

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2026**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **001-39678**

SANARA MEDTECH INC.

(Exact name of Registrant as specified in its charter)

Texas

(State or other jurisdiction of
incorporation or organization)

59-2219994

(I.R.S. Employer
Identification No.)

1200 Summit Ave, Suite 414, Fort Worth, Texas 76102

(Address of principal executive offices)

(817) 529-2300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	SMTI	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☐	☐	☒	☒	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 7, 2026, 9,188,035 shares of the registrant's common stock, \$0.001 par value per share, were issued and outstanding.

SANARA MEDTECH INC.
Form 10-Q
Quarter Ended June 30, 2026

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Sanara, Sanara MedTech, our logo and our other trademarks or service marks appearing in this report are the property of Sanara MedTech Inc. Trade names, trademarks and service marks of other companies appearing in this report are the property of their respective owners. Solely for convenience, the trademarks, service marks and trade names included in this report are without the ®, ™ or other applicable symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

Unless otherwise indicated, "Sanara MedTech," "Sanara," the "Company," "our," "us," or "we," refer to Sanara MedTech Inc. and its consolidated subsidiaries.

PART I - Financial Information

ITEM 1. FINANCIAL STATEMENTS

**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 (Note 3)	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 (Note 3)	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 (Note 9)		
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

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended 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 (Note 3)	(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 accompanying notes are an integral part of these unaudited consolidated financial statements.

SANARA MEDTECH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Common Stock \$0.001 par value		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2024	8,753,773	\$ 8,754	\$ 77,179,211	\$ (37,784,392)	\$ (491,611)	\$ 38,911,962
Share-based compensation	149,857	150	1,304,754	-	-	1,304,904
Change in noncontrolling interest	-	-	(510,292)	-	488,386	(21,906)
Net loss	-	-	-	(3,527,177)	(206)	(3,527,383)
Balance at March 31, 2025	8,903,630	8,904	77,973,673	(41,311,569)	(3,431)	36,667,577
Share-based compensation	20,985	21	1,435,418	-	-	1,435,439
Net settlement and retirement of equity-based awards	(20,953)	(21)	(731,010)	38,359	-	(692,672)
Net loss	-	-	-	(2,014,362)	(4,036)	(2,018,398)
Balance at June 30, 2025	8,903,662	\$ 8,904	\$ 78,678,081	\$ (43,287,572)	\$ (7,467)	\$ 35,391,946

	Common Stock \$0.001 par value		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2025	8,946,913	\$ 8,948	\$ 81,232,536	\$ (75,303,042)	\$ (8,666)	\$ 5,929,776
Share-based compensation	238,400	238	1,028,097	-	-	1,028,335
Net settlement and retirement of equity-based awards	(20,165)	(20)	(738,389)	341,190	-	(397,219)
Net income (loss)	-	-	-	458,957	(354)	458,603
Balance at March 31, 2026	9,165,148	9,166	81,522,244	(74,502,895)	(9,020)	7,019,495
Share-based compensation	34,268	34	1,496,276	-	-	1,496,310
Net settlement and retirement of equity-based awards	(6,022)	(6)	(192,471)	63,996	-	(128,481)
Net loss	-	-	-	(452,864)	-	(452,864)
Balance at June 30, 2026	9,193,394	\$ 9,194	\$ 82,826,049	\$ (74,891,763)	\$ (9,020)	\$ 7,934,460

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

The accompanying notes are an integral part of these unaudited consolidated financial statements.

SANARA MEDTECH INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — NATURE OF BUSINESS AND BACKGROUND

Sanara MedTech Inc. (together with its wholly owned and majority owned subsidiaries on a consolidated basis, the “Company”) is a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical market. Each of the Company’s products are designed to achieve the Company’s goal of providing better clinical outcomes at a lower overall cost for healthcare systems. 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 surgical treatments in the United States.

Since the second quarter of 2024, the Company had managed its business on the basis of two operating and reportable segments: Sanara Surgical and Tissue Health Plus (“THP”). As a result of the discontinuation of THP as detailed in Note 2 under the heading “Discontinued Operations” and in Note 3 below, the Company determined that continuing operations is comprised of a single reportable segment. This determination was made in accordance with Accounting Standards Codification (“ASC”) Topic 280, Segment Reporting.

The Company primarily markets and sells soft tissue repair and bone fusion products for use in the operating room or other sterile environments. The Company’s soft tissue repair products include, among other products, the lead product, CellerateRX Surgical Powder, a hydrolyzed collagen that aids in the management of surgical wounds, BIASURGE Advanced Surgical Solution, a sterile no-rinse, advanced surgical solution used for wound irrigation and TEXAGEN Amniotic Membrane Allograft, a multi-layer amniotic membrane allograft used as an anatomical barrier with robust handling that can be sutured for securement if needed. The Company’s bone fusion products include, among other products, BiFORM Bioactive Moldable Matrix, an osteoconductive, bioactive, porous implant that allows for bony ingrowth across the graft site, ACTIGEN Verified Inductive Bone Matrix, a naturally derived, differentiated allograft matrix with robust handling properties, and ALLOCYTE Plus Advanced Viable Bone Matrix, a human allograft cellular bone matrix containing bone-derived progenitor cells and conformable bone fibers.

The Company also utilizes an in-house research and development team, Rochal Technologies. The Company is advancing a strong pipeline of next-generation products that supports and extends the Company’s surgical strategy of “Prepare, Promote and Protect.”

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Sanara MedTech Inc. and its wholly owned and majority-owned subsidiaries, as well as other entities in which the Company has a controlling financial interest. All significant intercompany profits, losses, transactions and balances have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management of the Company, all adjustments (consisting of normal accruals) considered necessary for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year period. These financial statements and notes should be read in conjunction with the financial statements for each of the two years ended December 31, 2025 and 2024, which are included in the Company’s most recent Annual Report on Form 10-K.

Reclassifications

Certain prior period amounts have been reclassified to conform to current year presentation.

Discontinued Operations

During the third quarter of 2025, following authorization from the Board of Directors of the Company, management initiated a review of strategic options for THP. To facilitate this review, the Company engaged an investment bank to search for potential investors or purchasers. Despite such efforts, by mid-September 2025, the Company concluded that these efforts were unlikely to succeed and ended its engagement with the investment bank. Persistent losses in the THP segment and a lack of interest from investors led management and the Board of Directors to decide to discontinue THP's operations as of mid-September 2025. In line with this decision, the THP segment met the accounting requirements to be classified under discontinued operations as of September 30, 2025. The process of winding down THP was substantially complete as of December 31, 2025. A minimal amount of costs related to the winding down procedures were incurred through June 30, 2026 and are expected to continue being incurred through the third quarter of 2026.

In accordance with generally accepted accounting principles in the United States ("GAAP"), the balance sheets and statements of operations of the THP segment are presented as discontinued operations and, as such, have been excluded from continuing operations for all periods presented. With the exception of Note 3, the Notes to the consolidated financial statements reflect only the positions and activity from continuing operations of Sanara Surgical unless otherwise noted. See Note 3 for additional information regarding discontinued operations.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the revenue and expenses during the reporting period. However, actual results could differ from those estimates and there may be changes to the Company's estimates in future periods.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company had cash and cash equivalents, consisting of cash on hand, as well as a money market fund, which is highly liquid and readily convertible to cash, totaling \$15,421,170 at June 30, 2026. The Company's investment in the U.S. government money market fund was made in May 2026 and consists of low-risk U.S. government securities. The Company had cash and cash equivalents, including cash on hand, totaling \$16,578,857 at December 31, 2025.

Income/Loss Per Share

The Company computes income/loss per share in accordance with ASC Topic 260, Earnings per Share, which requires the Company to present basic and diluted income/loss per share when the effect is dilutive. Basic income/loss per share is computed by dividing income/loss attributable to common shareholders by the weighted average number of shares of common stock outstanding. Diluted income/loss per share is computed similarly to basic income/loss per share, except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the potential shares of common stock had been issued and if the additional shares of common stock were dilutive. All common stock equivalents were excluded from the calculations of income/loss per share during the three months ended June 30, 2026 and the six months ended June 30, 2026 and 2025, as their inclusion would have been anti-dilutive due to the Company's net loss from continuing operations during those periods.

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	<u>\$ (452,864)</u>	<u>\$ (2,014,362)</u>	<u>\$ 6,093</u>	<u>\$ (5,541,539)</u>
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	<u>8,662,671</u>	<u>8,927,060</u>	<u>8,732,849</u>	<u>8,591,663</u>
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	<u>\$ (0.05)</u>	<u>\$ (0.23)</u>	<u>\$ -</u>	<u>\$ (0.64)</u>
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	<u>\$ (0.05)</u>	<u>\$ (0.23)</u>	<u>\$ -</u>	<u>\$ (0.64)</u>

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 ⁽¹⁾	10,218	31,013
Unvested restricted stock	411,210	260,377

(1) Shares underlying stock options assumed pursuant to the merger agreement with Precision Healing, Inc. ("Precision Healing") in April 2022 (see Note 3).

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”). Revenues are recognized when a purchase order is received from the customer and control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for transferring those goods or services. Revenue is recognized based on the following five-step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Details of this five-step process are as follows:

Identification of the contract with a customer

Customer purchase orders are generally considered to be contracts under ASC 606. Purchase orders typically identify the specific terms of products to be delivered, create the enforceable rights and obligations of both parties and result in commercial substance. No other forms of contract revenue recognition, such as the completed contract or percentage of completion methods, were utilized by the Company in either 2026 or 2025.

Performance obligations

The Company’s performance obligation is generally limited to delivery of the requested items to its customers at the agreed upon quantities and prices.

Determination and allocation of the transaction price

The Company has established prices for its products. These prices are effectively agreed to when customers place purchase orders with the Company. Rebates and discounts, if any, are recognized in full at the time of sale as a reduction of net revenue. Allocation of transaction prices is not necessary where only one performance obligation exists. For certain sales transactions, we incur group purchasing organization fees that are based on a contractual percentage of applicable sales and are recorded as a reduction of the revenue for those transactions.

Recognition of revenue as performance obligations are satisfied

Product revenues are recognized when a purchase order is received from the customer, the products are delivered, and control of the goods and services passes to the customer.

Disaggregation of Revenue

Revenue streams from product sales are summarized below 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

Revenue generated from the THP segment was zero and \$26,582 for the three months ended June 30, 2026 and 2025, respectively, and \$16,358 and \$26,582 for the six months ended June 30, 2026 and 2025, respectively. The revenue from the THP segment is related to contracts acquired in the CarePICS Acquisition (defined in Note 4 below) and is included in net income (loss) from discontinued operations in the Consolidated Statements of Operations (see Note 3).

Accounts Receivable Allowances

Accounts receivable are typically due within 30 days of invoicing. The Company establishes an allowance for credit losses to provide for an estimate of accounts receivable which are not expected to be collectible. The Company bases the allowance on an assessment of customer creditworthiness, historical payment experience, the age of outstanding receivables and other information as applicable and will record its allowance based on the estimated credit losses. Credit loss reserves are maintained based on a variety of factors, including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The Company's accounts receivable balance, net was \$12,572,651, \$11,998,075 and \$12,408,819 as of June 30, 2026, December 31, 2025 and December 31, 2024, respectively. The Company recorded credit loss expense of \$66,000 and \$115,000 during the three months ended June 30, 2026 and 2025, respectively, and \$141,000 and \$294,034 during the six months ended June 30, 2026 and 2025, respectively. The allowance for credit losses was \$1,513,000 at June 30, 2026 and \$1,372,000 at December 31, 2025. The Company also establishes other allowances to provide for estimated customer rebates and other expected customer deductions. These allowances totaled \$5,936 at June 30, 2026 and zero at December 31, 2025.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost computed on a first-in, first-out basis. Inventories consist primarily of finished goods and also include an immaterial amount of raw materials and related packaging components. The Company recorded inventory obsolescence expense of \$68,022 and \$172,679 during the three months ended June 30, 2026 and 2025, respectively, and \$130,822 and \$371,957 during the six months ended June 30, 2026 and 2025, respectively. The allowance for obsolete and slow-moving inventory had a balance of \$490,441 at June 30, 2026 and \$623,835 at December 31, 2025.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, ranging from two to ten years. Below is a summary of property and equipment for the periods presented:

	Useful Life	June 30, 2026	December 31, 2025
Furniture and fixtures	5-10 years	\$ 353,014	\$ 377,011
Office equipment	3-7 years	290,489	270,621
Leasehold improvements	2-5 years	259,958	231,022
Computers	3-5 years	237,040	251,180
Property and equipment, gross		1,140,501	1,129,834
Less accumulated depreciation		(713,567)	(672,872)
Property and equipment, net		\$ 426,934	\$ 456,962

Depreciation expense related to property and equipment was \$35,851 and \$45,350 during the three months ended June 30, 2026 and 2025, respectively, and \$77,704 and \$91,608 for the six months ended June 30, 2026 and 2025, respectively.

Internal Use Software

The Company had been developing internal use software in conjunction with the development of the now discontinued THP platform. The development phase of this internal use software started at the beginning of January 2025, and it was in the development phase until the discontinuation of THP in mid-September 2025. The Company accounted for costs incurred to develop or acquire computer software for internal use in accordance with ASC Topic 350-40, Intangibles – Goodwill and Other (“ASC 350-40”). The Company capitalized costs incurred during the application development stage, which generally included employee compensation and benefits costs as well as third-party developer fees to design the software configuration and interfaces, coding, installation and testing. Therefore, under ASC 350-40, the project included capitalizable costs of employees and external vendors who were developing the application. Capitalized development costs were classified as “Property and equipment, net” in the Consolidated Balance Sheets prior to the discontinuation of THP. The project included approximately \$4,372,847 in capitalized costs which were fully impaired in mid-September 2025.

Goodwill

The excess of purchase price over the fair value of identifiable net assets acquired in business combinations is recorded as goodwill. As of June 30, 2026 and December 31, 2025, all of the Company’s goodwill relates to the acquisition of Scendia Biologics, LLC. Goodwill has an indefinite useful life and is not amortized. Goodwill is tested annually as of December 31 for impairment, or more frequently if circumstances indicate impairment may have occurred. The Company may first perform a qualitative assessment to determine if it is more likely than not that the fair value of the reporting unit is less than the respective carrying value. If it is determined that it is more likely than not that a reporting unit’s fair value is less than its carrying value, then the Company will determine the fair value of the reporting unit and record an impairment charge for the difference between fair value and carrying value (not to exceed the carrying amount of goodwill). No impairment was recorded during the six months ended June 30, 2026 or 2025.

Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any. Cost of acquisition includes the purchase price and any cost directly attributable to bringing the asset to its working condition for the intended use. The Company amortizes its finite-lived intangible assets on a straight-line basis over the estimated useful life of the respective assets which is generally the life of the related patents or licenses, seven years for customer relationships and five years for assembled workforces. See Note 5 for more information on intangible assets.

