Sanara MedTech Inc. Reports Second Quarter 2026 Financial Results (Unaudited)

August 11, 2026

FORT WORTH, TX, Aug. 11, 2026 (GLOBE NEWSWIRE) -- Sanara MedTech Inc. ("Sanara," "Sanara MedTech," 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 market, today reported its financial results for the second quarter ended June 30, 2026.

Second Quarter 2026 Financial Summary(1)

- Net revenue increased 9% to $28.1 million, compared to $25.8 million in the second quarter of 2025.
- Gross profit of $26.2 million, or 93% of net revenue, compared to gross profit of $23.9 million, or 92% of net revenue, in the second quarter of 2025.
- Operating income of $1.8 million, compared to operating income of $2.5 million in the second quarter of 2025.
- Net loss from continuing operations of $0.4 million, or a loss of $0.05 per diluted share, compared to net income from continuing operations of $0.5 million, or $0.05 per diluted share, in the second quarter of 2025.
- Adjusted EBITDA(2) of $5.0 million, compared to $4.7 million in the second quarter of 2025.

First Six Months of 2026 Financial Summary(1)

- Net revenue increased 14% to $55.9 million, compared to $49.2 million in the first six months of 2025.
- Gross profit of $52.0 million, or 93% of net revenue, compared to gross profit of $45.5 million, or 92% of net revenue, in the first six months of 2025.
- Operating income of $4.4 million, compared to operating income of $3.3 million in the first six months of 2025.
- Net loss from continuing operations of $13,457, or zero per diluted share, compared to net loss from continuing operations of $0.1 million, or a loss of $0.01 per diluted share, in the first six months of 2025.
- Adjusted EBITDA(2) of $9.3 million, compared to $7.4 million in the first six months of 2025.
- Cash and cash equivalents of $15.4 million and $46.5 million of long-term debt at June 30, 2026, compared to $16.6 million of cash and cash equivalents and $46.0 million of long-term debt at December 31, 2025.

(1) As a result of the Company's strategic realignment, the operations of Tissue Health Plus ("THP"), which were previously reported as the THP segment, have been classified as discontinued operations in Sanara's consolidated financial statements for the three and six months ended June 30, 2026 and 2025.

(2) Adjusted EBITDA is a non-GAAP financial measure. See the discussion and the reconciliation at the end of this release for additional information.

Management Comments

Seth Yon, President and Chief Executive Officer of Sanara, commented, We continued to drive solid revenue growth in the second quarter of 2026 with net revenue of $28.1 million, representing a 9% increase over the second quarter of 2025, as well as gross margin of 93% supporting Adjusted EBITDA of $5.0 million.

Subsequent to the close of the quarter, we announced our entry into a transformational agreement in which Sanara is expected to be acquired by MIMEDX, a leading provider of products for applications in wound care, burn and surgical sectors of healthcare," Mr. Yon continued. "The transaction is expected to combine Sanara's pure play surgical focus and innovative technologies across collagen particulate, wound irrigation and bone fixation with MIMEDX's high-growth, best-in-class surgical portfolio, creating a leading regenerative medicine company across numerous surgical subspecialties. The completion of this combination, which remains subject to customary closing conditions, would allow us to deepen our existing distributor relationships and expand our operating presence by bringing together two highly focused organizations with deep benches of talent and strong momentum in the surgical space.

"We remain focused on continuing to meet the needs of our customers and expanding penetration of our portfolio of surgical products, which include our leading product CellerateRX Surgical, BIASURGE and OsStic, a licensed synthetic injectable structural bio-adhesive bone void filler which remains on track to be introduced to the market in the first quarter of 2027," Mr. Yon concluded.

Second Quarter and Year-to-Date 2026 Revenue

The following table summarizes revenue streams from product sales for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Soft tissue repair products	$ 25,242,592	$ 22,661,457	$ 50,185,537	$ 43,193,897
Bone fusion products	2,894,165	3,142,795	5,749,754	6,044,451
Total Net Revenue	**$ 28,136,757**	**$ 25,804,252**	**$ 55,935,291**	**$ 49,238,348**

Second Quarter of 2026 Financial Results(1)

Net revenue for the second quarter of 2026 was $28.1 million, compared to $25.8 million for the second quarter of 2025, an increase of $2.3 million, or 9%, year-over-year. Higher net revenue for the second quarter of 2026 was driven by an increase of $2.5 million, or 11%, in sales of soft tissue repair products, including CellerateRX® Surgical Powder ("CellerateRX Surgical"), BIASURGE ® Advanced Surgical Solution ("BIASURGE") and FORTIFY TRG ® Tissue Repair Graft ("FORTIFY TRG"), offset by a slight decrease of $0.2 million, or 8%, in sales of bone fusion products.

