



Sanara MedTech Inc. Announces Second Quarter 2023 Results

August 14, 2023

FORT WORTH, TX / GlobeNewswire / August 14, 2023 / 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 June 30, 2023.

Zach Fleming, Sanara’s CEO stated, “The second quarter of 2023 was another record revenue quarter for the Company. Subsequent to the end of the quarter, we completed the acquisition of certain assets related to our collagen products business that we believe will significantly add to our businesses’ performance by decreasing costs and eliminating the royalties we paid on CellerateRX Surgical and HYCOL to the sellers. Additionally, we believe the acquisition will allow us to further develop and commercialize new efficacious products.”

Second Quarter 2023 Strategic and Operational Highlights (Unaudited)

- During the trailing twelve-month period, the Company’s products were sold in over 950 facilities across 33 states.
- The Company’s products were contracted or approved to be sold in more than 3,000 hospitals/ASCs as of June 30, 2023. The large increase quarter over quarter was attributable to the Company signing an agreement with a major group purchasing organization.
- Subsequent to the end of the quarter, the Company completed the acquisition of certain assets related to its collagen products business. The assets acquired included, among others:
- All rights and ownership (for human wound care uses) for four 510(k) cleared collagen-based wound care products, including CellerateRX® Surgical Powder and Gel (“CellerateRX Surgical”) and HYCOL® Hydrolyzed Collagen (“HYCOL”).
- All rights and ownership (for human wound care uses) for three new collagen-based products currently under development.
- All patents, patents pending, trademarks and regulatory approvals related to collagen human wound care products owned by the sellers. This includes nine patents and all of the sellers’ patents pending for collagen products for human wound care uses and five trademarks.

Sales Analysis

The Company generated net revenues of \$15.8 million for the three months ended June 30, 2023, compared to net revenues of \$9.7 million for the three months ended June 30, 2022, a 63% increase from the prior year period. The higher net revenues for the three months ended June 30, 2023 were primarily due to increased sales of soft tissue repair products (CellerateRX Surgical, FORTIFY TRG® Tissue Repair Graft, FORTIFY FLOWABLE® ECM, and TEXAGEN® Amniotic Membrane Allograft) and, to a lesser extent, bone fusion products (BiFORM® Bioactive Moldable Matrix, AMPLIFY™ Verified Inductive Bone Matrix, and ALLOCYTE® Advanced Cellular Bone Matrix), as a result of the Company’s increased market penetration and geographic expansion, additional

revenues as a result of the Company's acquisition of Scendia Biologics, LLC in 2022 and the Company's continuing strategy to expand its independent distribution network in both new and existing U.S. markets. The Company's sales continue to be negatively impacted by supply issues related to its ALLOCYTE® Advanced Cellular Bone Matrix product. The Company is starting to see improvement and expects an alternative source to come online in the near future.

Earnings Analysis

The Company had a loss before income taxes of \$1.9 million for the three months ended June 30, 2023, compared to a loss before income taxes of \$3.4 million for the three months ended June 30, 2022. The lower loss before income taxes for the three months ended June 30, 2023 was due to operating expenses increasing at a slower rate than net sales in addition to the benefit recorded as a result of the change in fair value of earnout liabilities. For the three months ended June 30, 2023, the Company had a net loss of \$1.9 million, compared to net income of \$0.8 million for the three months ended June 30, 2022. The higher net income in 2022 was primarily due to a one-time noncash income tax benefit realized in Q2 of 2022. Subsequent to the end of the quarter, the Company completed the acquisition of certain assets related to its collagen products business. The Company believes that cost savings and the elimination of royalties paid to the sellers will meaningfully contribute to the Company's earnings going forward. In 2022, the Company paid \$1.8 million in royalties on its collagen products.

Conference Call

Sanara will host a conference call on Tuesday, August 15, 2023, 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 233776. A telephonic replay of the conference call will be available through Tuesday, August 29, 2023, by dialing 877-481-4010 (international callers: 919-882-2331) and entering the replay passcode: 48852.

A live [webcast](#) of Sanara's conference call will be available under the Investor Relations section of the Company's website, 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® Surgical Activated Collagen®, FORTIFY TRG® Tissue Repair Graft and FORTIFY FLOWABLE® Extracellular Matrix as well as a portfolio of advanced biologic products focusing on AMPLIFY™ Verified Inductive Bone Matrix, ALLOCYTE® Advanced Cellular Bone Matrix, BiFORM® Bioactive Moldable Matrix and TEXAGEN® Amniotic Membrane Allograft to the surgical market. In addition, the following products are sold in the wound care market: BIAKÖS® Antimicrobial Skin and Wound Cleanser, BIAKÖS™ Antimicrobial Wound Gel, BIAKÖS® Antimicrobial Skin and Wound Irrigation Solution and HYCOL® 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. In addition, Sanara is actively seeking to expand within its six focus areas of wound and skin care for the acute, post-acute, and surgical markets. The focus areas are debridement, biofilm removal, hydrolyzed collagen, advanced biologics, negative pressure wound therapy products and the oxygen delivery system segment of the wound and skincare markets.

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 potential benefits created by the acquisition of certain assets related to the Company’s collagen products business, the anticipated impact of such acquisition on the Company’s business and future financial and operating results, the Company’s ability to develop and commercialize the new collagen-based products currently under development, including the manufacturing, distribution, marketing and sale of such products, the Company’s ability to maintain or replace the manufacturing and distribution process of the sellers in the acquisition, including relationships with vendors, 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 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.

Investor Contact:

Callon Nichols, Director of Investor Relations

713-826-0524

CNichols@sanamedtech.com

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See –

[SANARA MEDTECH INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS](#)

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