through PODs. The number of PODs in the industry may continue to grow as economic pressures increase throughout the industry, as hospitals, insurers and physicians search for ways to reduce costs, and, in the case of the physicians, search for ways to increase their incomes. These companies and the physicians who own, or partially own, them have significant market knowledge and access to the physicians who use our products and the hospitals that purchase our products, and growth in this area may reduce our ability to compete effectively for business from physicians who own such distributorships.

11/9/17: Canaccord Genuity Medical Technology and Diagnostics Forum

Kyle William Rose
Analyst, Canaccord Genuity, Inc.

Q

While I got you up here, I mean, I can't avoid the question of wanting to talk about some of the allegations and some of the back and forth that's going on in the stock this year with the company and then some groups of investors. So, there's been a lot of back and forth regarding improper sales practices, channel stuffing, sales [ph] to position on (14:45) distributors. I guess while you're here, how much of your business comes from PODs today or stocking distributors?

Parker H. Petit
Chairman & Chief Executive Officer, MiMedx Group, Inc.

A

PODs is basically none that we know of. We've broadened those over the years. We sell to distributor and may have PODs roped in. We don't have the visibility, so we can't confirm that. But at the same time, distributors today are less than 5% of our business. Let me try to put into quick perspective this. I've dealt with short sellers for decades, last group with my last company.

Well if that’s the case how can Texas AmBioMed, LLC otherwise known as CPM Medical give Fuse the right to call itself an AUTHORIZED DISTRIBUTOR of Mimedx products? (See below)

Texas AmBioMed, LLC - Distributor Agreement

https://www.sec.gov/Archives/edgar/data/319016/000147793214005148/fzmd_ex101.htm

DISTRIBUTOR NAME: Fuse Medical, LLC

PRINCIPAL CONTACT: Jonathan Brown

ADDRESS:PO Box 101782

Ft. Worth TX 76185

PHONE: 419.351.0444

FAX: 469.519.0549

E-MAIL:jbrown@fusemedical.com

This Distributor Agreement ("Agreement"), effective as of the 2nd day of August 2012 (the "Effective Date"), is entered into by and between Texas AmBioMed, LLC, a Texas limited liability corporation having offices at 1565 N. Central Expressway, Suite 200, Richardson, TX 75080, U.S.A. ("AMBIOMED"), and Fuse Medical, a Delaware limited liability company having an address of PO Box 101782, Fort Worth, TX 76185 ("Distributor").

19. USE OF AMBIOMED / MIMEDX TRADEMARKS / TRADE NAMES

19.1. Trademarks. AMBIOMED is a licensed distributor of Mimedx. During the term of this Agreement, Distributor shall have the right to indicate to the public that it is an authorized distributor of the Products and to advertise such Products under the applicable trademarks, marks, and trade names of AMBIOMED and Mimedx as set forth in Exhibit D ("Trademarks") and in the promotion and distribution of the Products; provided, however, that upon ninety (90) days' prior written notice to Distributor, AMBIOMED or Mimedx may substitute alternative marks for any or all of the AMBIOMED/Mimedx Trademarks. All representations of AMBIOMED/Mimedx Trademarks that Distributor intends to use shall first be submitted to AMBIOMED/Mimedx for approval (which shall not be unreasonably withheld) of design, color and other details or shall be exact copies of those AmBioMed\Mimedx used by AMBIOMED/Mimedx. In addition, Distributor shall fully comply with all reasonable guidelines, if any, communicated by AMBIOMED/Mimedx concerning the use of AMBIOMED or Mimedx's Trademarks.

Exhibit A

Product List

Product Name	Indications	P/N/Size
AmnioFix® Spine Products	Spine	All Product Sizes
AmnioFix® Nerve Wrap	Nerve Wrap	All Product Sizes
EpiFix®	Wound Care	All Product Sizes
AmBioChoice	All	All Product Sizes
AmBioChoice Plus	All	All Product Sizes

Exhibit D

Trademarks

Registered for Mimedx
MiMedx®
HydroFix®
EpiFix®
AmnioFix®
Purion®

*

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective as of the Effective Date.