Gross profit for the second quarter of 2026 was $26.2 million, compared to $23.9 million for the second quarter of 2025, an increase of $2.3 million, or 10%, year-over-year. Gross margin was 93% of net revenue for the second quarter of 2026, compared to 92% of net revenue for the second quarter of 2025. Higher gross profit and margin for the second quarter of 2026 was primarily due to the net revenue growth factors above and product mix.

Operating expenses for the second quarter of 2026 were $24.4 million, or 86.8% of net revenue, compared to $21.4 million, or 82.9% of net revenue, for the second quarter of 2025, an increase of $3.0 million, or 14%, year-over-year. The increase in operating expenses was primarily due to higher selling, general, and administrative ("SG&A") as well as slightly increased research and development ("R&D"). Higher SG&A in the second quarter of 2026 was primarily due to increased direct sales and marketing expenses, which accounted for approximately $1.2 million of the increase, approximately $0.6 million related to compensation expense and approximately $1.1 million related to legal and advisory services associated with corporate strategic initiatives. R&D for the second quarter of 2026 increased to $1.2 million, or 4% of net revenue, compared to $1.1 million, or 4% of net revenue, for the second quarter of 2025.

Operating income for the second quarter of 2026 was $1.8 million, compared to operating income of $2.5 million for the second quarter of 2025.

Other expense for the second quarter of 2026 was $2.2 million, compared to $2.0 million for the second quarter of 2025. The increase in other expense for the second quarter of 2026 was primarily due to higher interest expense related to our term loan with CRG Servicing LLC (the "CRG Term Loan") and our share of losses from equity method investments. In the second quarter of 2025, interest on the CRG Term Loan was paid-in-kind and capitalized to the loan balance, whereas all interest was paid in cash in the second quarter of 2026.

Net loss from continuing operations for the second quarter of 2026 was $0.4 million, or a loss of $0.05 per diluted share, compared to net income from continuing operations of $0.5 million, or $0.05 per diluted share, for the second quarter of 2025. Net loss from continuing operations for the second quarter of 2026 was primarily due to higher SG&A, interest expense related to the CRG Term Loan and share of losses from equity method investments, partially offset by net revenue growth. Net loss from discontinued operations for the second quarter of 2026 was $41,720, compared to a net loss from discontinued operations of $2.5 million for the second quarter of 2025.

Adjusted EBITDA(2) for the second quarter of 2026 was $5.0 million, compared to $4.7 million for the second quarter of 2025, an increase of $0.3 million. Higher Adjusted EBITDA in the second quarter of 2026 was primarily due to net revenue growth offset by increases in SG&A.

First Six Months of 2026 Financial Results(1)

Net revenue for the first six months of 2026 was $55.9 million, compared to $49.2 million for the first six months of 2025, an increase of $6.7 million, or 14%, year-over-year. Higher net revenue for the first six months of 2026 was driven by an increase of $7.0 million, or 16%, in sales of soft tissue repair products, including CellerateRX Surgical, BIASURGE and FORTIFY TRG, offset by a slight decrease of $0.3 million, or 5%, in sales of bone fusion products.

Gross profit for the first six months of 2026 was $52.0 million, compared to $45.5 million for the first six months of 2025, an increase of $6.5 million, or 14%, year-over-year. Gross margin was 93% of net revenue for the first six months of 2026, compared to 92% of net revenue for the first six months of 2025. Higher gross profit and margin for the first six months of 2026 was primarily due to the net revenue growth factors above and product mix.