Impairment of Long-Lived Assets

Long-lived assets, including certain identifiable intangibles held and used by the Company, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company regularly evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated fair value less cost to sell. No impairment was recorded during the six months ended June 30, 2026 or 2025.

Investments in Equity Securities

The Company’s equity investments consist of nonmarketable equity securities in privately held companies without readily determinable fair values. Unless accounted for under the equity method of accounting, the investments are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment in the same issuer.

The Company applies the equity method of accounting to investments when it has significant influence, but not controlling interest, in the investee. Judgment regarding the level of influence over each equity method investment includes considering key factors such as ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions. As discussed further in Note 6, as of June 30, 2026 and December 31, 2025, the Company had three investments that were recorded applying the equity method of accounting. The Company's proportionate share of the net loss resulting from these investments is reported under the line item captioned "Share of losses from equity method investments" in the Company's Consolidated Statements of Operations. The Company's equity method investments are adjusted each period for the Company's share of the investee's income or loss and dividend paid, if any. The Company classifies distributions received from its equity method investments using the cumulative earnings approach in the Company's Consolidated Statements of Cash Flows.

The Company has reviewed the carrying value of its investments and has determined there was no impairment or observable price changes as of or for the six months ended June 30, 2026 and 2025.

Fair Value Measurement

As defined in ASC Topic 820, Fair Value Measurement ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This fair value measurement framework applies to both the initial and subsequent measurement.

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include nonexchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The fair value of the contingent earnout considerations and the acquisition date fair value of goodwill and intangibles related to the acquisitions discussed in Notes 4, 5 and 9 are based on Level 3 inputs. The estimates of fair value are uncertain and changes in any of the estimated inputs used as of the date of this report could result in significant adjustments to fair value.

The liabilities for contingent consideration were measured at fair value each reporting period, with the acquisition-date fair value included as part of the consideration transferred. The liability for contingent consideration was comprised of the acquisition of assets from the Applied Asset Purchase (defined in Note 9 below) in August 2023.

Due to the Applied Asset Purchase being accounted for as an asset acquisition and given that this transaction did not include contingent shares, subsequent revaluations of contingent consideration for the Applied Asset Purchase have resulted in adjustments to the contingent consideration liability and the intellectual property intangible asset, with cumulative catch-up amortization adjustments. Following the closing of the Applied Asset Purchase, the Company worked to advance the collagen product related to the incentive payment contemplated under the asset purchase agreement. Despite such efforts, the Company did not receive 510(k) clearance, a U.S. patent was not issued and no net sales were collected for this product contemplated under the asset purchase agreement and the Petito Services Agreement (defined in Note 9 below). After a review of the status of such initiatives, related expenses and the substantial additional expense that would need to be incurred for an uncertain result, and in light of the Company's refocus in strategy to prioritize expanding existing product platforms, in March 2026, the Company determined not to renew the Petito Services Agreement. On April 20, 2026, the Company delivered written notice to Dr. George D. Petito that the Petito Services Agreement would not be renewed beyond its initial term. The Petito Services Agreement terminated effective August 1, 2026 pursuant to its terms. Since the contingent consideration liability relating to the Applied Asset Purchase is associated with the Petito Services Agreement, the Company determined that the thresholds necessary to trigger a payment on the earnout would not be met and reduced the contingent consideration liability to zero as of March 31, 2026.

The current year revaluation of earnout liabilities below is a result of the full write-down of the estimated liability established at the time of the Applied Asset Purchase. The following table sets forth a summary of the changes in fair value for the Level 3 contingent earnout considerations:

	Amount
Balance at December 31, 2025	\$ 235,001
Revaluation of earnout liabilities	(235,001)
Balance at June 30, 2026	\$ -

Financial Instruments Not Measured at Fair Value

The estimated fair value of the Company's borrowings under the CRG Term Loan (defined in Note 8 below) was \$56.6 million as of June 30, 2026, compared to the carrying amount, net of debt issuance costs, of \$46.5 million. The estimated fair value of the CRG Term Loan was \$59.0 million as of December 31, 2025, compared to the carrying amount, net of debt issuance costs, of \$46.0 million. The estimate of fair value is generally based on the quoted market prices for similar issuances of long-term debt with the same maturities, which is classified as a Level 2 input.

Income Taxes

Income taxes are accounted for under the asset and liability method; whereby deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized.

Share-based Compensation

The Company accounts for share-based compensation to employees and nonemployees in accordance with ASC Topic 718, Compensation – Stock Compensation. Share-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as expense over the stipulated vesting period, if any. The Company estimates the fair value of share-based payments using the Black-Scholes option-pricing model for common stock options and the closing price of the Company's common stock for grants of common stock, including restricted stock awards.

Research and Development Costs

Research and development (“R&D”) expenses consist of personnel-related expenses, including salaries, share-based compensation and benefits for all personnel directly engaged in R&D activities, contract services, materials, prototype expenses and allocated overhead, which is comprised of compensation and benefits, lease expense and other facilities-related costs. R&D expenses include costs related to enhancements to the Company’s currently available products and additional investments in the product development pipeline. The Company expenses R&D costs as incurred.

Recently Issued Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update 2024-03, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”), which requires new disclosures providing further detail of a company’s income statement expense line items. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the effect of this pronouncement on its disclosures.

NOTE 3 — DISCONTINUED OPERATIONS

During the third quarter of 2025, following authorization from the Board of Directors, management initiated a review of strategic options for THP. To facilitate this review, the Company engaged an investment bank to search for potential investors or purchasers. By mid-September 2025, the Company concluded that these efforts were unlikely to succeed and ended its engagement with the investment bank. Persistent losses in the THP segment and a lack of interest from investors led management and the Board of Directors to decide to dispose of THP and terminate a majority of the workforce related to THP operations as of mid-September 2025. In line with this decision, the THP segment met the accounting requirements to be classified under discontinued operations as of September 30, 2025. The process of winding down THP was substantially complete as of December 31, 2025. A minimal amount of costs related to the winding down procedures were incurred through June 30, 2026 and are expected to continue being incurred through the third quarter of 2026.

Discontinued operations comprise activities that were disposed of, discontinued, or held for sale at the end of the period, representing a strategic business shift having a major effect on the Company’s operations and financial results according to ASC 205, “Presentation of Financial Statements.” In accordance with GAAP, the statements of operations from THP are reported in net income (loss) from discontinued operations in the accompanying Consolidated Statements of Operations for the three and six months ended June 30, 2026 and 2025, and the related assets and liabilities are classified as discontinued operations as of June 30, 2026 and December 31, 2025 in the accompanying Consolidated Balance Sheets. Assets remaining in continuing operations consist of the Company’s cost method investment in Direct Dermatology, Inc. (“DirectDerm”) and computers.

At September 30, 2025, the Company recognized \$26,472,407 of asset impairment charges in connection with the discontinuation of THP, which included \$18,327,414 of intangible assets net of accumulated amortization, \$3,772,146 of developed technology and \$4,372,847 of internal use software. These assets were disposed of and written down to a zero basis, as attempts to sell or find investors in the assets failed and there is no salvage value for the individual assets if sold separately. The intangible assets were primarily related to the PixaLere and Precision Healing transactions described below.

PixaLere

In June 2021, the Company invested \$2,084,278 to purchase 278,587 Class A Preferred Shares (the “PixaLere Shares”) of Canada-based PixaLere Healthcare Inc. (“PixaLere Canada”). The PixaLere Shares were convertible into approximately 27.3% of the outstanding equity of PixaLere Canada. PixaLere Canada provides a cloud-based wound care software tool that empowers nurses, specialists and administrators to deliver better care for patients. In connection with the Company’s purchase of the PixaLere Shares, PixaLere Canada granted PixaLere Healthcare USA, LLC (“PixaLere USA”), a subsidiary of the Company, a royalty-free exclusive license to use the PixaLere Canada software and platform (the “PixaLere System”) in the United States. In conjunction with the grant of the license, the Company issued PixaLere Canada a 27.3% equity ownership interest in PixaLere USA valued at \$93,879.

Effective January 2, 2025, the Company entered into a series of agreements whereby Picalere Canada redeemed the Company's Picalere Shares, and, in exchange, the Company received additional rights related to the Picalere System to be utilized in the THP technology platform (the "Picalere Redemption"). Specifically, the Company's exclusive license agreement for the Picalere System was amended to provide the Company (i) possession, control and ability to modify a copy of the source code used in the Picalere System, (ii) the ability to use, license, sublicense or sell the licensed software in additional territories outside of the United States and (iii) all de-identified patient data owned by Picalere Canada. In addition, as part of the Picalere Redemption, Picalere USA redeemed Picalere Canada's equity ownership in Picalere USA.

The Company determined that the fair value of assets exchanged in the Picalere Redemption was not determinable with reliability. Therefore, the Company recorded the transaction as a non-monetary exchange of assets and reclassified the \$2,084,278 carrying value of its investment in the Picalere Shares as an intangible asset for the amended license agreement. The Company also eliminated the 27.3% equity ownership interest in Picalere USA held by Picalere Canada and recorded a change in noncontrolling interest in the Company's Consolidated Statements of Changes in Shareholders' Equity.

Precision Healing

In April 2022, the Company closed a merger transaction with Precision Healing pursuant to which Precision Healing became a wholly owned subsidiary of the Company. Pursuant to the terms of the merger agreement, holders of Precision Healing common stock and preferred stock, other than the Company, were entitled to receive closing consideration, consisting of \$125,966 in cash consideration, which was paid to stockholders who were not accredited investors, 165,738 shares of the Company's common stock, which was paid only to accredited investors, and the payment in cash of approximately \$0.6 million of transaction expenses of Precision Healing. The Company recorded the issuance of the 165,738 shares to accredited investors and cash payments to nonaccredited investors based on the closing price per share of the Company's common stock on April 4, 2022, which was \$30.75.

Upon the closing of the merger, the Precision Healing outstanding options previously granted under the Precision Healing Inc. 2020 Stock Option and Grant Plan (the "Precision Healing Plan") converted, pursuant to their terms, into options to acquire an aggregate of 144,191 shares of Company common stock with a weighted average exercise price of \$10.71 per share. These options expire between August 2030 and April 2031. In addition, outstanding and unexercised Precision Healing warrants converted into rights to receive warrants to purchase (i) 4,424 shares of the Company's common stock with an initial exercise price of \$7.32 per share and an expiration date of April 22, 2031, and (ii) 12,301 shares of the Company's common stock with an initial exercise price of \$12.05 per share and an expiration date of August 10, 2030. Concurrent with the assumption of the Precision Healing Plan, the Company terminated the ability to offer future awards under the Precision Healing Plan. As of December 31, 2024, all warrants to purchase shares of the Company's common stock pursuant to the transaction with Precision Healing were exercised. There are 10,218 stock options remaining to be exercised as of June 30, 2026.

Following the decision to discontinue THP in mid-September 2025, management determined that the Precision Healing and Picalere intangible assets no longer held value outside of the THP segment. Consequently, the carrying values of the intangible assets were fully impaired and written down to zero as of September 30, 2025.

The following table provides the components of assets and liabilities related to discontinued operations that were included in the Company's Consolidated Balance Sheets for the periods presented:

	June 30, 2026	December 31, 2025
Current assets		
Accounts receivable, net	\$ 1,200	\$ 16,200
Prepays	4,003	51,663
Current assets related to discontinued operations	\$ 5,203	\$ 67,863
Current liabilities		
Accrued bonuses and commissions ⁽¹⁾	\$ 342,705	\$ 1,125,371
Accrued royalties and expenses	2,880	108,107
Current liabilities related to discontinued operations	\$ 345,585	\$ 1,233,478

(1) Accrued bonuses and commissions is comprised of severance for terminated THP employees.

The assets and liabilities included in discontinued operations represent balances that are expected to be collected and expenses to be paid as part of the winding down of THP.

The following table provides the operating results of discontinued operations that were included in the Company's Consolidated Statements of Operations for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net revenue	\$ -	\$ 26,582	\$ 16,358	\$ 26,582
Operating expenses				
Selling, general, and administrative	41,720	1,918,875	297,162	4,230,277
Research and development	-	200,679	-	364,458
Depreciation and amortization ⁽¹⁾	-	425,685	-	856,063
Total operating expenses	41,720	2,545,239	297,162	5,450,798
Operating loss	(41,720)	(2,518,657)	(280,804)	(5,424,216)
Other income (expense)				
Other income ⁽²⁾	-	-	300,000	-
Loss on disposal of property and equipment	-	-	-	(1,258)
Total other income (expense)	-	-	300,000	(1,258)
Net income (loss) from discontinued operations	\$ (41,720)	\$ (2,518,657)	\$ 19,196	\$ (5,425,474)

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

(2) Other income relates to due diligence payments received to compensate the Company for costs incurred to maintain limited operations of certain software, technology and cloud related services while an interested party conducted its due diligence. In March 2026, the due diligence period ended and was not extended.

The following table provides operating, investing and financing cash flow information for discontinued operations for the periods presented:

	Six Months Ended June 30,	
	2026	2025
Operating Activities:		
Depreciation and amortization	\$ -	\$ 856,063
Loss on disposal of property and equipment	-	1,258
Share-based compensation	-	155,802
Accounts receivable, net	15,000	(8,700)
Prepaid and other assets	47,660	(329,506)
Accrued royalties and expenses	(105,227)	277,836
Accrued bonuses and commissions	(782,666)	(337,607)
Investing Activities:		
Purchases of property and equipment	\$ -	\$ (3,368,324)
CarePICS Acquisition	-	(2,122,146)
Financing Activities:		
Payoff of debt assumed in CarePICS Acquisition	\$ -	\$ (1,650,000)
Supplemental noncash investing and financing activities:		
Non-monetary exchange to acquire intangible assets	\$ -	\$ 2,084,278
Earnout liability generated by CarePICS Acquisition	-	1,355,603

NOTE 4 — CAREPICS ACQUISITION

On April 1, 2025 (the “CarePICS Closing Date”), the Company entered into a Unit Purchase Agreement (the “CarePICS Purchase Agreement”), by and among the Company, Tissue Health Plus, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (the “Purchaser”), CarePICS, LLC (“CarePICS”), the holders of CarePICS’s outstanding units (each, a “Seller” and collectively, the “Sellers”) and Paul Schubert, in his capacity as the representative of the Sellers, pursuant to which the Purchaser purchased all of the issued and outstanding equity interests of CarePICS (the “Units”) from the Sellers (the “CarePICS Acquisition”). On the CarePICS Closing Date, the parties to the CarePICS Purchase Agreement completed the CarePICS Acquisition and CarePICS became an indirect wholly owned subsidiary of the Company.

CarePICS designed and maintained a mobile and web app for clinicians to perform certain activities related to treating vascular and wound care patients, including (i) requesting and providing specialty consultations, (ii) creating and sending clinical reports, (iii) scheduling and performing telehealth visits with patients and (iv) signing and fulfilling medical supply orders. The CarePICS virtual platform enabled HIPAA-compliant communication sharing of video, voice, text and images for all activities between users.

