



## Sanara MedTech Inc. Announces First Quarter 2024 Results

May 13, 2024

**FORT WORTH, TX / GlobeNewswire / May 13, 2024 / Sanara MedTech Inc.** Based in Fort Worth, Texas, Sanara MedTech Inc. (“Sanara,” the “Company,” “we,” “our” or “us”) (NASDAQ: SMTI), a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical, chronic wound and skincare markets, announced today its strategic, operational and financial results for the quarter ended March 31, 2024.

Ron Nixon, Sanara’s CEO, stated, “Over the course of 2023, we made significant advancements in data analytics, sales force optimization, and our sales processes. These improvements and the momentum we achieved in the fourth quarter of 2023 helped us exceed our internal forecast for the first quarter, and, we believe, position us to continue to build upon the success the team has achieved in previous periods. In the first quarter of 2024, Sanara continued to execute on its strategic and operational plans and realized its tenth consecutive record revenue quarter. Subsequent to the end of the quarter, the Company’s former CEO resigned and the Company took steps to strengthen its cash resources as well as add to the executive team.”

### Strategic and Operational Highlights in the First Quarter 2024

- In the first quarter of 2024, the Company generated a record \$18.5 million in sales, representing a tenth consecutive record revenue quarter for the Company.
- For the three months ended March 31, 2024, the Company had a net loss of \$1.8 million, compared to a net loss of \$1.2 million for the three months ended March 31, 2023. The Company generated Adjusted EBITDA\* of \$0.3 million for the three months ended March 31, 2024, compared to negative Adjusted EBITDA of \$0.3 million for the three months ended March 31, 2023.
- During the trailing twelve-month period, the Company’s products were sold in over 1,080 facilities across 34 states plus the District of Columbia. The Company’s products were contracted or approved to be sold in more than 3,000 hospitals/ambulatory surgery centers as of March 31, 2024.
- The Company made significant progress in the areas of intellectual property and the manufacturing process for its CellerateRX<sup>®</sup> product.
- Subsequent to the end of the quarter, the Company announced the appointments of Jake Waldrop as Chief Operating Officer and Tyler Palmer as Chief Corporate Development and Strategy Officer.
- Subsequent to the end of the quarter, the Company announced that it has entered into a \$55.0 million non-dilutive term loan agreement with CRG Servicing LLC, an affiliate of CRG LP, a healthcare focused investment fund, to support the Company’s growth initiatives in 2024 and 2025. The Company received \$15.0 million in gross proceeds at closing and, subject to certain conditions, has the option to draw up to \$40.0 million in additional funds in two tranches before June 30, 2025.
- Subsequent to the end of the quarter, former CEO Zach Fleming delivered notice of his resignation, effective May 10, 2024. Ron Nixon, Sanara’s Chairman, who has been deeply

involved in developing and executing the Company's strategic vision, has been appointed CEO by Sanara's Board of Directors.

## **First Quarter 2024 Sales Analysis**

In the first quarter of 2024, Sanara focused on increasing the use of its products in new and existing territories, expanding usage in new specialty areas, and increasing per facility sales. For the quarter ended March 31, 2024, Sanara generated net revenue of \$18.5 million compared to net revenue of \$15.5 million for the quarter ended March 31, 2023, a 19% increase from the prior year period. The higher net revenue in the first quarter of 2024 was due to increased sales of soft tissue repair products (CellerateRX<sup>®</sup> Surgical Activated Collagen<sup>®</sup>, FORTIFY TRG<sup>®</sup> Tissue Repair Graft, FORTIFY FLOWABLE<sup>®</sup> Extracellular Matrix, and TEXAGEN<sup>®</sup> Amniotic Membrane Allograft) as a result of increased market penetration, geographic expansion and the Company's continuing strategy to expand independent distribution network in both new and existing U.S. markets.

## **Earnings Analysis**

Sanara reported a net loss of \$1.8 million for the quarter ended March 31, 2024, compared to a net loss of \$1.2 million for the quarter ended March 31, 2023. The higher loss in 2024 was primarily due to increased SG&A costs related to direct sales and marketing expenses and amortization expenses due to amortization of our acquired intangible assets related to our Applied Nutritionals asset acquisition. These increased costs were partially offset by higher gross profit and lower R&D expenses. The Company generated Adjusted EBITDA of \$0.3 million for the quarter ended March 31, 2024, compared to negative Adjusted EBITDA of \$0.3 million for the quarter ended March 31, 2023.

\* Adjusted EBITDA is a non-GAAP financial measure. See the discussion below under the heading "Use of Non-GAAP Financial Measures" and the reconciliations at the end of this release for additional information.

## **Use of Non-GAAP Financial Measures**

To supplement the Company's financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we present certain non-GAAP financial measures in this press release and on the related teleconference call, including Adjusted EBITDA. The Company's management uses these non-GAAP financial measures, both internally and externally, to assess and communicate the financial performance of the Company. The Company defines Adjusted EBITDA as net loss excluding interest expense/income, provision/benefit for income taxes, depreciation and amortization, non-cash stock compensation expense, change in fair value of earnout liabilities, effects of noncontrolling interests, and gains/losses on the disposal of property and equipment. The Company believes Adjusted EBITDA is useful to investors because it facilitates comparisons of its core business operations across periods on a consistent basis. Accordingly, the Company adjusts for certain items, such as change in fair value of earnout liabilities, when calculating Adjusted EBITDA because the Company believes that such items are not related to the Company's core business operations.