FUSE MEDICAL, LLC

by: /s/ Jonathan Brown
Jonathan Brown, COO

Texas AmBioMed, LLC.

by: /s/ Mark Brooks
Mark Brooks, President & COO

Fuse 2016 10k:

"Our principal supplier for our amniotic products is CPM, which is majority owned and controlled by our Chairman of the Board. We entered into a distributor agreement with CPM effective August 2, 2012, pursuant to which we act as a nonexclusive distributor of certain amniotic membrane products. The term of the agreement is one year and renews on each annual anniversary date for successive one-year terms unless it is terminated in writing by either party. During December 2015 through May 2016, we purchased certain amniotic membrane products from SLR Medical Consulting, LLC ("SLR") under a December 15, 2015 distributor agreement with SLR pursuant to which we act as a non-exclusive distributor."

9/29/17: *MiMedx Exposes False, Misleading and Fabricated Allegations by Short Sellers*

6. Aurelius Claim:
"We also discovered that CPM has an **undisclosed OEM agreement** to sell MiMedx products under the "AmbioChoice" trademark."

MiMedx:
The product "AmbioChoice", tradename owned by CPM or their principles, was a subject of the previous distribution agreement with MiMedx. There is no requirement for a public company to disclose all of its contracts, let alone an OEM agreement such as this. MiMedx meets, and has met, the SEC contract disclosure requirements regarding contracts of this nature.

It appears that at some point between May of 2016 and November of 2017 CPM once again became Fuse's distributor.

11/9/17: Fuse Medical, Inc. Signs Non-Binding Letter of Intent to Purchase all of the Outstanding Membership Units of CPM Medical Consultants, LLC

https://www.businesswire.com/news/home/20171109006736/en/Fuse-Medical-Signs-Non-Binding-Letter-Intent-Purchase

"CPM is a stocking distributor with a broad portfolio of orthopedic implants for total joint reconstruction, sports medicine, internal and external fixation products for extremities, and full spinal implants and instrumentation. CPM also offers an extensive product catalog of biologics, which include human allograft with cell based products, regenerative tissue, and amniotic fluids to augment all types of surgical procedures.

CPM is owned and controlled by the Company's Chairman of the Board of Directors, Mark W. Brooks, and is the Company's current principal supplier."

10/17/17: *MiMedx Exposes Additional False and Misleading Information*

9. Viceroy Claim:

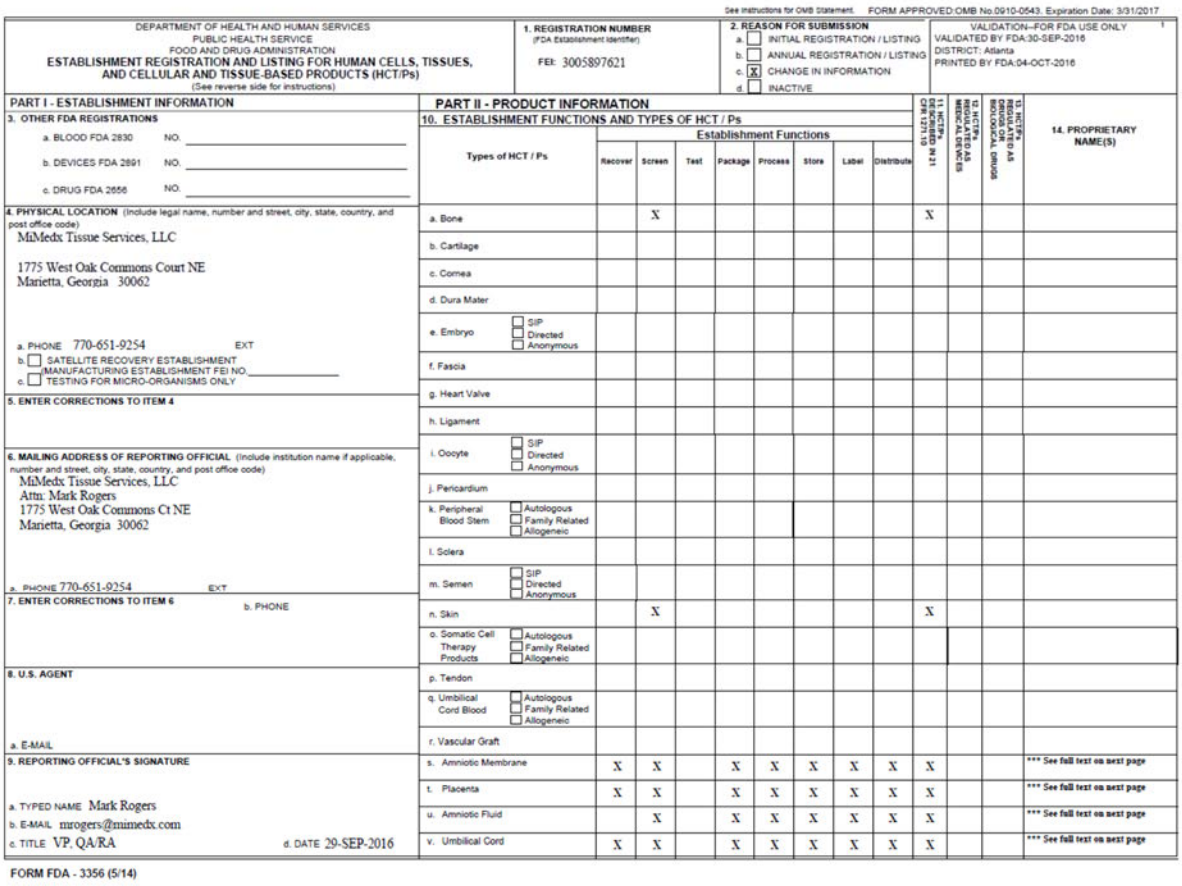
"Some of these entities are still active and operational including CPM Medical and heavily involved with MiMedx sales and operations."