Cash Consideration

Pursuant to the CarePICS Purchase Agreement, cash consideration for the CarePICS Acquisition was \$2.0 million, which included transaction expenses of the Sellers. On the CarePICS Closing Date, the Company also paid \$1.65 million to satisfy certain existing indebtedness of CarePICS which was assumed by the Company at the closing of the acquisition.

Earnout Consideration

The CarePICS Purchase Agreement also provided that the Sellers were entitled to receive potential earnout payments. Pursuant to the CarePICS Purchase Agreement, for each of (A) the period beginning on the CarePICS Closing Date and ending on March 31, 2026 (the “First Earnout Period”) and (B) the period beginning on April 1, 2026 and ending on March 31, 2027 (the “Second Earnout Period”), each Seller was entitled to such Seller’s pro rata share of a value equal to (i) \$2,000,000 minus (ii) any funding provided by the Purchaser or its affiliates to the SaaS P&L (as defined in the CarePICS Purchase Agreement) during the First Earnout Period and Second Earnout Period, as applicable, in excess of \$110,000 per month, minus (iii) any shortfall in the projected SaaS P&L EBITDA (as defined in the CarePICS Purchase Agreement) for the applicable earnout period, plus (iv) 75% of any SaaS P&L EBITDA generated in excess of the projected SaaS P&L EBITDA for the First Earnout Period and the Second Earnout Period, as applicable.

Each earnout payment, if any, was due within 90 days following the First Earnout Period and Second Earnout Period, as applicable, and was payable in cash or, at the Purchaser’s election, was payable to Sellers who qualify as “accredited investors” (as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended) in a combination of 30% cash and 70% of the Purchaser’s Class A-2 Units, with the value of the Class A-2 Units to be determined by an industry recognizable third-party valuation firm. Pursuant to the CarePICS Purchase Agreement, the aggregate value of the amounts paid for the First and Second Earnout Periods would not exceed \$10,000,000.

In addition, for a period ending 10 years following the CarePICS Closing Date (the “Purchaser Value Earnout Period”), each Seller was entitled to receive annual earnout payments based on the census of patient volume for the previous year and be based upon a rate of \$5.00 enablement value per patient per year (the “Purchaser Value Earnouts”). Each earnout payment, if any, was due 90 days following the end of each fiscal year during the Purchaser Value Earnout Period, and was payable in cash or, at the Purchaser’s election, was payable to Sellers who qualify as accredited investors in a combination of 30% cash and 70% of the Purchaser’s Class B Units, with the value of the Class B Units to be determined by an industry recognizable third-party valuation firm. Pursuant to the CarePICS Purchase Agreement, the aggregate value of the Purchaser Value Earnouts would not exceed \$10,000,000.

As the contingent consideration was negotiated as part of the CarePICS Acquisition, the contingent obligation was included in the total purchase consideration transferred and classified as a liability.

The total purchase consideration for the CarePICS Acquisition as of the acquisition date was as follows:

Consideration	Amount
Cash consideration	\$ 2,000,000
Contingent consideration	1,355,603
Direct transaction costs	122,146
Total purchase consideration	\$ 3,477,749

Based on guidance provided by ASC 805, Business Combinations, the Company recorded the CarePICS Acquisition as an asset acquisition due to the determination that substantially all the fair value of the assets acquired was concentrated in the CarePICS developed technology.

The purchase consideration was allocated to the acquired assets and liabilities based on their relative fair value as follows:

Description	Amount
Developed technology	\$ 5,127,749
Debt assumed	(1,650,000)
Net assets acquired	\$ 3,477,749

As of the CarePICS Closing Date, CarePICS was reported within the THP segment. Following the decision to discontinue THP in mid-September 2025, management determined that the technology developed by CarePICS held no value outside of the THP segment. Consequently, the carrying value of the CarePICS technology was fully impaired and written down to zero as of September 30, 2025. Additionally, the earnout liability related to the CarePICS acquisition was assessed and determined to be unattainable, resulting in the reduction of the contingent consideration liability to zero with a corresponding adjustment to the acquired asset as of September 30, 2025.

NOTE 5 — GOODWILL AND INTANGIBLES, NET

The changes in the carrying amount of the Company's goodwill were as follows:

	Total
Balance as of December 31, 2024	\$ 3,601,781
Acquisitions	-
Balance as of December 31, 2025	3,601,781
Acquisitions	-
Balance as of June 30, 2026	\$ 3,601,781

In connection with the change in reportable operating segments in the second quarter of 2024, the Company reassessed goodwill as the single segment is presented in this report. The Company's assessment determined that these changes, or any other matters noted, including the decision to discontinue THP in mid-September 2025, did not alter the Company's conclusion that goodwill was not impaired as of June 30, 2026.

The carrying values of the Company's intangible assets were as follows for the periods presented:

	June 30, 2026			December 31, 2025		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Amortizable Intangible Assets:						
Patents and Other IP	\$ 16,062,801	\$ (3,161,204)	\$ 12,901,597	\$ 16,297,802	\$ (2,663,001)	\$ 13,634,801
Customer relationships and other	7,260,008	(4,193,579)	3,066,429	7,260,008	(3,676,205)	3,583,803
Licenses	2,750,000	(1,441,013)	1,308,987	2,750,000	(1,327,931)	1,422,069
Total	\$26,072,809	\$ (8,795,796)	\$17,277,013	\$26,307,810	\$ (7,667,137)	\$18,640,673

As of June 30, 2026, the weighted-average amortization period for finite-lived intangible assets was 12.5 years. Amortization expense related to intangible assets was \$583,260 and \$643,196 for the three months ended June 30, 2026 and 2025, respectively, and \$1,128,659 and \$1,290,970 for the six months ended June 30, 2026 and 2025, respectively. Amortization expense related to intangible assets included in discontinued operations was \$425,685 and \$856,063 for the three and six months ended June 30, 2025, respectively.

The estimated remaining amortization expense as of June 30, 2026 for finite-lived intangible assets is as follows:

Remainder of 2026	\$	1,160,217
2027		2,320,435
2028		2,320,435
2029		1,809,364
2030		1,298,292
2031		1,298,292
Thereafter		7,069,978
Total	\$	17,277,013

NOTE 6 — INVESTMENTS IN EQUITY SECURITIES

The Company's equity investments consist of nonmarketable equity securities in privately held companies without readily determinable fair values. Unless accounted for under the equity method of accounting, the investments are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

BMI

On January 16, 2025, the Company entered into a share subscription and shareholders' agreement (the "Subscription Agreement"), pursuant to which the Company made an initial cash investment in BMI totaling approximately \$3.1 million (€3.0 million). The initial cash investment and the previously disclosed convertible loan to BMI of \$1.1 million (€1.0 million), were converted into 8,230 ordinary shares of BMI, constituting approximately 6.67% of the outstanding equity of BMI as of January 16, 2025. The Company also agreed to contribute an additional €4.0 million to BMI through a series of capital contributions in exchange for 8,230 additional ordinary shares of BMI upon the achievement of certain milestones expected to occur at various points during 2025 and 2026. In June 2025, BMI achieved two of such milestones, and upon settlement, the Company paid BMI \$2.4 million (€2.0 million) on July 1, 2025 in exchange for 4,116 additional ordinary shares of BMI, bringing the Company's total ownership of BMI's outstanding equity to approximately 9.678% as of July 1, 2025. In September 2025, BMI achieved the final three milestones, and upon settlement, the Company paid BMI \$2.4 million (€2.0 million) on October 2, 2025 in exchange for 4,114 additional ordinary shares of BMI, bringing the Company's total ownership of BMI's outstanding equity to approximately 12.499% for a total cash investment of \$9.0 million (€8.0 million) as of October 2, 2025. Subsequent to such date, additional ordinary shares of BMI were sold to other outside investors, thereby decreasing the Company's ownership of BMI to approximately 11.945% as of June 30, 2026.

The Company reviewed the characteristics of the Company's investment in BMI in accordance with ASC Topic 323, Investments — Equity Method and Joint Ventures ("ASC 323") and determined that the Company made a non-controlling investment in a limited liability company. According to the guidance provided in ASC 323-30-S99-1, investments in limited liability companies whereby an investor holds more than a 3% to 5% ownership interest would generally be accounted for under the equity method of accounting. Therefore, the Company utilized the equity method of accounting for this investment and recorded its initial investment at cost. The Company's share of the earnings or losses of BMI is recorded in the Company's Consolidated Statements of Operations.

In connection with the Subscription Agreement, the Company entered into a license and distribution agreement with BMI (the "BMI License Agreement") pursuant to which the Company acquired the exclusive U.S. marketing, sales and distribution rights to certain BMI products, for use in the treatment of an injury caused by a traumatic incident. Pursuant to the BMI License Agreement, the Company was appointed by BMI as the exclusive distributor to promote, market, offer to sell, transfer, distribute and sell certain BMI products for trauma indications inside the United States and its territories. See Note 9 for more information regarding the BMI License Agreement.

ChemoMouthpiece

In September 2024, the Company, through its wholly owned subsidiary, Sanara CMP LLC (“Sanara CMP”), entered into a Unit Purchase Agreement (the “Unit Purchase Agreement”) with ChemoMouthpiece, LLC (“CMP”), pursuant to which Sanara CMP purchased 100,674.72 common units in CMP for an aggregate purchase price of \$5.0 million, or \$49.6649 per unit, which represented approximately 6.64% of the issued and outstanding membership interest of CMP immediately following such purchase. Subsequent to the Company’s initial investment in CMP, units of CMP were sold to other investors, thereby decreasing the Company’s ownership of CMP to approximately 6.59% as of June 30, 2026. CMP is a privately held medical device company that develops and commercializes proprietary oral cryotherapy products for cancer patients, including, among other things, CMP’s Chemo Mouthpiece oral cryotherapy device, which is a 510(k) cleared cryotherapy device designed to reduce the incidence and severity of chemotherapy induced oral mucositis. In 2025, CMP applied for a Medicare reimbursement code for its Chemo Mouthpiece oral cryotherapy device, and the application was not approved. CMP has the option to re-apply for the reimbursement code in the future, which it plans to do in the next review cycle. The Company is evaluating the impact of not receiving approval for Medicare reimbursement and will continue to review this investment quarterly for indicators of impairment.

The Company reviewed the characteristics of Sanara CMP’s investment in CMP in accordance with ASC 323 and determined that Sanara CMP made a non-controlling investment in a limited liability company. In accordance with ASC 323-30-S99-1, the Company utilized the equity method of accounting for this investment and recorded its initial investment at cost plus transaction costs. Sanara CMP’s share of the earnings or losses of CMP is recorded in the Company’s Consolidated Statements of Operations.

SI Technologies

In November 2022, the Company established a 50/50 strategic alliance, SI Healthcare Technologies, LLC (“SI Technologies”) (formerly known as SI Wound Care, LLC), with InfuSystem Holdings, Inc. (“InfuSystem”). In connection with the Unit Purchase Agreement with CMP, the Company, CMP, certain subsidiaries of CMP, InfuSystem and SI Technologies, entered into an Exclusive Distribution Agreement (the “Distribution Agreement”) pursuant to which SI Technologies was appointed as the sole and exclusive U.S. distributor of CMP’s Standard Chemo Regiment Kits. The parties to the Distribution Agreement also entered into an Intellectual Property Rights Agreement, pursuant to which SI Technologies was granted the exclusive right to use CMP’s intellectual property rights to permit resale and use of the CMP product in the United States.

As a result of CMP’s failure in 2025 to obtain a Medicare reimbursement code, the Company and InfuSystem delivered written notice of termination of the Distribution Agreement to CMP, which agreement was terminated in July 2026, pursuant to its terms. Termination of the Distribution Agreement also terminated the Intellectual Property Rights Agreement. Also in July 2026, the Company delivered written notice to InfuSystem exercising its right to dissolve SI Technologies effective 180 days following receipt of the notice, pursuant to the terms of the entity’s limited liability company agreement.

The Company reviewed the characteristics of the Company’s investment in SI Technologies in accordance with ASC 323 and determined that the Company made a non-controlling investment in a limited liability company. In accordance with ASC 323-30-S99-1, the Company utilized the equity method of accounting for this investment and recorded its initial investment at cost. The Company’s share of the earnings or losses of SI Technologies is recorded in the Company’s Consolidated Statements of Operations.

DirectDerm

In July 2020, the Company made a \$500,000 long-term investment to purchase certain nonmarketable securities consisting of 7,142,857 Series B-2 Preferred Shares of DirectDerm, representing approximately 2.9% ownership of DirectDerm at that time. Through this investment, the Company received exclusive rights to utilize DirectDerm’s technology in all acute and post-acute care settings such as skilled nursing facilities, home health and wound clinics. In 2021, the Company purchased an additional 3,571,430 shares of DirectDerm’s Series B-2 Preferred for \$250,000. In March 2022, the Company purchased an additional 3,571,429 shares of DirectDerm’s Series B-2 Preferred for \$250,000. The Company’s ownership of DirectDerm was approximately 8.1% as of June 30, 2026. The Company does not have the ability to exercise significant influence over DirectDerm’s operating and financial activities. In accordance with ASC Topic 321, Investments — Equity Securities, this investment was reported at cost as of June 30, 2026. Shares of DirectDerm were previously held by THP. In connection with the discontinuation of THP’s operations and the Company’s strategic shift to focus exclusively on products for use in the surgical market, management concluded that ownership of DirectDerm continues to be an asset with ongoing value for the Company. The shares of DirectDerm were excluded from the discontinued THP assets.

The following table summarizes the Company's investments for the periods presented:

	June 30, 2026		December 31, 2025	
	Carrying Amount	Economic Interest	Carrying Amount	Economic Interest
Equity Method Investments				
Biomimetic Innovations Limited	\$ 8,004,716	11.95%	\$ 8,741,389	12.50%
ChemoMouthpiece, LLC	4,688,613	6.59%	4,841,695	6.59%
SI Healthcare Technologies, LLC	37,374	50.00%	43,774	50.00%
Total Equity Method Investments	<u>\$ 12,730,703</u>		<u>\$ 13,626,858</u>	
Cost Method Investment				
Direct Dermatology Inc.	\$ 1,000,000		\$ 1,000,000	
Total Cost Method Investment	<u>\$ 1,000,000</u>		<u>\$ 1,000,000</u>	
Total Investments	<u>\$ 13,730,703</u>		<u>\$ 14,626,858</u>	

The following table summarizes the Company's share of losses from equity method investments reflected in the Company's Consolidated Statements of Operations for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Equity Method Investments				
Biomimetic Innovations Limited	\$ (366,471)	\$ (122,303)	\$ (736,673)	\$ (191,879)
ChemoMouthpiece, LLC	(67,177)	(80,452)	(153,082)	(154,484)
SI Healthcare Technologies, LLC	-	7,273	(6,400)	7,273
Total	<u>\$ (433,648)</u>	<u>\$ (195,482)</u>	<u>\$ (896,155)</u>	<u>\$ (339,090)</u>

NOTE 7 — OPERATING LEASES

The Company periodically enters operating lease contracts for office space and equipment. Arrangements are evaluated at inception to determine whether such arrangements constitute a lease. Right of use assets ("ROU assets") represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities were recognized on the transition date based on the present value of lease payments over the respective lease term, with the office space ROU asset adjusted for deferred rent liability.