Operating expenses for the first six months of 2026 were $47.6 million, or 85.2% of net revenue, compared to $42.2 million, or 85.8% of net revenue, for the first six months of 2025, an increase of $5.4 million, or 13%, year-over-year. The increase in operating expenses was primarily due to higher SG&A offset by lower R&D, for the first six months of 2026. Higher SG&A in the first six months of 2026 was primarily due to increased direct sales and marketing expenses, which accounted for approximately $3.1 million of the increase, approximately $1.1 million related to compensation expense, approximately $1.1 million related to legal and advisory services associated with corporate strategic initiatives and approximately $0.2 million related to contracted services. R&D for the first six months of 2026 decreased to $1.9 million, or 3% of net revenue, compared to R&D of $2.0 million, or 4% of net revenue, for the first six months of 2025. Lower R&D in the first six months of 2026 was primarily due to the timing of product enhancement initiatives associated with the Company's soft tissue repair products when compared to the first six months of 2025.

Operating income for the first six months of 2026 was $4.4 million, compared to operating income of $3.3 million for the first six months of 2025.

Other expense for the first six months of 2026 was $4.4 million, compared to $3.4 million for the first six months of 2025. The increase in other expense for the first six months of 2026 was primarily due to higher interest expense related to the CRG Term Loan and share of losses from equity method investments. In the first six months of 2025, interest on the CRG Term Loan was paid-in-kind and capitalized to the loan balance, whereas all interest was paid in cash in the first six months of 2026.

Net loss from continuing operations for the first six months of 2026 was $13,457, or zero per diluted share, compared to a net loss from continuing operations of $0.1 million, or a loss of $0.01 per diluted share, for the first six months of 2025. Net loss from continuing operations for the first six months of 2026 was primarily due to higher SG&A, interest expense related to the CRG Term Loan and share of losses from equity method investments, partially offset by net revenue growth. Net income from discontinued operations for the first six months of 2026 was $19,196, compared to a net loss from discontinued operations of $5.4 million for the first six months of 2025.

Adjusted EBITDA(2) for the first six months of 2026 was $9.3 million, compared to $7.4 million for the first six months of 2025, an increase of $1.9 million. The increase in Adjusted EBITDA in the first six months of 2026 was primarily due to net revenue growth offset by increases in SG&A.

Net cash used in operating activities in the first six months of 2026 was $0.4 million, compared to $0.7 million of net cash provided by operating activities in the first six months of 2025. The increase in net cash used in operating activities during the first six months of 2026 was primarily due to the timing of commissions payments, higher cash interest expense resulting from a larger outstanding debt balance compared to the prior-year period and the absence of paid-in-kind interest.

As of June 30, 2026, the Company had $15.4 million of cash and cash equivalents and $46.5 million of long-term debt, compared to $16.6 million and $46.0 million, respectively, as of December 31, 2025.

(1) As a result of the Company's strategic realignment, the operations of THP, which were previously reported as the THP segment, have been classified as discontinued operations in Sanara's consolidated financial statements for the three and six months ended June 30, 2026 and 2025.

(2) Adjusted EBITDA is a non-GAAP financial measure. See the discussion and the reconciliation at the end of this release for additional information.

About Sanara MedTech Inc.

Sanara MedTech Inc. is a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical market. The Company develops, markets and distributes surgical products for use by physicians and clinicians in hospitals. Each of the Company's products and technologies are designed to achieve the goal of providing better clinical outcomes at a lower overall cost for healthcare systems. Sanara's products are primarily sold in the North American surgical tissue repair market. Sanara markets and distributes CellerateRX ® Surgical Activated Collagen Powder, BIASURGE® Advanced Surgical Solution, FORTIFY TRG® Tissue Repair Graft and FORTIFY FLOWABLE® Extracellular Matrix, as well as a portfolio of advanced biologic products including: ACTIGEN® Verified Inductive Bone Matrix, ALLOCYTE® Plus Advanced Viable Bone Matrix, BiFORM® Bioactive Moldable Matrix and TEXAGEN® Amniotic Membrane Allograft to the surgical market. The Company believes it can drive its pipeline from concept to preclinical and clinical development while meeting quality and regulatory requirements. The Company strives to be one of the most innovative and comprehensive providers of effective surgical solutions and is continually seeking to expand its offerings for patients requiring treatments in the United States. For more information, please visit SanaraMedTech.com.