MiMedx:

This statement is FALSE. As reported earlier, MiMedx has not done business with CPM for more than two years, so neither CPM nor the entities listed have been "heavily involved with MiMedx sales and operations."

10. Viceroy Claim:

If that's the case why does Mimedx list Ambiochoice on its tissue bank registration (Form-3356) dated 9/29/16?



See instructions for OMB Statement. FORM APPROVED:OMB No.0910-0543. Expiration Date: 3/31/2017

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PUBLIC HEALTH SERVICE
FOOD AND DRUG ADMINISTRATION

ESTABLISHMENT REGISTRATION AND LISTING FOR HUMAN CELLS, TISSUES, AND CELLULAR AND TISSUE-BASED PRODUCTS (HCT/Ps)
(See reverse side for instructions)

1. REGISTRATION NUMBER (FDA Establishment Identifier)
FEI: 3005897621

2. REASON FOR SUBMISSION
a. ☐ INITIAL REGISTRATION / LISTING
b. ☐ ANNUAL REGISTRATION / LISTING
c. ☒ CHANGE IN INFORMATION
d. ☐ INACTIVE

VALIDATION--FOR FDA USE ONLY
VALIDATED BY FDA:30-SEP-2016
DISTRICT: Atlanta
PRINTED BY FDA:04-OCT-2016

PART I - ESTABLISHMENT INFORMATION

3. OTHER FDA REGISTRATIONS
a. BLOOD FDA 2830 NO.
b. DEVICES FDA 2891 NO.
c. DRUG FDA 2656 NO.

4. PHYSICAL LOCATION (Include legal name, number and street, city, state, country, and post office code)
MiMedx Tissue Services, LLC
1775 West Oak Commons Court NE
Marietta, Georgia 30062

a. PHONE 770-651-9254 EXT
b. ☐ SATELLITE RECOVERY ESTABLISHMENT
MANUFACTURING ESTABLISHMENT FEI NO.
c. ☐ TESTING FOR MICRO-ORGANISMS ONLY

5. ENTER CORRECTIONS TO ITEM 4

6. MAILING ADDRESS OF REPORTING OFFICIAL (Include institution name if applicable, number and street, city, state, country, and post office code)
MiMedx Tissue Services, LLC
Attn: Mark Rogers
1775 West Oak Commons Ct NE
Marietta, Georgia 30062