As of June 30, 2026, the Company had two material operating leases for office space. The leases had remaining lease terms of 57 and 26 months as of June 30, 2026, respectively. For practical expediency, the Company has elected not to recognize ROU assets and lease liabilities related to short-term leases and to not separate lease and non-lease components.

The present value of the Company's operating lease liabilities is presented below:

Maturity of Operating Lease Liabilities

	June 30, 2026
Remainder of 2026	\$ 311,561
2027	631,286
2028	596,412
2029	514,160
2030	521,805
2031	131,885
Thereafter	-
Total lease payments	2,707,109
Less imputed interest	(654,427)
Present Value of Lease Liabilities	\$ 2,052,682
Operating lease liabilities – current	\$ 383,153
Operating lease liabilities – long-term	1,669,529
	\$ 2,052,682
Right of use assets – operating leases	\$ 1,909,278

The Company recorded lease expense of \$152,770 and \$128,629 for the three months ended June 30, 2026 and 2025, respectively, and \$305,541 and \$260,197 for the six months ended June 30, 2026 and 2025, respectively. Cash paid for amounts included in the measurement of operating lease liabilities was \$308,435 and \$259,786 for the six months ended June 30, 2026 and 2025, respectively.

As of June 30, 2026, the Company's operating leases had a weighted average remaining lease term of 4.5 years and a weighted average discount rate of 13.3%.

NOTE 8 — DEBT AND CREDIT FACILITIES

CRG Term Loan Agreement

On April 17, 2024 (the "Closing Date"), the Company entered into a term loan agreement, by and among the Company, as borrower, the subsidiary guarantors party thereto from time to time (collectively, the "Guarantors"), CRG Servicing LLC as administrative agent and collateral agent (the "Agent"), and the lenders party thereto from time to time (the "CRG Term Loan Agreement"), providing for a senior secured term loan of up to \$55.0 million (the "CRG Term Loan"). The CRG Term Loan Agreement initially provided for (i) a \$15.0 million senior secured term loan that was borrowed on the Closing Date (the "First Borrowing") and (ii) up to an aggregate of \$40.0 million available for borrowing in two subsequent borrowings, provided that each such borrowing must be at least \$5.0 million and occur between the Closing Date and June 30, 2025, subject to the satisfaction of certain conditions, including the Agent having received certain fees. The Company used a portion of the proceeds of the First Borrowing under the CRG Term Loan to extinguish the remaining balance under its previous term loan with Cadence Bank.

On September 4, 2024, the Company borrowed an additional \$15.5 million under the CRG Term Loan Agreement (the “Second Borrowing”). The Company used \$5.0 million of the proceeds of the Second Borrowing for its investment in CMp, and for working capital and general corporate purposes.

On March 19, 2025, the Company and the Guarantors entered into the First Amendment to the CRG Term Loan Agreement with the Agent and the lenders party thereto from time to time, which amended the CRG Term Loan Agreement to, among other things, (i) entitle the Company to two additional borrowings following the Second Borrowing, which borrowings were required to occur on or prior to December 31, 2025, if at all, and (ii) remove the requirement that any borrowing be in whole multiples of \$5.0 million.

On March 31, 2025, the Company borrowed an additional \$12.25 million under the CRG Term Loan Agreement (the “Third Borrowing”). The First Borrowing, the Second Borrowing and the Third Borrowing each have a maturity date of March 30, 2029 (the “Maturity Date”), unless earlier prepaid. The Company used a portion of the proceeds from the Third Borrowing for permitted acquisition opportunities, such as the CarePICS Acquisition in April 2025, and for working capital and general corporate purposes. After the Third Borrowing, the Company did not take any additional draws under the CRG Term Loan prior to the final draw date of December 31, 2025.

The CRG Term Loan bears interest at a per annum rate equal to 13.25% (subject to a 4.00% increase during an event of default), of which 8.00% must be paid in cash and 5.25% may, at the election of the Company, be deferred through the 19th quarterly Payment Date (defined below) by adding such amount to the aggregate principal loan amount, so long as no default or event of default under the CRG Term Loan Agreement has occurred and is continuing. The Company is required to make quarterly interest payments on the final business day of each calendar quarter following the Closing Date, commencing on the first such date to occur at least 30 days after the Closing Date (each, a “Payment Date”). Interest is payable on each Payment Date in arrears with respect to the time between each Payment Date and upon the payment or prepayment of the CRG Term Loan, ending on the Maturity Date. In addition, the Company is required to pay an upfront fee of 1.50% of the principal amount of the CRG Term Loan, which is payable as amounts are advanced under the CRG Term Loan on a pro rata basis. The Company is also required to pay a back-end fee equal to 7.00% of the aggregate principal amount advanced under the CRG Term Loan Agreement.

The Company paid \$1,533,599 and \$3,050,346 of interest in cash for the three and six months ended June 30, 2026, respectively, and recorded no paid-in-kind interest related to the CRG Term Loan for the three and six months ended June 30, 2026, reflecting the Company’s election to pay interest in cash rather than capitalizing and increasing the balance of the CRG Term Loan. For the three months ended June 30, 2025, the Company paid \$889,784 of interest in cash and recorded \$583,920 of interest paid-in-kind related to the CRG Term Loan. For the six months ended June 30, 2025, the Company paid \$1,516,563 of interest in cash and recorded \$995,244 of interest paid-in-kind related to the CRG Term Loan. The paid-in-kind interest for the three and six months ended June 30, 2025 was applied to the principal balance of the CRG Term Loan. The Company recorded \$177,123 and \$359,067 for the three and six months ended June 30, 2026, respectively, to interest expense related to the back-end fee. The Company recorded \$201,411 and \$377,490 for the three and six months ended June 30, 2025, respectively, to interest expense related to the back-end fee. The back-end fee is accreted and amortized to interest expense over the term of the CRG Term Loan. Paid-in-kind interest and the accreted back-end fee are included under the line item captioned “Long-term debt” in the Consolidated Balance Sheets.

Subject to certain exceptions, the Company is required to make mandatory prepayments of the CRG Term Loan with the proceeds of certain assets sales and in the event of a change of control of the Company. In addition, the Company may make voluntary prepayments of the CRG Term Loan, in whole or in part, at any time. All mandatory and voluntary prepayments of the CRG Term Loan are subject to the payment of prepayment premiums as follows: (i) if prepayment occurs on or prior to the date that is one year following the applicable borrowing (the “Borrowing Date”), an amount equal to 10.0% of the aggregate outstanding principal amount of the CRG Term Loan being prepaid and (ii) if prepayment occurs one year after the applicable Borrowing Date and on or prior to two years following the applicable Borrowing Date, an amount equal to 5.0% of the aggregate outstanding principal amount of the CRG Term Loan that is being prepaid. No prepayment premium is due on any principal prepaid if prepayment occurs two years or more after the applicable Borrowing Date.

Certain of the Company's current and future subsidiaries, including the Guarantors, guarantee the obligations of the Company under the CRG Term Loan Agreement. As security for their obligations under the CRG Term Loan Agreement, on the Closing Date, the Company and the Guarantors entered into a security agreement with the Agent pursuant to which the Company and the Guarantors granted to the Agent, as collateral agent for the lenders, a lien on substantially all of the Company's and the Guarantors' assets, including intellectual property (subject to certain exceptions).

The CRG Term Loan Agreement contains affirmative and negative covenants customary for financings of this type, including limitations on the Company's and the Guarantors' abilities, among other things, to incur additional debt, grant or permit additional liens, make investments and acquisitions above certain thresholds, merge or consolidate with others, dispose of assets, pay dividends and distributions and enter into affiliate transactions, in each case, subject to certain exceptions. In addition, the CRG Term Loan Agreement contains the following financial covenants requiring the Company and the Guarantors in the aggregate to maintain:

- liquidity in an amount which shall exceed the greater of: (i) \$3.0 million and (ii) to the extent the Company has incurred certain permitted debt, the minimum cash balance, if any, required of the Company by the creditors of such permitted debt; and
- annual minimum revenue of at least: (i) \$60.0 million for the twelve-month period beginning on January 1, 2024 and ending on December 31, 2024, (ii) \$75.0 million for the twelve-month period beginning on January 1, 2025 and ending on December 31, 2025, (iii) \$85.0 million for the twelve-month period beginning on January 1, 2026 and ending on December 31, 2026, (iv) \$95.0 million for the twelve-month period beginning on January 1, 2027 and ending on December 31, 2027, and (v) \$105.0 million during each twelve-month period beginning on January 1 of a given year thereafter.

The CRG Term Loan Agreement contains representations and warranties of the Company and the Guarantors customary for financings of this type, and also includes events of default customary for financings of this type, including, among other things, non-payment, inaccuracy of representations and warranties, covenant breaches, a material adverse change, bankruptcy and insolvency, material judgments and a change of control, in certain cases subject to customary periods to cure. The occurrence and continuance of an event of default could result in the acceleration of the obligations under the CRG Term Loan Agreement.

The table below presents the components of the Company's outstanding debt for the periods presented:

	June 30, 2026	December 31, 2025
CRG Term Loan	\$ 42,750,000	\$ 42,750,000
Paid-in-kind interest	3,038,578	3,038,578
Back-end fee	1,497,465	1,138,398
Total Debt	47,286,043	46,926,976
Less: unamortized debt issuance costs	(808,956)	(956,039)
Long-term debt	\$ 46,477,087	\$ 45,970,937

The table below presents the aggregate maturities of the Company's outstanding debt as of June 30, 2026:

Year	Total
Remainder of 2026	\$ -
2027	-
2028	-
2029	47,286,043
2030	-
2031	-
Thereafter	-
Total debt	\$ 47,286,043

In connection with the CRG Term Loan, the Company incurred zero and \$228,183 of debt issuance costs during the six months ended June 30, 2026 and year ended December 31, 2025, respectively. Debt issuance costs are amortized to interest expense in the Consolidated Statements of Operations over the life of the debt to which they pertain. Debt issuance costs are included under the line item captioned "Long-term debt" in the Consolidated Balance Sheets. Amortization expense related to debt issuance costs was \$147,083 and \$132,821 for the six months ended June 30, 2026 and 2025, respectively.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

License Agreements and Royalties

BIASURGE Advanced Surgical Solution, BIAKÖS Antimicrobial Wound Gel and BIAKÖS Antimicrobial Skin and Wound Cleanser

In July 2019, the Company executed a license agreement with Rochal Industries, LLC ("Rochal"), a related party, pursuant to which the Company acquired an exclusive world-wide license to market, sell and further develop antimicrobial products for the prevention and treatment of microbes on the human body utilizing certain Rochal patents and pending patent applications (the "BIAKÖS License Agreement"). Currently, the products covered by the BIAKÖS License Agreement are BIASURGE Advanced Surgical Solution, BIAKÖS Antimicrobial Wound Gel and BIAKÖS Antimicrobial Skin and Wound Cleanser. All three products are 510(k) cleared.

Future commitments under the terms of the BIAKÖS License Agreement include:

- The Company pays Rochal a royalty of 2-4% of net sales. The minimum annual royalty due to Rochal increased to \$150,000 in 2025.
- The Company may pay additional royalties annually based on specific net profit targets from sales of the licensed products, subject to a maximum of \$1,000,000 during any calendar year.

Unless previously terminated by the parties, the BIAKÖS License Agreement expires with the related patents in December 2031.

Under this agreement, royalty expense, which is recorded in cost of goods sold in the accompanying Consolidated Statements of Operations, was \$70,265 and \$47,935 for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, royalty expense under this agreement was \$129,146 and \$85,435, respectively. The Company's Chairman is a director of Rochal, and indirectly a significant shareholder of Rochal, and through the potential exercise of warrants, a majority shareholder of Rochal. Another one of the Company's directors, Ann Beal Salamone, is also a director and significant shareholder of Rochal.

CuraShield Antimicrobial Barrier Film and No Sting Skin Protectant

In October 2019, the Company executed a license agreement with Rochal pursuant to which the Company acquired an exclusive world-wide license to market, sell and further develop certain antimicrobial barrier film and skin protectant products for use in the human health care market utilizing certain Rochal patents and pending patent applications (the “ABF License Agreement”). Currently, the products covered by the ABF License Agreement are CuraShield Antimicrobial Barrier Film and a no sting skin protectant product.

Future commitments under the terms of the ABF License Agreement include:

- The Company will pay Rochal a royalty of 2-4% of net sales. The minimum annual royalty due to Rochal will be \$50,000 beginning with the first full calendar year following the year in which first commercial sales of the products occur. The annual minimum royalty will increase by 10% each subsequent calendar year up to a maximum amount of \$75,000.
- The Company will pay additional royalties annually based on specific net profit targets from sales of the licensed products, subject to a maximum of \$500,000 during any calendar year.

Unless previously terminated or extended by the parties, the ABF License Agreement will terminate upon expiration of the last U.S. patent in October 2033. No commercial sales or royalties have been recognized under this agreement as of June 30, 2026.

Debrider License Agreement

In May 2020, the Company executed a product license agreement with Rochal, pursuant to which the Company acquired an exclusive world-wide license to market, sell and further develop a debrider for human medical use to enhance skin condition or treat or relieve skin disorders, excluding uses primarily for beauty, cosmetic, or toiletry purposes (the “Debrider License Agreement”). No commercial sales or royalties have been recognized under this agreement as of June 30, 2026. Unless terminated or extended by the parties, the Debrider License Agreement will expire in October 2034.

In the quarter ended December 31, 2025, management determined that the debrider was no longer expected to be used in the Company’s strategic plans and concluded that the carrying amount was not recoverable. An impairment charge of \$1.2 million was recorded to reduce the carrying amount of the intangible asset to zero at December 31, 2025. In connection with the strategic realignment to focus on the surgical business, the Company is in the process of terminating the Debrider License Agreement with Rochal in order to focus on developing and commercializing the Company’s surgical product portfolio.

Exclusive License and Distribution Agreement With, and Minority Investment in, BMI***BMI License Agreement***

On January 16, 2025, the Company entered into the BMI License Agreement, by and between the Company and BMI, a privately-held medical device company headquartered in Shannon, Co. Clare Ireland, pursuant to which the Company acquired the exclusive U.S. marketing, sales and distribution rights to OsStic Synthetic Injectable Structural Bio-Adhesive Bone Void Filler (“OsStic”), as well as an adjunctive internal fixation technology featuring novel delivery to promote targeted application of OsStic (“ARC” and together with OsStic, the “Products”), for use in the treatment of an injury caused by a traumatic incident.