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," "expects," "forecast," "guidance," "intends," "may," "plans," "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 Company's expected net revenue, the Company's ability to achieve enhanced results by focusing on the surgical market, the Company's business strategy and mission, the development of new products, the timing of commercialization of the Company's products, and the regulatory approval process. These items involve risks, contingencies and uncertainties such as uncertainties as to the timing of the proposed transaction with MIMEDX (defined below); the timing, receipt and terms and conditions of any required governmental or regulatory approvals of the proposed transaction that could reduce the anticipated benefits of or cause the parties to abandon the proposed transaction; risks related to the satisfaction of the conditions to closing the proposed transaction (including the failure to obtain necessary regulatory approvals or the approval of the Company's shareholders) in the anticipated timeframe or at all; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of the Company's stock; disruption from the proposed transaction making it more difficult to maintain business and operational relationships, including retaining and hiring key personnel; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including in certain circumstances requiring the Company to pay a termination fee; risks related to disruption of management's attention from the Company's ongoing business operations due to the proposed transaction; significant transaction costs; the risk of litigation and/or regulatory actions related to the proposed transaction; uncertainties associated with the development and process for obtaining regulatory approval for new products; the extent of product demand; market and customer acceptance; the effect of economic conditions, competition and 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 most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and subsequent reports filed with the Securities and Exchange Commission (the "SEC"), 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 future circumstances or the occurrence of unanticipated events, except as required by applicable securities laws.

Important Information and Where to Find It

In connection with the proposed transaction, MiMedx Group, Inc. ("MIMEDX") intends to file with the SEC a registration statement on Form S-4 that will include a proxy statement of Sanara and that also constitutes a prospectus of MIMEDX. Each of MIMEDX and Sanara may also file other relevant documents with the SEC regarding the proposed transaction. This communication is not a substitute for the proxy statement/prospectus or registration statement or any other document that MIMEDX or Sanara may file with the SEC. The definitive proxy statement/prospectus (if and when available) will be mailed to shareholders of Sanara. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of the registration statement and proxy statement/prospectus (if and when available) and other documents containing important information about MIMEDX, Sanara and the proposed transaction, once such documents are filed with the SEC through the website maintained by the SEC at https://www.sec.gov. Copies of the documents filed with the SEC by MIMEDX will be available free of charge on MIMEDX's website at https://investors.mimedx.com/. Copies will also be available at no charge at the Investor Relations section of Sanara's website at https://ir.sanaramedtech.com/.

Participants in the Solicitation

Sanara, MIMEDX and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about the directors and executive officers of Sanara, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Sanara's proxy statement for its 2026 Annual Meeting of Shareholders, which was filed with the SEC on April 17, 2026. Information about the directors and executive officers of MIMEDX, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in MIMEDX's proxy statement for its 2026 Annual Meeting of Shareholders, which was filed with the SEC on April 29, 2026. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transaction when such materials become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from Sanara and MIMEDX using the sources indicated above.

No Offer or Solicitation

This communication does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any securities or a solicitation of any vote or approval with respect to the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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SANARA MEDTECH INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2026 (Unaudited)	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 15,421,170	$ 16,578,857
Accounts receivable, net	12,572,651	11,998,075
Inventory, net	3,459,921	3,948,748
Prepaid and other assets	741,733	948,620
Current assets related to discontinued operations	5,203	67,863
Total current assets	**32,200,678**	**33,542,163**
Long-term assets		
Intangible assets, net	17,277,013	18,640,673
Goodwill	3,601,781	3,601,781
Investment in equity securities	13,730,703	14,626,858
Right of use assets – operating leases	1,909,278	2,075,634
Property and equipment, net	426,934	456,962
Total long-term assets	**36,945,709**	**39,401,908**
Total assets	**$ 69,146,387**	**$ 72,944,071**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 1,401,443	$ 2,338,761
Accrued bonuses and commissions	6,801,395	11,781,435
Accrued royalties and expenses	3,562,415	2,684,626
Earnout liabilities – current	-	235,001
Operating lease liabilities – current	383,153	353,229
Current liabilities related to discontinued operations	345,585	1,233,478
Total current liabilities	**12,493,991**	**18,626,530**
Long-term liabilities		
Long-term debt	46,477,087	45,970,937
Operating lease liabilities – long-term	1,669,529	1,868,703
Other long-term liabilities	571,320	548,125
Total long-term liabilities	**48,717,936**	**48,387,765**
Total liabilities	**61,211,927**	**67,014,295**
Commitments and contingencies		
Shareholders' equity		
Common Stock: $0.001 par value, 20,000,000 shares authorized; 9,193,394 issued and outstanding as of June 30, 2026 and 8,946,913 issued and outstanding as of December 31, 2025	9,194	8,948
Additional paid-in capital	82,826,049	81,232,536
Accumulated deficit	(74,891,763)	(75,303,042)
Total Sanara MedTech shareholders' equity	**7,943,480**	**5,938,442**
Equity attributable to noncontrolling interest	(9,020)	(8,666)
Total shareholders' equity	**7,934,460**	**5,929,776**
Total liabilities and shareholders' equity	**$ 69,146,387**	**$ 72,944,071**