a. PHONE 770-651-9254 EXT

7. ENTER CORRECTIONS TO ITEM 6 b. PHONE

8. U.S. AGENT
a. E-MAIL

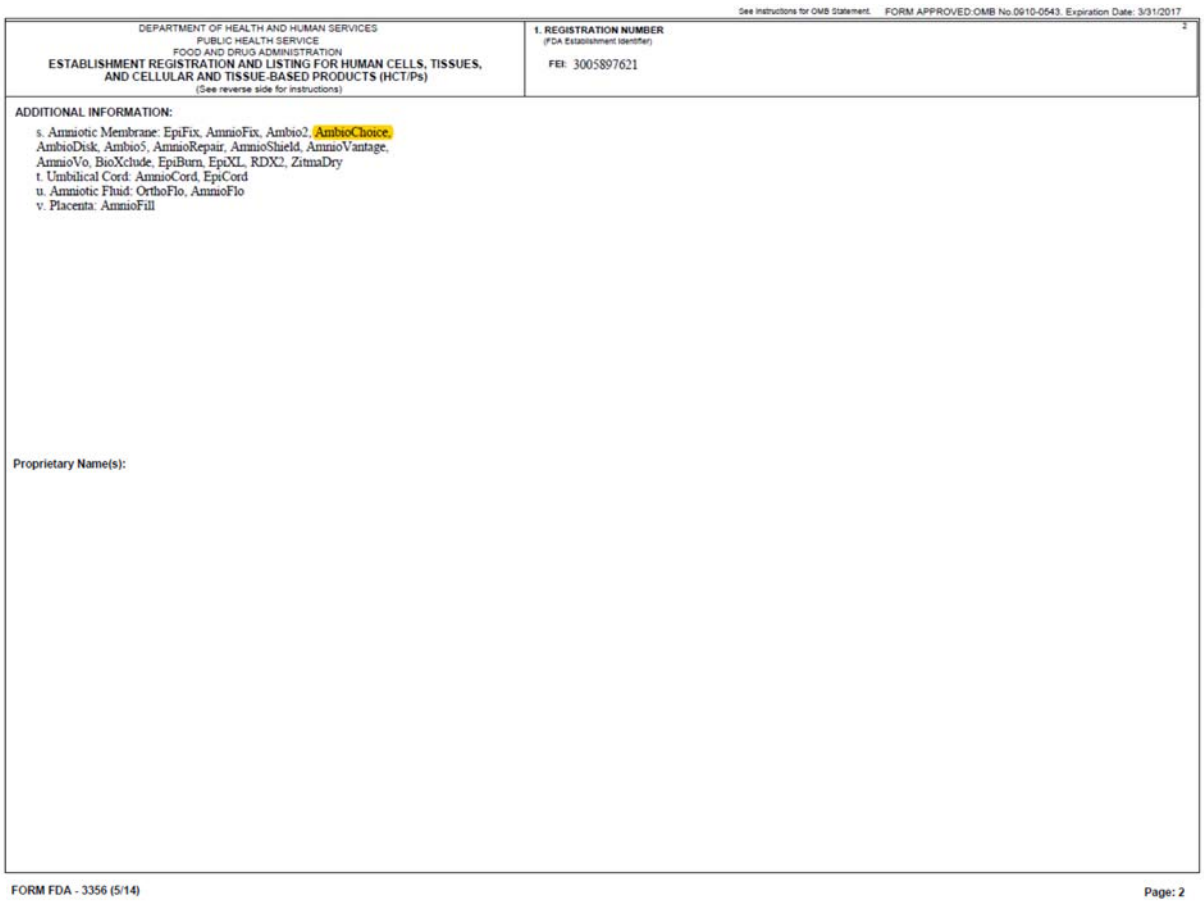
9. REPORTING OFFICIAL'S SIGNATURE
a. TYPED NAME Mark Rogers
b. E-MAIL mrogers@mimedx.com
c. TITLE VP, QA/RA d. DATE 29-SEP-2016

PART II - PRODUCT INFORMATION

10. ESTABLISHMENT FUNCTIONS AND TYPES OF HCT / Ps

Types of HCT / Ps	Establishment Functions: Recover	Screen	Test	Package	Process	Store	Label	Distribute	11. HCT/Ps DESCRIBED IN 21 CFR 1271.10	12. HCT/Ps REGULATED AS MEDICAL DEVICES	13. HCT/Ps REGULATED AS BIOLOGICAL DRUGS	14. PROPRIETARY NAME(S)
a. Bone		X							X			
b. Cartilage												
c. Cornea												
d. Dura Mater												
e. Embryo ☐ SIP ☐ Directed ☐ Anonymous												
f. Fascia												
g. Heart Valve												
h. Ligament												
i. Oocyte ☐ SIP ☐ Directed ☐ Anonymous												
j. Pericardium												
k. Peripheral Blood Stem ☐ Autologous ☐ Family Related ☐ Allogeneic												
l. Sclera												
m. Semen ☐ SIP ☐ Directed ☐ Anonymous												
n. Skin		X							X			
o. Somatic Cell Therapy Products ☐ Autologous ☐ Family Related ☐ Allogeneic												
p. Tendon												
q. Umbilical Cord Blood ☐ Autologous ☐ Family Related ☐ Allogeneic												
r. Vascular Graft												
s. Amniotic Membrane	X	X		X	X	X	X	X	X			*** See full text on next page
t. Placenta	X	X		X	X	X	X	X	X			*** See full text on next page
u. Amniotic Fluid		X		X	X	X	X	X	X			*** See full text on next page
v. Umbilical Cord	X	X		X	X	X	X	X	X			*** See full text on next page