The Company's non-GAAP financial measures are not in accordance with, nor an alternative for, measures conforming to GAAP and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. The Company continues to provide all

information required by GAAP, but it believes that evaluating its ongoing operating results may not be as useful if an investor or other user is limited to reviewing only GAAP financial measures. The Company does not, nor does it suggest that investors should, consider these non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Material limitations associated with the use of such measures include that they do not reflect all costs included in operating expenses and may not be comparable with similarly named financial measures of other companies. Furthermore, these non-GAAP financial measures are based on subjective determinations of management regarding the nature and classification of events and circumstances. The Company presents these non-GAAP financial measures to provide investors with information to evaluate the Company's operating results in a manner similar to how management evaluates business performance. To compensate for any limitations in such non-GAAP financial measures, management believes that it is useful in understanding and analyzing the results of the business to review both GAAP information and the related non-GAAP financial measures. Whenever the Company uses a non-GAAP financial measure, it provides a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure. Investors are encouraged to review and consider these reconciliations.

## **Conference Call**

Sanara will host a conference call on Tuesday, May 14, 2024, at 9:00 a.m. Eastern Time. The toll-free number to call for this teleconference is 888-506-0062 (international callers: 973-528-0011) and the access code is 253700. A telephonic replay of the conference call will be available through Tuesday, May 28, 2024, by dialing 877-481-4010 (international callers: 919-882-2331) and entering the replay passcode: 50526.

A live [webcast](#) of Sanara's conference call will be available under the Investor Relations section of the Company's website, [www.SanaraMedTech.com](http://www.SanaraMedTech.com). A one-year online replay will be available after the conclusion of the live broadcast.

## **About Sanara MedTech Inc.**

With a focus on improving patient outcomes through evidence-based healing solutions, Sanara MedTech Inc. markets, distributes and develops surgical, wound and skincare products for use by physicians and clinicians in hospitals, clinics and all post-acute care settings and offers wound care and dermatology virtual consultation services via telemedicine. Sanara's products are primarily sold in the North American advanced wound care and surgical tissue repair markets. Sanara markets and distributes CellerateRX<sup>®</sup> Surgical Activated Collagen<sup>®</sup>, FORTIFY TRG<sup>®</sup> Tissue Repair Graft and FORTIFY FLOWABLE<sup>®</sup> Extracellular Matrix as well as a portfolio of advanced biologic products focusing on ACTIGEN<sup>™</sup> Verified Inductive Bone Matrix, ALLOCYTE<sup>™</sup> Plus Advanced Viable Bone Matrix, BiFORM<sup>®</sup> Bioactive Moldable Matrix, TEXAGEN<sup>®</sup> Amniotic Membrane Allograft, and BIASURGE<sup>®</sup> Advanced Surgical Solution to the surgical market. In addition, the following products are sold in the wound care market: BIAKÖS<sup>®</sup> Antimicrobial Skin and Wound Cleanser, BIAKÖS<sup>®</sup> Antimicrobial Wound Gel, BIAKÖS<sup>®</sup> Antimicrobial Skin and Wound Irrigation Solution and HYCOL<sup>®</sup> Hydrolyzed Collagen. Sanara's pipeline also contains potentially transformative product candidates for mitigation of opportunistic pathogens and biofilm, wound re-epithelialization and closure, necrotic tissue debridement and cell compatible substrates. The Company believes it has the ability to drive its pipeline from concept to preclinical and clinical development while meeting quality and regulatory requirements. Sanara is constantly seeking long-term strategic partnerships

with a focus on products that improve outcomes at a lower overall cost.

## **Information about Forward-Looking Statements**

The statements in this press release that do not constitute historical facts are “forward-looking statements,” within the meaning of and subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. These statements may be identified by terms such as “aims,” “anticipates,” “believes,” “contemplates,” “continue,” “could,” “estimates,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “possible,” “potential,” “predicts,” “preliminary,” “projects,” “seeks,” “should,” “targets,” “will” or “would,” or the negatives of these terms, variations of these terms or other similar expressions. These forward-looking statements include, among others, statements regarding the development of new products, the timing of commercialization of our products, the regulatory approval process and expansion of the Company’s business in telehealth and wound care. These items involve risks, contingencies and uncertainties such as our ability to build out our executive team, our ability to identify and effectively utilize the net proceeds of the term loan to support the Company’s growth initiatives, the extent of product demand, market and customer acceptance, the effect of economic conditions, competition, pricing, uncertainties associated with the development and process for obtaining regulatory approval for new products, the ability to consummate and integrate acquisitions, and other risks, contingencies and uncertainties detailed in the Company’s SEC filings, which could cause the Company’s actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by these statements.

All forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to revise any of these statements to reflect the future circumstances or the occurrence of unanticipated events, except as required by applicable securities laws.

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