SANARA MEDTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended	Six Months Ended

	June 30,		June 30,	
	2026	2025	2026	2025
Net Revenue	**$ 28,136,757**	**$ 25,804,252**	**$ 55,935,291**	**$ 49,238,348**
Cost of goods sold	**1,981,347**	**1,937,282**	**3,904,936**	**3,772,249**
Gross profit	**26,155,410**	**23,866,970**	**52,030,355**	**45,466,099**
Operating expenses				
Selling, general and administrative	22,601,690	19,634,319	44,483,210	38,763,527
Research and development	1,154,232	1,056,796	1,913,824	2,007,155
Depreciation and amortization	619,111	688,546	1,206,363	1,382,578
Total operating expenses	**24,375,033**	**21,379,661**	**47,603,397**	**42,153,260**
Operating income	**1,780,377**	**2,487,309**	**4,426,958**	**3,312,839**
Other income (expense)				
Interest expense	(1,810,311)	(1,791,568)	(3,609,656)	(3,108,660)
Share of losses from equity method investments	(433,648)	(195,482)	(896,155)	(339,090)
Interest income	53,814	-	66,772	3,672
Gain (loss) on disposal of property and equipment	(1,376)	-	(1,376)	10,932
Total other income (expense)	**(2,191,521)**	**(1,987,050)**	**(4,440,415)**	**(3,433,146)**
Net income (loss) from continuing operations	**(411,144)**	**500,259**	**(13,457)**	**(120,307)**
Net income (loss) from discontinued operations	**(41,720)**	**(2,518,657)**	**19,196**	**(5,425,474)**
Net income (loss)	**(452,864)**	**(2,018,398)**	**5,739**	**(5,545,781)**
Less: Net loss attributable to noncontrolling interest from continuing operations	-	(4,036)	(354)	(4,242)
Net income (loss) attributable to Sanara MedTech shareholders	**$ (452,864)**	**$ (2,014,362)**	**$ 6,093**	**$ (5,541,539)**
Net income (loss) per share, basic:				
Continuing operations	$ (0.05)	$ 0.06	$ -	$ (0.01)
Discontinued operations	-	(0.29)	-	(0.63)
Net income (loss) per share of common stock, basic	$ (0.05)	$ (0.23)	$ -	$ (0.64)
Net income (loss) per share, diluted:				
Continuing operations	$ (0.05)	$ 0.05	$ -	$ (0.01)
Discontinued operations	-	(0.28)	-	(0.63)
Net income (loss) per share of common stock, diluted	$ (0.05)	$ (0.23)	$ -	$ (0.64)
Weighted average number of common shares outstanding, basic	8,662,671	8,612,986	8,732,849	8,591,663
Weighted average number of common shares outstanding, diluted	8,662,671	8,927,060	8,732,849	8,591,663

The following is a reconciliation of the numerator and denominator of basic and diluted net income (loss) per share for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss) from continuing operations	$ (411,144)	$ 500,259	$ (13,457)	$ (120,307)
Net income (loss) from discontinued operations	(41,720)	(2,518,657)	19,196	(5,425,474)
Less: Net loss attributable to noncontrolling interests from continuing operations	-	(4,036)	(354)	(4,242)
Net income (loss) attributable to Sanara MedTech shareholders	$ (452,864)	$ (2,014,362)	$ 6,093	$ (5,541,539)
Denominator:				
Weighted average shares, basic	8,662,671	8,612,986	8,732,849	8,591,663
Dilutive effect of stock options	-	31,013	-	-
Dilutive effect of unvested shares	-	283,061	-	-
Weighted average shares, diluted	8,662,671	8,927,060	8,732,849	8,591,663

The following table summarizes the shares of common stock that were potentially issuable but were excluded from the computation of diluted net loss per share of common stock for the periods presented, as such shares would have had an anti-dilutive effect:

	June 30,	
	2026	2025
Stock options	10,218	31,013
Unvested restricted stock	411,210	260,377

SANARA MEDTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	$ 5,739	$ (5,545,781)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,206,363	2,238,641
(Gain) loss on disposal of property and equipment	1,376	(9,674)
Credit loss expense	141,000	294,034
Inventory obsolescence	130,822	371,957
Share-based compensation	2,524,645	2,740,343
Noncash lease expense	166,356	359,758
Share of losses from equity method investments	896,155	339,090
Back-end fee	359,067	377,490
Paid-in-kind interest	-	995,244
Accretion of finance liabilities	53,160	86,541
Amortization and write-off of debt issuance costs	147,083	132,821
Changes in operating assets and liabilities:		
Accounts receivable, net	(700,576)	125,086
Accounts receivable – related parties	-	31,485
Inventory, net	358,005	(1,130,775)
Prepaid and other assets	254,547	(76,285)
Accounts payable	(937,318)	(42,464)
Accounts payable – related parties	-	1,442
Accrued royalties and expenses	898,597	317,076
Accrued bonuses and commissions	(5,762,706)	(579,389)
Operating lease liabilities	(169,250)	(361,513)
Net cash provided by (used in) operating activities	**(426,935)**	**665,127**
Cash flows from investing activities:		
Purchases of property and equipment	(49,052)	(3,484,008)
Proceeds from disposal of property and equipment	-	60,000
Purchases of intangible assets	-	(23,452)
Investment in equity securities	-	(3,538,217)

CarePICS Acquisition	-	(2,122,146)
Net cash used in investing activities	**(49,052)**	**(9,107,823)**
Cash flows from financing activities:		
Loan proceeds, net of debt issuance costs of zero in 2026 and $228,183 in 2025	-	12,021,817
Pay off debt assumed in CarePICS Acquisition	-	(1,650,000)
Net settlement of equity-based awards	(525,700)	(692,672)
Cash payment of finance and earnout liabilities	(156,000)	(156,000)
Net cash provided by (used in) financing activities	**(681,700)**	**9,523,145**
Net increase (decrease) in cash and cash equivalents	(1,157,687)	1,080,449
Cash and cash equivalents, beginning of period	16,578,857	15,878,295
Cash and cash equivalents, end of period	**$ 15,421,170**	**$ 16,958,744**
Cash paid during the period for:		
Interest	$ 3,050,346	$ 1,516,563
Taxes	48,716	52,984
Supplemental noncash investing and financing activities:		
Non-monetary exchange to acquire intangible assets	$ -	$ 2,084,278
Conversion of note receivable into equity method investment	-	1,101,478
Earnout liability generated by CarePICS Acquisition	-	1,355,603

SANARA MEDTECH INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURES (UNAUDITED)

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, 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 income (loss) from continuing operations excluding interest expense/income, provision/benefit for income taxes, depreciation and amortization, non-cash share-based compensation expense, change in fair value of earnout liabilities, asset impairment charges, share of losses from equity method investments, gains/losses on the disposal of property and equipment, executive separation costs, and acquisition and other transaction related costs, as each is applicable to the periods presented.

The Company believes Adjusted EBITDA is useful to investors because it facilitates comparisons of the Company's core business operations across periods on a consistent basis. Accordingly, the Company adjusts certain items 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.

Reconciliation of Net income (loss) from continuing operations to Adjusted EBITDA (Unaudited):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2026	**2025**	**2026**	**2025**
Net income (loss) from continuing operations	$ (411,144)	$ 500,259	$ (13,457)	$ (120,307)
Adjustments:				
Interest expense	1,810,311	1,791,568	3,609,656	3,108,660
Depreciation and amortization(1)	619,111	688,546	1,206,363	1,382,578
Noncash share-based compensation	1,496,310	1,278,871	2,524,645	2,454,367
Share of losses from equity method investments	433,648	195,482	896,155	339,090
(Gain) loss on disposal of property and equipment	1,376	-	1,376	(10,932)
Interest income	(53,814)	-	(66,772)	(3,672)
Executive separation costs(2)	-	260,275	-	260,275
Acquisition and other transaction related costs(3)	1,114,980	4,826	1,114,980	4,826
Adjusted EBITDA	**$ 5,010,778**	**$ 4,719,827**	**$ 9,272,946**	**$ 7,414,885**

(1) Depreciation expense of $7,021 and $12,482 was reclassified as continuing operations in the three and six months ended June 30, 2025 and is therefore no longer reflected in discontinued operations.