FORM FDA - 3356 (5/14)



See Instructions for OMB Statement. FORM APPROVED:OMB No.0910-0543. Expiration Date: 3/31/2017

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PUBLIC HEALTH SERVICE
FOOD AND DRUG ADMINISTRATION
ESTABLISHMENT REGISTRATION AND LISTING FOR HUMAN CELLS, TISSUES, AND CELLULAR AND TISSUE-BASED PRODUCTS (HCT/Ps)
(See reverse side for instructions)

1. REGISTRATION NUMBER
(FDA Establishment Identifier)
FEI: 3005897621

ADDITIONAL INFORMATION:

s. Amniotic Membrane: EpiFix, AmnioFix, Ambio2, AmbioChoice, AmbioDisk, Ambio5, AmnioRepair, AmnioShield, AmnioVantage, AmnioVo, BioXclude, EpiBurn, EpiXL, RDX2, ZitmaDry
t. Umbilical Cord: AmnioCord, EpiCord
u. Amniotic Fluid: OrthoFlo, AmnioFlo
v. Placenta: AmnioFill

Proprietary Name(s):

FORM FDA - 3356 (5/14) Page: 2

http://www.biomet.com/wps/wcm/connect/internet/7e510d1f-afe5-43f9-998c-33003ccbfbe5/Mimedx+FDA+exp12-31-2017.pdf?MOD=AJPERES

Adding to the confusion is the fact that CPM Medical was recently acquired by Fuse and the fact that Fuse filed a 2018 tissue bank registration for storing products that include Ambiochoice, Ambiochoice Plus, AmnioFix, and Epi XL.

https://www.businesswire.com/news/home/20171219006332/en/Fuse-Medical-Signs-Definitive-Purchase-Agreement-Acquire/?feedref=JjAwJuNHiystnCoBq_hl-RLXHJgazfQJNuOVHefdHP-D8R-QU5o2AvY8bhI9uvWSD8DYIYv4TIC1g1u0AKcacnnViVjtb72bOP4-4nHK5ieT3WxPE8m_kWI77F87CseT&utm_source=dlvr.it&utm_medium=twitter

U.S. Food and Drug Administration

Department of Health and Human Services

CENTER FOR BIOLOGICS EVALUATION AND RESEARCH

FDA Home Page | Contact eHCTERS Technical Support

HUMAN CELL AND TISSUE ESTABLISHMENT REGISTRATION - Public Query
Establishment Details

Establishment Name and Location

Current Status:	Registered
Last Annual Registration Year:	2018
FDA Establishment Identifier (FEI):	3009838494
Establishment Name:	Fuse Medical INC
Address:	1565 N.Central Expy
	Suite 220
City:	Richardson
State:	Texas
Zip:	75080
Country:	United States
Phone:	2145641350

Establishment Functions

Establishment HCT/P Listing

	Types of HCT/P's	HCT/P's Described in 21 CFR 1271.10	HCT/P's Regulated as Medical Devices	HCT/P's Regulated as Drugs or Biological Drugs	Proprietary Names
a.	Bone	X			H-Genin, EVO Graft, EVO Sponge, Vivex DBM,Vivex DBM Plus, Vega Sponge & Strip,Via Graft,Via Form
b.	Cartilage				
c.	Cornea				
d.	Dura Mater				
e.	Embryo				
f.	Fascia				
g.	Heart Valve				
h.	Ligament				
i.	Oocyte				
j.	Pericardium				
k.	Peripheral Blood Stem Cells				
l.	Sclera				
m.	Semen				
n.	Skin	X			
o.	Somatic Cell Therapy Products				
p.	Tendon	X			
q.	Umbilical Cord Blood Stem Cells				
r.	Vascular Graft				
s.	Amniotic Membrane	X			AmBioChoice, AmBioChoice Plus, AmnioFix, Epi XL,Allogen, Allogen-LI,Cygnus,Bio Dry Flex, Via Form, BioD Factor & Restore

https://www.accessdata.fda.gov/scripts/cber/CFAppsPub/tiss/Index.cfm?fuseAction=fuse_DisplayDetails