Pursuant to the BMI License Agreement, the Company was appointed by BMI as the exclusive distributor to promote, market, offer to sell, transfer, distribute and sell the Products for trauma indications inside the United States and its territories for an initial five-year term, which term may be automatically renewed for successive two-year periods at the Company’s discretion, provided that the Company is in compliance with its obligations thereunder. From January 16, 2025 until October 13, 2025, the Company had an option to negotiate exclusive distribution rights for the Products in additional fields and/or additional territories on substantially the same terms as those set forth in the BMI License Agreement. On June 18, 2025, pursuant to the BMI License Agreement, the Company exercised its option for exclusive distribution rights of the BMI Products for sports medicine, spine, arthroplasty, and craniomaxillofacial indications within the United States and its territories. On October 1, 2025, the Company and BMI entered into a first amendment to the BMI License Agreement to extend the option period through May 31, 2026 to provide more time to negotiate and finalize the terms of the additional fields in the contract territory. On May 6, 2026, the Company and BMI entered into a second amendment to the BMI License Agreement to further extend the option period through January 31, 2027.

The BMI License Agreement requires that the Company pay BMI royalties of 3% of OsStic net sales (as defined in the BMI License Agreement). Pursuant to the BMI License Agreement, the Company and BMI agreed to negotiate the applicable percentage of net sales for ARC at a future date. The BMI License Agreement also requires the Company to pay BMI annual minimum royalty payments of \$100,000, \$200,000, and \$300,000 for the first, second and third years, respectively, following the receipt of first regulatory approval for the marketing and sale of a product. No royalties have been paid under this agreement as of June 30, 2026.

Subscription Agreement

In connection with the BMI License Agreement, on January 16, 2025, the Company entered into the Subscription Agreement. See Note 6 for more information regarding the BMI Subscription Agreement.

Applied Asset Purchase

On August 1, 2023, the Company closed the acquisition of assets from The Hymed Group Corporation and Applied Nutritionals, LLC (the “Applied Asset Purchase”) for an initial aggregate purchase price of \$15.25 million, consisting of \$9.75 million in cash and 73,809 shares of the Company’s common stock with an agreed upon value of \$3.0 million, and \$2.5 million in cash to be paid in four equal installments of \$625,000 on each of the next four anniversaries of the closing date. The first, second and third of four installment payments of \$625,000 were made in August 2024, 2025 and 2026, respectively.

In addition to the consideration noted above, the terms of the asset purchase agreement provide that the sellers party thereto are entitled to receive up to an additional \$10.0 million (the “Applied Earnout”), which is payable to the sellers in cash, upon the achievement of certain performance thresholds relating to our collections from net sales of a collagen-based product currently under development. Upon expiration of the seventh anniversary of the closing of the Applied Asset Purchase, to the extent the sellers have not earned the entirety of the Applied Earnout, the Company shall pay the sellers a pro-rata amount of the Applied Earnout based on collections from net sales of the product, with such amount to be due credited against any Applied Earnout payments already made by the Company (the “True-Up Payment”). The Applied Earnout, minus the True-Up Payment and any Applied Earnout payments already made by us, may be earned at any point in the future, including after the True-Up Payment is made.

In connection with the Applied Asset Purchase, effective August 1, 2023, the Company entered into a professional services agreement (the “Petito Services Agreement”) with Dr. Petito (the “Owner”), pursuant to which the Owner, as an independent contractor, agreed to provide certain services to the Company, including, among other things, assisting with the development of products already in development and assisting with research, development, formulation, invention and manufacturing of any future products (the “Petito Services”). As consideration for the Petito Services, the Owner was entitled to receive: (i) a base salary of \$12,000 per month during the term of the Petito Services Agreement, (ii) a royalty payment equal to 3% of the actual collections from net sales of certain products the Owner develops or codevelops that reach commercialization, (iii) a royalty payment equal to 5% for the first \$50.0 million in aggregate collections from net sales of certain future products and a royalty payment of 2.5% on aggregate collections from net sales of certain future products on any amounts exceeding \$50.0 million but up to \$100.0 million, (iv) \$500,000 in cash in the event that 510(k) clearance is issued for any future product accepted by the Company and (v) \$1.0 million in cash in the event that a U.S. patent is issued for a certain product; provided that with respect to the incentive payments described in (iv) and (v) of the foregoing, the Owner shall not earn more than \$2.5 million.

The Petito Services Agreement had an initial term of three years and was subject to automatic successive one-month renewals unless earlier terminated in accordance with its terms. The Petito Services Agreement was terminable upon the Owner’s death or disability or by the Company or the Owner “For Cause” (as defined in the Petito Services Agreement); provided, however, that the base salary described in (i) of the foregoing paragraph survives termination through the three-year initial term and the royalty payments and incentive payments described in (ii)-(v) of the foregoing paragraph survive termination of the Petito Services Agreement.

Following the closing of the Applied Asset Purchase, the Company worked to advance the collagen product related to the incentive payment contemplated under the asset purchase agreement. Despite such efforts, the Company did not receive 510(k) clearance, a U.S. patent was not issued, and no net sales were collected for this product contemplated under the asset purchase agreement and the Petito Services Agreement. After a review of the status of such initiatives, related expenses and the substantial additional expense that would need to be incurred for an uncertain result, and in light of the Company's refocus in strategy to prioritize expanding existing product platforms, in March 2026, the Company determined not to renew the Petito Services Agreement. On April 20, 2026, the Company delivered written notice to Dr. Petito that the Petito Services Agreement would not be renewed beyond its initial term. The Petito Services Agreement terminated effective August 1, 2026 pursuant to its terms. Since the contingent consideration liability relating to the Applied Asset Purchase is associated with the Petito Services Agreement, the Company determined that the thresholds necessary to trigger a payment on the earnout would not be met and reduced the contingent consideration liability to zero as of March 31, 2026.

Other Commitments

On December 20, 2023, the Company signed an exclusive license agreement with Tufts University ("Tufts") to develop and commercialize patented technology covering 18 unique collagen peptides. As part of this agreement, the Company formed a new subsidiary, Sanara Collagen Peptides, LLC ("SCP"), and issued 10% of SCP's outstanding units to Tufts. SCP had exclusive rights to develop and commercialize new products based on the licensed patents and patents pending. SCP would pay royalties to Tufts based on net sales of licensed products and technologies. Under the exclusive license agreement, royalties would be calculated at a rate of 1.5% or 3.0%, depending on the type of product or technology developed. SCP would pay Tufts a minimum annual royalty of \$50,000 on January 1 of the year following the first anniversary of the first commercial sale of the licensed products or technologies. SCP would pay Tufts a \$100,000 minimum annual royalty on January 1 of each subsequent year during the royalty term specified in the exclusive license agreement. There were no material accounting impacts and no royalties paid related to this arrangement as of June 30, 2026.

In connection with the shift in strategy to focus on developing and commercializing the Company's surgical product portfolio, on March 12, 2026, the Company delivered written notice to Tufts that terminated the exclusive license agreement, effective April 20, 2026. In July 2026, the Company dissolved SCP and eliminated the 10% equity ownership interest in SCP held by Tufts.

NOTE 10 — SHAREHOLDERS' EQUITY

Common Stock

At the Company's Annual Meeting of Shareholders held in July 2020, the Company approved the Restated 2014 Omnibus Long Term Incentive Plan (the "2014 LTIP") in which the Company's directors, officers, employees and consultants are eligible to participate. The 2014 LTIP terminated as to future awards on September 3, 2024. Previously granted awards under the 2014 LTIP will remain outstanding until they expire by their terms or under the terms of the 2014 LTIP.

On June 12, 2024, the Company's shareholders approved the 2024 Omnibus Long-Term Incentive Plan (the "2024 LTIP"), which went into effect upon shareholder approval. The maximum number of shares of the Company's common stock that may be delivered pursuant to awards granted under the 2024 LTIP is 1,000,000, subject to increase by any awards under the 2014 LTIP (i) that were outstanding on or after June 12, 2024, and that, on or after such date, are forfeited, expire or are canceled, and (ii) any shares subject to awards relating to common stock under the 2014 LTIP that are settled in cash on or after June 12, 2024 (the "Prior LTIP Awards"). The 2024 LTIP also provides that, to the extent an award under the 2024 LTIP or a Prior LTIP Award is forfeited, expires or is canceled, in whole or in part, the shares subject to such forfeited, expired or canceled award may again be awarded under the 2024 LTIP. For the six months ended June 30, 2026, a total of 272,668 shares had been issued under the 2024 LTIP, net of 257 shares forfeited under the 2014 LTIP and 6,997 shares forfeited under the 2024 LTIP. As of June 30, 2026, there were 531,635 shares available for issuance under the 2024 LTIP.

Restricted Stock Awards

During the six months ended June 30, 2026, the Company issued restricted stock awards under the 2024 LTIP which are subject to certain vesting provisions and other terms and conditions set forth in each recipient's respective restricted stock agreement. The Company issued 272,668 shares under the 2024 LTIP, net of forfeitures, of restricted common stock to employees, directors and certain advisors of the Company during the six months ended June 30, 2026. The fair value of these awards was \$5,165,475 based on the closing price of the Company's common stock on the respective grant dates, which will be recognized as compensation expense on a straight-line basis over the vesting period of the awards.

Share-based compensation expense was \$1,496,310 and \$1,409,045 during the three months ended June 30, 2026 and 2025, respectively, and \$2,524,645 and \$2,584,541 during the six months ended June 30, 2026 and 2025, respectively, and is recorded in operating expenses in the accompanying Consolidated Statements of Operations. Share-based compensation expense related to THP was \$26,394 and \$155,802 during the three and six months ended June 30, 2025, respectively, and is recorded in discontinued operations in the accompanying Consolidated Statements of Operations.

At June 30, 2026, there was \$8,333,709 of total unrecognized share-based compensation expense related to unvested share-based equity awards. Unrecognized share-based compensation expense is expected to be recognized over a weighted-average period of 2.0 years.

A summary of restricted stock activity is presented below:

	Six Months Ended June 30, 2026	
	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	257,989	\$ 34.99
Granted	279,922	19.13
Vested	(119,447)	34.52
Forfeited	(7,254)	26.21
Nonvested at June 30, 2026	411,210	\$ 24.49

Stock Options

A summary of the status of outstanding stock options and changes is presented below:

	Six Months Ended June 30, 2026			
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life	Aggregate Intrinsic Value
Outstanding at beginning of period	10,218	\$ 10.13		
Granted or assumed	-	-		
Exercised	-	-		
Forfeited	-	-		
Expired	-	-		
Outstanding at June 30, 2026	10,218	\$ 10.13	4.4	\$ 137,492
Exercisable at June 30, 2026	10,218	\$ 10.13	4.4	\$ 137,492

NOTE 11 — RELATED PARTIES

Product License Agreements

In July 2019, the Company executed a license agreement with Rochal, a related party, whereby the Company acquired an exclusive world-wide license to market, sell and further develop antimicrobial products for the prevention and treatment of microbes on the human body utilizing certain Rochal patents and pending patent applications. Currently, the products covered by the BIAKÖS License Agreement are BIASURGE Advanced Surgical Solution, BIAKÖS Antimicrobial Wound Gel and BIAKÖS Antimicrobial Skin and Wound Cleanser. Each of these products are 510(k) cleared. Ronald T. Nixon, the Company's Chairman, is a director of Rochal, and indirectly a significant shareholder of Rochal, and through the potential exercise of warrants, a majority shareholder of Rochal. Another one of the Company's directors, Ann Beal Salamone, is also a director and significant shareholder of Rochal.

In October 2019, the Company executed the ABF License Agreement with Rochal whereby the Company acquired an exclusive world-wide license to market, sell and further develop certain antimicrobial barrier film and skin protectant products for use in the human health care market utilizing certain Rochal patents and pending patent applications. Currently, the products covered by the ABF License Agreement are CuraShield Antimicrobial Barrier Film and a no sting skin protectant product.

In May 2020, the Company executed a product license agreement with Rochal, whereby the Company acquired an exclusive world-wide license to market, sell and further develop a debrider for human medical use to enhance skin condition or treat or relieve skin disorders, excluding uses primarily for beauty, cosmetic, or toiletry purposes. In the quarter ended December 31, 2025, management determined that the debrider was no longer expected to be used in the Company's strategic plans and concluded that the carrying amount was not recoverable. An impairment charge of \$1.2 million was recorded to reduce the carrying amount of the intangible asset to zero at December 31, 2025.

See Note 9 for more information on these product license agreements.

Consulting Agreement

Concurrent with the Rochal asset purchase in July 2021, the Company entered into a consulting agreement with Ann Beal Salamone pursuant to which Ms. Salamone agreed to provide the Company with consulting services with respect to, among other things, writing new patents, conducting patent intelligence, and participating in certain grant and contract reporting. In consideration of the consulting services provided to the Company, Ms. Salamone is entitled to receive an annual consulting fee of \$177,697, with payments to be issued once per month. The consulting agreement had an initial term of three years, unless earlier terminated by the Company, and was subject to renewal. Effective July 13, 2024, the consulting agreement with Ms. Salamone was amended to provide that the initial term shall be automatically renewed for successive one-year terms for up to three successive years unless earlier terminated by either party without cause at any time, provided that the terminating party provides 90 days advance written notice of termination. Ms. Salamone is a director of the Company and is a significant shareholder and the current Chair of the board of directors of Rochal.

Catalyst Transaction Advisory Services Agreement

In March 2023, the Company entered into a Transaction Advisory Services Agreement (the “Catalyst Services Agreement”) effective March 1, 2023 with Catalyst, a related party. Pursuant to the Catalyst Services Agreement, Catalyst, by and through its directors, officers, employees and affiliates that are not simultaneously serving as directors, officers or employees of the Company (collectively, the “Covered Persons”), agreed to perform certain transaction advisory, business and organizational strategy, finance, marketing, operational and strategic planning, relationship access and corporate development services for the Company in connection with any merger, acquisition, recapitalization, divestiture, financing, refinancing, or other similar transaction in which the Company may be, or may consider becoming, involved, and any such additional services as mutually agreed upon in writing by and between Catalyst and the Company (the “Catalyst Services”).

Pursuant to the Catalyst Services Agreement, the Company agreed to reimburse Catalyst for (i) compensation actually paid by Catalyst to any of the Covered Persons at a rate no more than a rate consistent with industry practice for the performance of services similar to the Catalyst Services, as documented in reasonably sufficient detail, and (ii) all reasonable out-of-pocket costs and expenses payable to unaffiliated third parties, as documented in customary expense reports, as each of (i) and (ii) is incurred in connection with the Catalyst Services rendered under the Catalyst Services Agreement, with all reimbursements being contingent upon the prior approval of the Audit Committee of the Company’s Board of Directors. Pursuant to the Catalyst Services Agreement, costs incurred were \$653 and \$10,000 for the three months ended June 30, 2026 and 2025, respectively, and \$1,503 and \$30,000 for the six months ended June 30, 2026 and 2025, respectively, and are recorded in selling, general and administrative in the accompanying Consolidated Statements of Operations.