(2) Includes $130,174 of share-based compensation related to executive separation costs for the three and six months ended June 30, 2025.

(3) Acquisition and other transaction related costs are comprised of legal and advisory services related to prospective acquisitions and corporate strategic initiatives.

ANNEX - Consolidated (reflecting our Surgical Business):

The following tables reflect results of operations of our surgical business for the periods indicated below (Unaudited except for full fiscal years ended December 31, 2025, 2024, and 2023):

	2025					**2024**					**2023**				
	Q1	**Q2**	**Q3**	**Q4**	**TOTAL**	**Q1**	**Q2**	**Q3**	**Q4**	**TOTAL**	**Q1**	**Q2**	**Q3**	**Q4**	**TOTAL**
Net Revenue	**$ 23,434,096**	**$ 25,804,252**	**$ 26,333,819**	**$ 27,545,815**	**$ 103,117,982**	**$ 18,536,638**	**$ 20,158,823**	**$ 21,671,599**	**$ 26,305,365**	**$ 86,672,425**	**$ 15,519,187**	**$ 15,753,164**	**$ 16,024,948**	**$ 17,689,813**	**$ 64,987,112**
Cost of goods sold	**1,834,967**	**1,937,282**	**1,874,214**	**1,874,506**	**7,520,969**	**1,890,046**	**2,008,686**	**1,991,987**	**2,249,182**	**8,139,901**	**2,116,694**	**2,187,516**	**1,751,349**	**1,788,162**	**7,843,721**
Gross profit	**21,599,129**	**23,866,970**	**24,459,605**	**25,671,309**	**95,597,013**	**16,646,592**	**18,150,137**	**19,679,612**	**24,056,183**	**78,532,524**	**13,402,493**	**13,565,648**	**14,273,599**	**15,901,651**	**57,143,391**
Operating expenses															
Selling, general and administrative(1)	19,129,208	19,634,319	19,877,875	20,075,597	78,716,999	15,683,039	18,349,924	17,420,347	20,220,332	71,673,642	12,467,395	13,301,230	13,460,404	15,597,823	54,826,852
Research and development	950,359	1,056,796	1,029,591	2,035,737	5,072,483	578,981	582,443	783,840	883,399	2,828,663	235,236	208,727	225,886	232,933	902,782
Depreciation and amortization(2)	694,032	688,546	610,899	668,396	2,661,873	698,502	698,407	696,888	692,032	2,785,829	372,020	396,597	590,563	687,679	2,046,859
Change in fair value of earnout liabilities	-	-	-	-	-	(103,781)	89,330	-	-	(14,451)	(191,127)	(436,004)	(758,783)	87,578	(1,298,336)
Asset impairment charges	-	-	-	1,841,120	1,841,120	-	-	-	-	-	-	-	-	-	-
Total operating expenses	**20,773,599**	**21,379,661**	**21,518,365**	**24,620,850**	**88,292,475**	**16,856,741**	**19,720,104**	**18,901,075**	**21,795,763**	**77,273,683**	**12,883,524**	**13,470,550**	**13,518,070**	**16,606,013**	**56,478,157**
Operating income (loss)	**825,530**	**2,487,309**	**2,941,240**	**1,050,459**	**7,304,538**	**(210,149)**	**(1,569,967)**	**778,537**	**2,260,420**	**1,258,841**	**518,969**	**95,098**	**755,529**	**(704,362)**	**665,234**
Other income (expense)															
Interest expense	(1,317,092)	(1,791,568)	(1,818,105)	(1,833,035)	(6,759,800)	(267,336)	(644,346)	(927,577)	(1,289,136)	(3,128,395)	(6)	-	(188,294)	(287,483)	(475,783)
Share of losses from equity method investments	(143,608)	(195,482)	(288,642)	(324,734)	(952,466)	-	-	(31,448)	(58,559)	(90,007)	-	-	-	-	-
Interest income	3,672	-	-	-	3,672	-	-	-	21,978	21,978	-	-	-	-	-
Gain on disposal of property and equipment	10,932	-	-	-	10,932	-	-	-	-	-	-	-	-	-	-
Gain on disposal of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	251,034	251,034