In June 2026, in connection with the Company’s shift in strategy to focus on soft tissue repair and bone fusion products for the surgical market, the Company terminated the Catalyst Services Agreement with Catalyst effective June 2, 2026. The Company did not pay a fee or penalty in connection with the termination of the Catalyst Services Agreement.

NOTE 12 — SEGMENT REPORTING

On September 2, 2025, the Company announced that Seth Yon, its President and Chief Commercial Officer, was appointed to the position of President and Chief Executive Officer, effective September 15, 2025. The Company’s Chief Executive Officer is the chief operating decision maker (the “CODM”). The CODM reviews operating results and makes decisions about resource allocation. As described in Note 1, the THP segment met the accounting requirements to be classified as discontinued operations at September 30, 2025, and the Company no longer reports the THP segment. Accordingly, the Company has one reportable segment. The determination that the Company operates as a single segment is consistent with the nature of its operations and the financial information regularly reviewed by the Company’s CODM.

Net income (loss) is the primary profitability measure used by the CODM for purposes of assessing financial performance and resource allocation. In addition to net income (loss), the CODM also uses Adjusted EBITDA for purposes of assessing financial performance and resource allocation. Adjusted EBITDA is a non-GAAP measure and is defined as net income (loss) from continuing operations excluding interest expense/income, provision/benefit for income taxes, depreciation and amortization, noncash 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. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. The CODM also reviews budget-to-actual variances for expenses on a monthly basis when making decisions about allocating resources to the segment. The measure of segment assets is reported in the Consolidated Balance Sheets as total consolidated assets.

The following table reflects results of operations including significant segment expenses that are regularly provided to the CODM for the Company's reportable segment and Adjusted EBITDA for the periods presented:

	Three Months Ended June 30,		Six Months Ended 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
General and administrative	5,733,083	3,956,788	10,607,704	8,001,999
Sales and marketing ⁽¹⁾	16,868,607	15,677,531	33,875,506	30,761,528
Research and development	1,154,232	1,056,796	1,913,824	2,007,155
Depreciation and amortization ⁽²⁾	619,111	688,546	1,206,363	1,382,578
Other expense ⁽³⁾	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)
Adjusted EBITDA	\$ 5,010,778	\$ 4,719,827	\$ 9,272,946	\$ 7,414,885

- (1) For the three and six months ended June 30, 2026 and 2025, sales and marketing included compensation and benefits, commissions, travel and other sales and marketing expenses.
- (2) Depreciation expense of \$7,021 and \$12,482 was reclassified as continuing operations in the three and six months ended June 30, 2025, respectively, and is therefore no longer reflected in discontinued operations.
- (3) For the three and six months ended June 30, 2026, other expense included interest expense, share of losses from equity method investments and loss on disposal of property and equipment, offset by interest income. For the three months ended June 30, 2025, other expense included interest expense and share of losses from equity method investments. For the six months ended June 30, 2025, other expense included interest expense and share of losses from equity method investments, offset by interest income and gain on disposal of property and equipment.

The following table provides a reconciliation of net income (loss) from continuing operations to Adjusted EBITDA for the periods presented:

	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, respectively, 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.

NOTE 13 — SUBSEQUENT EVENTS

Agreement and Plan of Merger

On July 29, 2026, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among the Company, MiMedx Group, Inc., a Florida corporation (“Parent”), and Mustang Merger Sub, Inc., a Texas corporation and a wholly-owned subsidiary of Parent (“Merger Subsidiary”). Upon the terms and conditions set forth in the Merger Agreement, Merger Subsidiary will be merged with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly-owned subsidiary of Parent.

Merger Consideration

Pursuant to the Merger Agreement, and upon the terms and subject to the conditions described therein, at the effective time of the Merger (the “Effective Time”), each share of the Company’s common stock issued and outstanding immediately prior to the Effective Time (other than (i) shares held by a holder who is entitled to demand and properly demands appraisal of such shares in accordance with Chapter 10, Subchapter H of the Texas Business Organizations Code and (ii) shares held by the Company, Parent or any of their respective subsidiaries (each, an “Excluded Company Share”)), will be cancelled and converted into the right to receive \$33.00 per share in cash, without interest (the “Per Share Cash Consideration”), and 0.4735 shares (the “Per Share Stock Consideration,” and together with the Per Share Cash Consideration, the “Merger Consideration”) of common stock, par value \$0.001 per share, of Parent (the “Parent Common Stock”).

The shares of Parent Common Stock to be issued in connection with the Merger will be listed on the Nasdaq Stock Market. In connection with the issuance of Parent Common Stock as Merger Consideration, Parent will file with the U.S. Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 (the “Registration Statement”), which will include the proxy statement of the Company for its shareholder meeting relating to the Merger and related transactions.

Treatment of Equity Awards

Pursuant to the Merger Agreement, immediately prior to the Effective Time, (i) each share of restricted company stock of the Company granted pursuant to the Sanara MedTech Inc. Restated 2014 Omnibus Long-Term Incentive Plan, the Sanara MedTech Inc. 2024 Omnibus Long-Term Incentive Plan, or otherwise, whether vested or unvested, that is outstanding as of immediately prior to the Effective Time and which is subject to restrictions on transfer and/or forfeiture (the “Company Restricted Stock”), will automatically be canceled and converted automatically into the right to receive from the Company, at or promptly after the Effective Time, an amount (a) in cash (less applicable tax withholdings) equal to the Per Share Cash Consideration and (b) a number of shares of Parent Common Stock equal to the Per Share Stock Consideration (the “Restricted Stock Consideration”); and (ii) immediately prior to the Effective Time, each option that represents the right to acquire common stock of the Company that is outstanding as of immediately prior to the Effective Time (each, a “Company Option”) shall, by virtue of the Merger and without any action on the part of the Company, Parent or the holder of such Company Option, automatically be cancelled and converted automatically into the right to receive from the Company, at or promptly after the Effective Time, an amount in cash (less applicable taxes) equal to the Merger Consideration (with the Per Share Stock Consideration based on the closing price of the shares of Parent Common Stock on the last trading day prior to the closing date of the Merger) less the exercise price payable in respect of such Company Option.

Conditions to the Transactions

The closing of the Merger is subject to the satisfaction of various customary closing conditions, including, among others, the adoption and approval of the Merger Agreement by the Company’s shareholders, the Registration Statement being declared effective by the SEC and receipt of required regulatory approvals, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Other Terms

The Merger Agreement contains customary representations, warranties and covenants, including covenants relating to the conduct of the Company’s business between the signing of the Merger Agreement and the completion of the Merger.

The Merger Agreement also contains customary termination provisions, including the right of either party to terminate the agreement under specified circumstances, including if the Merger is not consummated on or before July 29, 2027 (the “End Date”), provided that either the Company or Parent may extend the End Date to January 29, 2028 in the event that (i) the requisite antitrust approvals have not been obtained, (ii) required shareholder approval is not obtained, or (iii) certain closing conditions are not satisfied. In addition, upon termination of the Merger Agreement under specified circumstances, including if the Company terminates the Merger Agreement to enter into an alternative acquisition agreement with respect to a Superior Proposal (as defined in the Merger Agreement), the Company would be required to pay Parent a termination fee of \$9,660,336. Furthermore, Parent will be required to pay to the Company a termination fee of \$22,540,785 if the Company terminates the Merger Agreement because of a failure of Parent to consummate the Merger when required to do so by the Merger Agreement. In no event will either party be required to pay its applicable termination fee on more than one occasion.

If the Merger Agreement is consummated, the Company will become a private company and the Company’s common stock will be delisted from The Nasdaq Capital Market and deregistered under the Securities Exchange Act of 1934, as amended. No adjustments have been made to the accompanying financial statements related to the Merger transaction.

Voting Agreement

Concurrently with the execution of the Merger Agreement, Parent entered into a voting agreement (the “Voting Agreement”) with the Company and certain shareholders of the Company (the “Specified Shareholders”). Pursuant to the Voting Agreement, each of the Specified Shareholders agreed, among other things, to vote, or cause to be voted, all of the shares beneficially owned by such Specified Shareholder (the “Subject Shares”) in favor of the adoption of the Merger Agreement and against any alternative acquisition proposal, in each case, subject to certain conditions.

As of the date of the Merger Agreement, the Specified Shareholders collectively held approximately 38.9% of the total voting power of the Company. The Voting Agreement also contains customary termination provisions and restrictions on, among other things, the transfer of the Subject Shares held by the Specified Shareholders.

Termination of CMp Distribution and Intellectual Property Rights Agreements and Termination of SI Technologies

In July 2026, the Company and InfuSystem terminated the Distribution Agreement with CMp pursuant to its terms. Termination of the Distribution Agreement also terminated the Intellectual Property Rights Agreement. Also in July 2026, the Company delivered written notice to InfuSystem exercising its right to dissolve SI Technologies effective 180 days following receipt of the notice, pursuant to the terms of the entity's limited liability company agreement. As a result, the Company wrote down the carrying value of its investment in SI Technologies to zero in July 2026.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Sanara MedTech Inc. (together with its wholly owned or majority-owned subsidiaries on a consolidated basis, the “Company,” “Sanara MedTech,” “Sanara,” “our,” “us,” or “we”) should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2025 and with the unaudited consolidated financial statements and related notes thereto presented in this Quarterly Report on Form 10-Q.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance, including topics such as new products under development. In some cases, you can identify forward-looking statements because they contain words such as “aims,” “anticipates,” “believes,” “contemplates,” “continue,” “could,” “estimates,” “expects,” “forecast,” “guidance,” “intends,” “may,” “plans,” “possible,” “potential,” “predicts,” “preliminary,” “projects,” “seeks,” “should,” “target,” “will” or “would” or the negative of these words, variations of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Such forward-looking statements are subject to certain risks, uncertainties and assumptions relating to factors that could cause actual results to differ materially from those anticipated in such statements, including, without limitation, the following:

- shortfalls in forecasted revenue growth;
- our ability to meet our future capital requirements;
- our ability to maintain compliance with our debt obligations;
- our ability to consummate the previously announced merger transaction with MiMedx Group, Inc. and realize the anticipated benefits and synergies expected from the Merger (as defined in Recent Developments below) once consummated;
- our ability to develop and commercialize new products and products under development, including the manufacturing, distribution, marketing and sale of such products;
- our ability to retain and recruit key personnel;
- the intense competition in the markets in which we operate and our ability to compete within our markets;
- the failure of our products to obtain market acceptance;
- the effect of security breaches and other disruptions;
- our ability to maintain effective internal controls over financial reporting;
- our ability to maintain and further grow clinical acceptance and adoption of our products;
- the impact of competitors inventing products that are superior to ours;
- disruptions of, or changes in, our distribution model, consumer base or the supply of our products;
- the failure of third-party assessments to demonstrate desired outcomes in proposed endpoints;
- our ability and the ability of our research and development partners to protect the proprietary rights to technologies used in certain of our products and the impact of any claim that we have infringed on intellectual property rights of others;
- our dependence on technologies and products that we license from third parties;

- the effects of current and future laws, rules and regulations relating to the labeling, marketing and sale of our products, and our ability to comply with the various laws, rules and regulations applicable to our business; and
- the effect of defects, failures or quality issues associated with our products.

For a more detailed discussion of these and other factors that may affect our business and that could cause the actual results to differ materially from those anticipated in forward-looking statements, see “Risk Factors” in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2025, and Part II, Item 1A. “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Forward-looking statements speak only as of the date on which they are made, and we do not assume any obligation to update these forward-looking statements, except to the extent required by applicable securities laws.

OVERVIEW

We are a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical market. Our products are designed to achieve our goal of providing better clinical outcomes at a lower overall cost for healthcare systems. We strive to be one of the most innovative and comprehensive providers of effective surgical solutions and are continually seeking to expand our offerings for patients requiring surgical treatments in the United States.

We primarily market and sell soft tissue repair and bone fusion products for use in the operating room or other sterile environments. Our soft tissue repair products include, among other products, our lead product, CellerateRX Surgical Powder (“CellerateRX Surgical”), a hydrolyzed collagen that aids in the management of surgical wounds, BIASURGE Advanced Surgical Solution (“BIASURGE”), a sterile no-rinse, advanced surgical solution used for wound irrigation and TEXAGEN Amniotic Membrane Allograft (“TEXAGEN”), a multi-layer amniotic membrane allograft used as an anatomical barrier with robust handling that can be sutured for securement if needed. Our bone fusion products include, among other products, BiFORM Bioactive Moldable Matrix (“BiFORM”), an osteoconductive, bioactive, porous implant that allows for bony ingrowth across the graft site, ACTIGEN Verified Inductive Bone Matrix (“ACTIGEN”), a naturally derived, differentiated allograft matrix with robust handling properties, and ALLOCYTE Plus Advanced Viable Bone Matrix (“ALLOCYTE Plus”), a human allograft cellular bone matrix containing bone-derived progenitor cells and conformable bone fibers.

We also utilize an in-house research and development team, Rochal Technologies. We are advancing a strong pipeline of next-generation products that supports and extends our surgical strategy of “Prepare, Promote and Protect.”

Summary of Our Key Products and Development Programs

We market and distribute surgical products to surgeons at hospitals and surgical centers. Our products are primarily sold in the U.S. surgical tissue repair market. We believe that we have the ability to drive our product pipeline from concept to preclinical and clinical development while meeting quality and regulatory requirements.

CellerateRX Surgical

CellerateRX Surgical is a Type I bovine hydrolyzed collagen indicated for the management of surgical, traumatic, and partial and full-thickness wounds as well as first- and second-degree burns. It is manufactured with a proprietary process. CellerateRX Surgical is sterilized, packaged and designed specifically for use in the operating room. CellerateRX Surgical is primarily purchased by hospitals and ambulatory surgical centers for use by surgeons to treat surgical wounds, including those associated with orthopedic, spine and trauma procedures. Additional surgical wounds that often benefit from the use of CellerateRX Surgical include general, vascular, plastic/reconstructive, cardiovascular, gynecologic, and urologic related procedures.

CellerateRX Surgical is used in operative cases where patients might have trouble healing normally due to underlying health complications. There is always a risk of complication with surgical wounds. This is especially true in patients with certain comorbidities, including obesity, diabetes and hypertension. These complications can include surgical wound infections, dehiscence (where an incision opens after primary closure) and necrosis. Surgical wound complications have become increasingly problematic due to the high rates of surgical patient comorbidities and the financial strain on insurance payors as well as hospitals that suffer exorbitant costs for readmission of these patients within 90 days of surgery. Surgeons use CellerateRX Surgical to complement the body’s normal healing process. By supporting the body to heal normally without complications, improved patient outcomes are achieved, thereby reducing downstream costs related to complications (such as re-operation, longer hospitalization, re-admittance, extended rehabilitative care and other additional treatments).

BIASURGE

BIASURGE is a 510(k) cleared sterile no-rinse, advanced surgical solution used for wound irrigation. It contains an antimicrobial preservative effective against a broad spectrum of pathogenic microorganisms in the solution. BIASURGE is indicated for use in the mechanical cleansing and removal of debris, including microorganisms, from surgical wounds. In both *in vitro* testing of implant materials and *ex vivo* testing of dermal materials, BIASURGE was proved to eliminate biofilm-producing microbes and prevent them from attaching to the implant materials.

Other Products

TEXAGEN is a multi-layer amniotic membrane allograft used as an anatomical barrier with robust handling that can be sutured for securement if needed.

BiFORM is an osteoconductive, bioactive, porous implant that allows for bony ingrowth across the graft site. It can be hydrated and used as a strip or molded into a putty to fill a bone defect.

ACTIGEN is a naturally derived, differentiated allograft matrix with robust handling properties.

ALLOCYTE Plus is a human allograft cellular bone matrix containing bone-derived progenitor cells and conformable bone fibers. These viable cellular allografts are ready to use upon thawing and have fibrous handling properties.

FORTIFY TRG Tissue Repair Graft (“FORTIFY TRG”) is a freeze-dried, multi-layer small intestinal submucosa extracellular matrix sheet. The graft is 510(k) cleared for implantation to reinforce soft tissue, is terminally sterilized, has a thin profile, is available in multiple sizes, and can be cut to size to accommodate the patient’s anatomy. FORTIFY TRG is provided sterile and can be hydrated with autologous blood fluid.

Our product portfolio includes other products that have an insignificant impact on our revenue at this time.

Shift in Strategy and Discontinuance of Value-Based Wound Care Program

Our company’s main source of revenue has consistently been from soft tissue repair and bone fusion products for the surgical market. Additionally, we generate a smaller portion of revenue from products sold in the post-acute setting. To further support our surgical business, particularly in wound care, we launched a value-based wound care services initiative designed to enhance outcomes while complementing our offerings in both surgical and post-acute markets. This post-acute strategy, which we referred to as Tissue Health Plus (“THP”), was focused on providing value-based wound care services. Through THP, we planned to offer a first of its kind value-based wound care program to payers and risk-bearing entities. This program was designed to enable payers to divest wound care spend risk, reduce wound related hospitalizations and improve patient quality of life. To further develop our value-based wound care strategy, we executed an investment and acquisition strategy to build telehealth services and acquire technologies to support the THP platform.

Since the second quarter of 2024, we managed our business on the basis of two operating and reportable segments: the Sanara Surgical segment and the THP segment.

Our intention in incubating THP was coupled with a goal to find an outside partner to buy or invest in the platform. Starting in 2024, we held several meetings and did significant outreach to find potential funding for THP. This effort included meetings with venture capital firms, strategic buyers, provider service companies, insurance companies and private equity firms. During the third quarter of 2025, following authorization from our Board of Directors, management initiated a review of strategic options for THP and formally engaged an investment bank to search for potential investors or purchasers. By mid-September 2025, we concluded that these efforts were unlikely to succeed within the timeline allocated by the Board of Directors and ended our engagement with the investment bank. Persistent losses related to THP and a lack of any firm commitments from potential investors led management and our Board of Directors to decide to discontinue THP’s operations in mid-September 2025 and shift our focus exclusively on products and technologies for use in the surgical market.

As a result of this decision, THP met the accounting requirements to be classified under discontinued operations as of September 30, 2025. In accordance with generally accepted accounting principles in the United States (“GAAP”), the operations of THP are presented as discontinued operations in our Consolidated Balance Sheets and Consolidated Statements of Operations and, as such, have been excluded from continuing operations for all periods presented. As a result of the discontinuation of THP, we now have a single reportable segment. This determination is in accordance with Accounting Standards Codification (“ASC”) 280, Segment Reporting.

Certain prior period amounts have been reclassified to conform to the current year presentation.

Tufts University License Agreement

On December 20, 2023, we signed an exclusive license agreement with Tufts University (“Tufts”) to develop and commercialize patented technology covering 18 unique collagen peptides. As part of this agreement, we formed a new subsidiary, Sanara Collagen Peptides, LLC (“SCP”), and issued 10% of SCP’s outstanding units to Tufts. SCP had exclusive rights to develop and commercialize new products based on the licensed patents and patents pending. SCP would pay royalties to Tufts based on net sales of licensed products and technologies. Under the exclusive license agreement, royalties would be calculated at a rate of 1.5% or 3.0%, depending on the type of product or technology developed. SCP would pay Tufts a minimum annual royalty of \$50,000 on January 1 of the year following the first anniversary of the first commercial sale of the licensed products or technologies. SCP would pay Tufts a \$100,000 minimum annual royalty on January 1 of each subsequent year during the royalty term specified in the exclusive license agreement. There were no material accounting impacts and no royalties paid related to this arrangement as of June 30, 2026.

In connection with the shift in strategy to focus on developing and commercializing our surgical product portfolio, on March 12, 2026, we delivered written notice to Tufts that terminated the exclusive license agreement, effective April 20, 2026. In July 2026, we dissolved SCP and eliminated the 10% equity ownership interest in SCP held by Tufts.

RECENT DEVELOPMENTS

Vizient Innovative Technology Contract

On January 7, 2026, we announced that our BIASURGE product received an Innovative Technology contract from Vizient Inc. (“Vizient”), the nation’s largest provider-driven healthcare performance improvement company. The contract was awarded based on the recommendation of BIASURGE by hospital experts who serve on one of Vizient’s client-led councils, and it signifies to Vizient clients BIASURGE’s unique qualities that potentially bring improvement to the healthcare industry. The Innovative Technology contract offers Vizient’s extensive network of healthcare facility customers access to BIASURGE at contracted pricing and pre-negotiated terms, effective January 1, 2026.

Recent Peer-Reviewed Study on CellerateRX Surgical

On March 11, 2026, we announced the publication of a peer-reviewed study evaluating the economic and clinical value of CellerateRX Surgical in the *Journal of Medical Economics*. The study demonstrated cost savings and improved health outcomes associated with the use of CellerateRX Surgical as an adjunct to the standard of care for high-risk spinal surgery patients, compared to the standard of care alone.

Agreement and Plan of Merger

On July 29, 2026, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with MiMedx Group, Inc., a Florida corporation (“Parent”), and Mustang Merger Sub, Inc., a Texas corporation and a wholly-owned subsidiary of Parent (“Merger Subsidiary”). Upon the terms and conditions set forth in the Merger Agreement, Merger Subsidiary will be merged with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly-owned subsidiary of Parent. The Merger is expected to close by the end of the year, subject to approval by our shareholders, the receipt of required regulatory approvals and other customary closing conditions.

At the effective time of the Merger, each issued and outstanding share of our common stock (other than certain excluded shares and shares held by shareholders who properly exercise appraisal rights) will be cancelled and converted into the right to receive \$33.00 per share in cash, without interest (the “Per Share Cash Consideration”), and 0.4735 shares (the “Per Share Stock Consideration,” and together with the Per Share Cash Consideration, the “Merger Consideration”) of common stock, par value \$0.001, of Parent (the “Parent Common Stock”). In addition, at or immediately prior to the effective time of the Merger, our outstanding restricted stock will be cancelled and converted into the right to receive the per share Merger Consideration and our outstanding stock options will be cancelled and converted into the right to receive an amount in cash equal to the Merger Consideration (with the value of the Per Share Stock Consideration based on the closing price of the shares of Parent Common Stock on the last trading day prior to the closing date of the Merger) less the exercise price payable in respect of such stock option, in each case, subject to the terms of the Merger Agreement.

The closing of the Merger is subject to the satisfaction of various customary closing conditions, including, among others, the adoption and approval of the Merger Agreement by our shareholders, and a registration statement on Form S-4 being declared effective by the Securities and Exchange Commission (the “SEC”) and receipt of required regulatory approvals, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The Merger Agreement also contains customary termination provisions, including the right of either party to terminate the agreement under specified circumstances, including if the Merger is not consummated on or before July 29, 2027, subject to extension under certain conditions.

In addition, upon termination of the Merger Agreement under specified circumstances, including if we terminate the Merger Agreement to enter into an alternative acquisition agreement with respect to a Superior Proposal (as defined in the Merger Agreement), we would be required to pay Parent a termination fee of \$9,660,336. Furthermore, Parent will be required to pay us a termination fee of \$22,540,785 if we terminate the Merger Agreement because of a failure of Parent to consummate the Merger when required to do so by the Merger Agreement.

A copy of the Merger Agreement is attached as Exhibit 2.1 to our Current Report on Form 8-K/A dated August 11, 2026. The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement.

See Note 13, “Subsequent Events” in Item 1. of this Quarterly Report on Form 10-Q for further details regarding the pending Merger.

COMPONENTS OF RESULTS OF OPERATIONS

Sources of Revenue

Our revenue is derived primarily from sales of our soft tissue repair and bone fusion products to hospitals and surgical centers. In particular, the substantial majority of our product sales revenue is derived from sales of CellerateRX Surgical. Our revenue is driven by direct orders shipped by us to our customers, and, to a lesser extent, direct sales to customers through delivery at the time of procedure by one of our sales representatives. We generally recognize revenue when a purchase order is received by us from the customer, and our product is received by the customer.

Revenue streams from product sales are summarized below 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

Cost of Goods Sold

Cost of goods sold consists primarily of finished goods purchases, raw material costs for certain components sourced directly by us, shipping and handling and all related royalties due as a result of the sale of our products. Our gross profit represents total net revenue less the cost of goods sold, and gross margin represents gross profit expressed as a percentage of total revenue.

Operating Expenses

Selling, general and administrative (“SG&A”) consists primarily of salaries, sales commissions, benefits, bonuses and share-based compensation. SG&A also includes outside legal counsel fees, audit fees, insurance premiums, rent and other corporate expenses. We expense all SG&A as incurred.

Research and development (“R&D”) includes costs related to enhancements to our currently available products and additional investments in our product and technology development pipeline. This includes personnel-related expenses, including salaries, share-based compensation and benefits for all personnel directly engaged in R&D activities, contract services, materials, prototype expenses and allocated overhead, which is comprised of compensation and benefits, lease expense and other facilities-related costs. We expense R&D costs as incurred.

Depreciation and amortization includes depreciation of fixed assets and amortization of intangible assets that have a finite life, such as product licenses, patents and intellectual property, customer relationships and assembled workforces.

Other Income (Expense)

Other income (expense) is primarily comprised of interest expense, our share of losses from equity method investments and other nonoperating activities.

RESULTS OF OPERATIONS

The following table presents certain information about our results from continuing operations and Adjusted EBITDA (as described below) for the periods presented:

	Three Months Ended June 30,		Six Months Ended 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
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 ⁽¹⁾	619,111	688,546	1,206,363	1,382,578
Other expense ⁽²⁾	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)
Adjusted EBITDA ⁽³⁾	\$ 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, respectively, and is therefore no longer reflected in discontinued operations.

(2) For the three and six months ended June 30, 2026, other expense included interest expense, share of losses from equity method investments and loss on disposal of property and equipment, offset by interest income. For the three months ended June 30, 2025, other expense included interest expense and share of losses from equity method investments. For the six months ended June 30, 2025, other expense included interest expense and share of losses from equity method investments, offset by interest income and gain on disposal of property and equipment.

(3) Adjusted EBITDA is a non-GAAP financial measure. For more information, see the “Adjusted EBITDA” section below.

Net Revenue. For the three months ended June 30, 2026, we generated net revenue of \$28.1 million compared to \$25.8 million for the three months ended June 30, 2025, a 9% increase over the prior year period. For the six months ended June 30, 2026, we generated net revenue of \$55.9 million compared to \$49.2 million for the six months ended June 30, 2025, a 14% increase over the prior year period. Higher net revenue for the three months ended June 30, 2026 was driven by an increase of \$2.6 million, or 11%, in sales of soft tissue repair products, including CellerateRX Surgical, BIASURGE and FORTIFY TRG, offset by a slight decrease of \$0.2 million, or 8%, in sales of bone fusion products. Higher net revenue for the six months ended June 30, 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. These increases were supported by increased market penetration, geographic expansion and our strategy to continue expanding and developing our independent distribution network in both new and existing U.S. markets.

Cost of Goods Sold. Cost of goods sold for the three months ended June 30, 2026 was \$2.0 million compared to \$1.9 million for the three months ended June 30, 2025. Cost of goods sold for the six months ended June 30, 2026 was \$3.9 million compared to \$3.8 million for the six months ended June 30, 2025. Higher cost of goods sold in the three and six months ended June 30, 2026 was related to the increase in net revenue of CellerateRX Surgical.

Gross Profit. We generated gross profit of \$26.2 million for the three months ended June 30, 2026 compared to \$23.9 million for the three months ended June 30, 2025, a 10% increase over the prior year period. We generated gross profit of \$52.0 million for the six months ended June 30, 2026 compared to \$45.5 million for the six months ended June 30, 2025, a 14% increase over the prior year period. Gross margin was approximately 93% and 92% for the three and six months ended June 30, 2026 and 2025, respectively. Higher gross profit and margin for the three and six months ended June 30, 2026 was primarily due to the net revenue growth factors above and product mix.

Selling, general and administrative. SG&A for the three months ended June 30, 2026 was \$22.6 million compared to \$19.6 million for the three months ended June 30, 2025. SG&A for the six months ended June 30, 2026 was \$44.5 million compared to \$38.8 million for the six months ended June 30, 2025. Higher SG&A in the three months ended June 30, 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. Higher SG&A in the six months ended June 30, 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.

Research and development. R&D for the three months ended June 30, 2026 was \$1.2 million compared to \$1.1 million for the three months ended June 30, 2025. R&D for the six months ended June 30, 2026 was \$1.9 million compared to \$2.0 million for the six months ended June 30, 2025. Higher R&D for the three months ended June 30, 2026 and lower R&D for the six months ended June 30, 2026 was primarily due to the timing of product enhancement initiatives associated with our soft tissue repair products when compared to the three and six months ended June 30, 2025.

Depreciation and amortization. Depreciation and amortization for the three months ended June 30, 2026 was \$0.6 million compared to \$0.7 million for the three months ended June 30, 2025. Depreciation and amortization for the six months ended June 30, 2026 was \$1.2 million compared to \$1.4 million for the six months ended June 30, 2025.

Other income (expense). Other expense for the three months ended June 30, 2026 was \$2.2 million compared to \$2.0 million for the three months ended June 30, 2025. Other expense for the six months ended June 30, 2026 was \$4.4 million compared to \$3.4 million for the six months ended June 30, 2025. The increase in other expense for the three and six months ended June 30, 2026 was primarily due to higher interest expense related to the CRG Term Loan and our share of losses from equity method investments.