Total other income (expense)	**(1,446,096)**	**(1,987,050)**	**(2,106,747)**	**(2,157,769)**	**(7,697,662)**	**(267,336)**	**(644,346)**	**(959,025)**	**(1,325,717)**	**(3,196,424)**	**(6)**	**-**	**(188,294)**	**(36,449)**	**(224,749)**
Net income (loss) from continuing operations	**$ (620,566)**	**$ 500,259**	**$ 834,493**	**$ (1,107,310)**	**$ (393,124)**	**$ (477,485)**	**$ (2,214,313)**	**$ (180,488)**	**$ 934,703**	**$ (1,937,583)**	**$ 518,963**	**$ 95,098**	**$ 567,235**	**$ (740,811)**	**$ 440,485**

(1) Selling, general and administrative expense of $90,293 was reclassified and is now reflected as discontinued operations in the first quarter of 2024.

(2) Depreciation expense of $5,461 and $7,021 was reclassified as continuing operations in the first and second quarters of 2025, respectively, and is therefore no longer reflected in discontinued operations.

ANNEX - Consolidated (reflecting our Surgical Business) (continued):

Reconciliation of Net income (loss) from continuing operations to Adjusted EBITDA (Unaudited):

	2025					**2024**					**2023**				
	Q1	**Q2**	**Q3**	**Q4**	**TOTAL**	**Q1**	**Q2**	**Q3**	**Q4**	**TOTAL**	**Q1**	**Q2**	**Q3**	**Q4**	**TOTAL**
Net income (loss) from continuing operations	$ (620,566)	$ 500,259	$ 834,493	$ (1,107,310)	$ (393,124)	$ (477,485)	$ (2,214,313)	$ (180,488)	$ 934,703	$ (1,937,583)	$ 518,963	$ 95,098	$ 567,235	$ (740,811)	$ 440,485
Adjustments:															
Interest expense	1,317,092	1,791,568	1,818,105	1,833,035	6,759,800	267,336	644,346	927,577	1,289,136	3,128,395	6	-	188,294	287,483	475,783
Depreciation and amortization(1)	694,032	688,546	610,899	668,396	2,661,873	698,502	698,407	696,888	692,032	2,785,829	372,020	396,597	590,563	687,679	2,046,859
Noncash share-based compensation	1,175,496	1,278,871	1,164,070	1,155,545	4,773,982	753,616	1,046,321	1,003,599	1,165,472	3,969,008	545,214	1,064,516	813,606	777,994	3,201,330
Change in fair value of earnout liabilities	-	-	-	-	-	(103,781)	89,330	-	-	(14,451)	(191,127)	(436,004)	(758,783)	87,578	(1,298,336)
Asset impairment charges	-	-	-	1,841,120	1,841,120	-	-	-	-	-	-	-	-	-	-
Share of losses from equity method investments	143,608	195,482	288,642	324,734	952,466	-	-	31,448	58,559	90,007	-	-	-	-	-
Gain on disposal of property and equipment	(10,932)	-	-	-	(10,932)	-	-	-	-	-	-	-	-	-	-
Interest income	(3,672)	-	-	-	(3,672)	-	-	-	(21,978)	(21,978)	-	-	-	-	-
Executive separation costs(2)	-	260,275	172,048	-	432,323	-	904,781	59,685	-	964,466	-	-	-	-	-
Acquisition costs (3)	-	4,826	20,000	(24,826)	-	-	225,089	24,812	(64,872)	185,029	-	-	-	423,513	423,513
Adjusted EBITDA	**$2,695,058**	**$4,719,827**	**$4,908,257**	**$ 4,690,694**	**$17,013,836**	**$1,138,188**	**$ 1,393,961**	**$2,563,521**	**$4,053,052**	**$ 9,148,722**	**$1,245,076**	**$1,120,207**	**$1,400,915**	**$1,523,436**	**$ 5,289,634**

(1) Depreciation expense of $5,461 and $7,021 was reclassified as continuing operations in the first and second quarters of 2025, respectively, and is therefore no longer reflected in discontinued operations.

(2) Includes share-based compensation related to executive separation costs.

(3) Acquisition costs include legal, tax, accounting and other contract services related to prospective acquisitions.