Net income (loss) from continuing operations. For the three months ended June 30, 2026, we had a net loss from continuing operations of \$0.4 million compared to net income from continuing operations of \$0.5 million for the three months ended June 30, 2025. For the six months ended June 30, 2026, we had a net loss from continuing operations of \$13,457 compared to a net loss from continuing operations of \$0.1 million for the six months ended June 30, 2025. Net loss from continuing operations for the three and six months ended June 30, 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 (loss) from discontinued operations. As a result of our decision to discontinue THP, the operating results of THP are reported as discontinued operations in the Consolidated Statements of Operations for all periods presented. Net loss from discontinued operations for the three months ended June 30, 2026 was \$41,720 compared to a net loss from discontinued operations of \$2.5 million for the three months ended June 30, 2025. Net income from discontinued operations for the six months ended June 30, 2026 was \$19,196 compared to a net loss from discontinued operations of \$5.4 million for the six months ended June 30, 2025.

Adjusted EBITDA. We define 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. Adjusted EBITDA is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income (loss) from continuing operations, cash flow and other measures of financial performance reported in accordance with GAAP.

We believe Adjusted EBITDA is useful to investors because it facilitates comparisons of our core business operations across periods on a consistent basis. Accordingly, we adjust for certain items when calculating Adjusted EBITDA because we believe that such items are not related to our core business operations. We do not, nor do we 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 are 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. We present these non-GAAP financial measures to provide investors with information to evaluate our 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.

The following table provides a reconciliation of net income (loss) from continuing operations to Adjusted EBITDA for the periods presented:

	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, respectively, 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.

For the three months ended June 30, 2026, our Adjusted EBITDA was \$5.0 million compared to \$4.7 million for the three months ended June 30, 2025. For the six months ended June 30, 2026, our Adjusted EBITDA was \$9.3 million compared to \$7.4 million for the six months ended June 30, 2025. Higher Adjusted EBITDA in 2026 was primarily due to net revenue growth offset by increases in SG&A.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at June 30, 2026 was \$15.4 million, compared to \$16.6 million at December 31, 2025. Historically, we have financed our operations primarily from borrowings under our credit facilities and the sale of equity securities. Based on our current plan of operations, we believe our cash and cash equivalents, when combined with expected cash flows from operations, will be sufficient to fund our growth strategy and to meet our anticipated operating expenses and capital expenditures for at least the next 12 months.

We expect our future needs for cash to include further development of our product portfolio, clinical studies, and repayment of debt as it becomes due and for general corporate purposes.

Our cash outlay associated with winding down THP for the three and six months ended June 30, 2026 was \$0.4 million and \$0.8 million, respectively. We do not anticipate material cash spend related to winding down THP for the remainder of 2026.

Applied Asset Purchase

On August 1, 2023, we entered into an asset purchase agreement (the “Applied Purchase Agreement”) by and among the Company, Sanara MedTech Applied Technologies, LLC (“SMAT”), The Hymed Group Corporation and Applied Nutritionals, LLC (together with The Hymed Group Corporation, the “Applied Sellers”), and Dr. George D. Petito (the “Owner”), pursuant to which SMAT acquired certain assets of the Applied Sellers and the Owner, including, among others, the Applied Sellers’ and Owner’s intellectual property, manufacturing and related equipment, inventory, rights and claims, other than certain excluded assets (the “Applied Purchased Assets”) and assumed certain Assumed Liabilities (as defined in the Applied Purchase Agreement) upon the terms and subject to the conditions set forth in the Applied Purchase Agreement. The Applied Purchased Assets were purchased for an initial aggregate purchase price of \$15.25 million, consisting of (i) \$9.75 million in cash (the “Cash Closing Consideration”), (ii) 73,809 shares of our common stock, with an agreed upon value of \$3.0 million (the “Stock Closing Consideration”) and (iii) \$2.5 million in cash, to be paid in four equal installments on each of the four anniversaries following the Closing (the “Installment Payments”). The first, second and third of four Installment Payments of \$625,000 were made in August 2024, 2025 and 2026, respectively.

In addition to the Cash Closing Consideration, Stock Closing Consideration and Installment Payments, the Applied Purchase Agreement provides that the Applied Sellers are entitled to receive up to an additional \$10.0 million (the “Applied Earnout”), which is payable to the Applied Sellers in cash, upon the achievement of certain performance thresholds relating to SMAT’s collections from net sales of a collagen-based product currently under development. Upon expiration of the seventh anniversary of the closing, to the extent the Applied Sellers have not earned the entirety of the Applied Earnout, SMAT shall pay the Applied Sellers a pro-rata amount of the Applied Earnout based on collections from net sales of the product, with such amount to be due credited against any Applied Earnout payments already made by SMAT (the “True-Up Payment”). The Applied Earnout, minus the True-Up Payment and any Applied Earnout payments already made by SMAT, may be earned at any point in the future, including after the True-Up Payment is made.

Following the closing of the Applied Asset Purchase, we worked to advance the collagen product related to the incentive payment contemplated under the asset purchase agreement. Despite such efforts, we did not receive 510(k) clearance, a U.S. patent was not issued, and no net sales were collected for this product contemplated under the asset purchase agreement and the Petito Services Agreement. After a review of the status of such initiatives, related expenses and the substantial additional expense that would need to be incurred for an uncertain result, and in light of our refocus in strategy to prioritize expanding existing product platforms, on March 31, 2026, we determined that the thresholds necessary to trigger a payment on the earnout would not be met and reduced the contingent consideration liability to zero.

CRG Term Loan Agreement

On April 17, 2024 (the “Closing Date”), we, as borrowers, entered into a Term Loan Agreement (the “CRG Term Loan Agreement”) with the subsidiary guarantors party thereto from time to time (collectively “the Guarantors”), CRG Servicing LLC as administrative agent and collateral agent (the “Agent”), and the lenders party thereto from time to time, providing for a senior secured term loan of up to \$55.0 million (the “CRG Term Loan”). In April 2024, our first borrowing (“the First Borrowing”) under the CRG Term Loan of \$15.0 million was made to repay our then-existing loan with Cadence Bank (the “Cadence Term Loan”) and to pay certain fees and expenses related to the CRG Term Loan Agreement. The remaining proceeds of \$4.5 million were distributed to us. As a result, the Cadence Term Loan was terminated and all outstanding amounts under the Cadence Term Loan were repaid in full and all security interest and other liens granted to or held by Cadence Bank were terminated and released.

On September 4, 2024, we borrowed an additional \$15.5 million under the CRG Term Loan Agreement (the “Second Borrowing”). We used \$5.0 million of the proceeds of the Second Borrowing for the investment in ChemoMouthpiece, LLC, and for working capital and general corporate purposes. Prior to the CRG Amendment (defined below), pursuant to the CRG Term Loan Agreement, we were entitled to one additional borrowing, which was required to occur on or prior to June 30, 2025 and be at least \$5.0 million or a multiple of \$5.0 million. On March 19, 2025, we and the Guarantors entered into the First Amendment to Term Loan Agreement with the Agent and the lenders party thereto from time to time (“the CRG Amendment”), which amended the CRG Term Loan Agreement to, among other things, (i) entitle us to two additional borrowings following the Second Borrowing, which borrowings were required to occur on or prior to December 31, 2025, if at all, and (ii) remove the requirement that any borrowing be in whole multiples of \$5.0 million.

On March 31, 2025, we borrowed an additional \$12.25 million under the CRG Term Loan Agreement (the “Third Borrowing”). The First Borrowing, the Second Borrowing and the Third Borrowing each have a maturity date of March 30, 2029 (the “Maturity Date”), unless earlier prepaid. We used a portion of the proceeds from the Third Borrowing for permitted acquisition opportunities, such as the CarePICS Acquisition in April 2025, and for working capital and general corporate purposes. After the Third Borrowing, we did not take any additional draws under the CRG Term Loan prior to the final draw date of December 31, 2025.

The CRG Term Loan bears interest at a per annum rate equal to 13.25% (subject to a 4.00% increase during an event of default), of which 8.00% must be paid in cash and 5.25% may, at our election, be deferred through the 19th quarterly Payment Date (defined below) by adding such amount to the aggregate principal loan amount, so long as no default or event of default under the CRG Term Loan Agreement has occurred and is continuing. We are required to make quarterly interest payments on the final business day of each calendar quarter following the Closing Date, commencing on the first such date to occur at least 30 days after the Closing Date (each, a “Payment Date”). Interest is payable on each Payment Date in arrears with respect to the time between each Payment Date and upon the payment or prepayment of the CRG Term Loan, ending on the Maturity Date. In addition, we are required to pay an upfront fee of 1.50% of the principal amount of the CRG Term Loan, which is payable as amounts are advanced under the CRG Term Loan on a pro rata basis. We are also required to pay a back-end fee equal to 7.00% of the aggregate principal amount advanced under the CRG Term Loan Agreement. We paid upfront fees of \$225,000 on the Closing Date related to the First Borrowing, \$232,500 of upfront fees on September 4, 2024 related to the Second Borrowing and \$183,750 of upfront fees on March 31, 2025 related to the Third Borrowing. As of June 30, 2026, there was \$46.5 million of principal outstanding under the CRG Term Loan. Although the CRG Term Loan permits certain interest to be paid-in-kind, we elected to pay all interest accrued during the three and six months ended June 30, 2026 in cash rather than adding such amount to the outstanding principal balance.

Subject to certain exceptions, we are required to make mandatory prepayments of the CRG Term Loan with the proceeds of certain assets sales and in the event of a change of control of the Company. In addition, we may make voluntary prepayments of the CRG Term Loan, in whole or in part, at any time. All mandatory and voluntary prepayments of the CRG Term Loan are subject to the payment of prepayment premiums as follows: (i) if prepayment occurs on or prior to the date that is one year following the applicable borrowing (the “Borrowing Date”), an amount equal to 10.0% of the aggregate outstanding principal amount of the CRG Term Loan being prepaid and (ii) if prepayment occurs one year after the applicable Borrowing Date and on or prior to two years following the applicable Borrowing Date, an amount equal to 5.0% of the aggregate outstanding principal amount of the CRG Term Loan being prepaid. No prepayment premium is due on any principal prepaid if prepayment occurs two years or more after the applicable Borrowing Date.

Certain of our current and future subsidiaries, including the Guarantors, guarantee our obligations under the CRG Term Loan Agreement. As security for our obligations under the CRG Term Loan Agreement, on the Closing Date, we and the Guarantors entered into a security agreement with the Agent pursuant to which we and the Guarantors granted to the Agent, as collateral agent for the lenders, a lien on substantially all of our and the Guarantors’ assets, including intellectual property (subject to certain exceptions).

The CRG Term Loan Agreement contains affirmative and negative covenants customary for financings of this type, including limitations on our and the Guarantors' abilities, among other things, to incur additional debt, grant or permit additional liens, make investments and acquisitions above certain thresholds, merge or consolidate with others, dispose of assets, pay dividends and distributions and enter into affiliate transactions, in each case, subject to certain exceptions. In addition, the CRG Term Loan Agreement contains the following financial covenants requiring us and the Guarantors in the aggregate to maintain:

- liquidity in an amount which shall exceed the greater of (i) \$3.0 million and (ii) to the extent we have incurred certain permitted debt, the minimum cash balance, if any, required of us by the creditors of such permitted debt; and
- annual minimum revenue of at least (i) \$60.0 million for the twelve-month period beginning on January 1, 2024 and ending on December 31, 2024, (ii) \$75.0 million for the twelve-month period beginning on January 1, 2025 and ending on December 31, 2025, (iii) \$85.0 million for the twelve-month period beginning on January 1, 2026 and ending on December 31, 2026, (iv) \$95.0 million for the twelve-month period beginning on January 1, 2027 and ending on December 31, 2027 and (v) \$105.0 million during each twelve-month period beginning on January 1 of a given year thereafter.

The CRG Term Loan Agreement contains representations and warranties of the Company and the Guarantors customary for financings of this type, and also includes events of default customary for financings of this type, including, among other things, non-payment, inaccuracy of representations and warranties, covenant breaches, a material adverse change, bankruptcy and insolvency, material judgments and a change of control, in certain cases subject to customary periods to cure. The occurrence and continuance of an event of default could result in the acceleration of the obligations under the CRG Term Loan Agreement.

As of June 30, 2026, we were in compliance with all debt covenants.

BMI Investment

On January 16, 2025, we entered into a Licensing and Distribution Agreement (the "BMI License Agreement") with Biomimetic Innovations Limited, a privately-held medical device company headquartered in Shannon, Co. Clare Ireland ("BMI"), pursuant to which we acquired the exclusive U.S. marketing, sales and distribution rights to OsStic Synthetic Injectable Structural Bio-Adhesive Bone Void Filler ("OsStic"), as well as an adjunctive internal fixation technology featuring novel delivery to promote targeted application of OsStic ("ARC" and together with OsStic, the "Products"), for use in the treatment of a wound or injury caused by a traumatic incident.

Pursuant to the BMI License Agreement, we were appointed by BMI as the exclusive distributor to promote, market, offer to sell, transfer, distribute and sell the BMI Products for trauma indications inside the United States and its territories for an initial five-year term, which may be automatically renewed for successive two-year periods at our discretion, provided that we are in compliance with our obligations thereunder (the "BMI Term"). From January 16, 2025 until October 13, 2025, we had an option to negotiate exclusive distribution rights for the BMI Products in additional fields and/or additional territories on substantially the same terms as those set forth in the BMI License Agreement. On June 18, 2025, pursuant to the BMI License Agreement, we exercised our option for exclusive distribution rights of the BMI Products for sports medicine, spine, arthroplasty, and craniomaxillofacial indications within the United States and its territories. On October 1, 2025, we and BMI entered into a first amendment to the BMI License Agreement to extend the option period through May 31, 2026 to provide more time to negotiate and finalize the terms of the additional fields in the contract territory. On May 6, 2026, the Company and BMI entered into a second amendment to the BMI License Agreement to further extend the option period through January 31, 2027.

The BMI License Agreement requires that we pay BMI royalties of 3% of OsStic Net Sales (as defined in the BMI License Agreement). Pursuant to the BMI License Agreement, we and BMI agreed to negotiate the applicable percentage of net sales for ARC at a future date. The BMI License Agreement also requires that we pay BMI annual minimum royalty payments of \$100,000, \$200,000, and \$300,000 for the first, second and third years, respectively, following the receipt of first regulatory approval for the marketing and sale of a Product (as defined in the agreement). No royalties have been paid under this agreement as of June 30, 2026.

In connection with the BMI License Agreement, on January 16, 2025, we entered into a Share Subscription and Shareholders' Agreement (the "Subscription Agreement"), by and among us, The Russell Revocable Living Trust, BMI and the existing shareholders of BMI, pursuant to which we made an initial cash investment in BMI totaling approximately \$3.1 million (€3.0 million). The initial cash investment and our previously disclosed convertible loan to BMI of \$1.1 million (€1.0 million) were converted into 8,230 ordinary shares of BMI, constituting approximately 6.67% of the outstanding equity of BMI as of January 16, 2025. Pursuant to the Subscription Agreement, we also agreed to contribute an additional €4.0 million to BMI through a series of capital contributions in exchange for 8,230 additional ordinary shares of BMI upon the achievement of certain development, clinical, and regulatory milestones expected to occur at various points during 2025 and 2026. As of June 30, 2025, BMI had achieved two of such milestones, and upon settlement, we paid BMI \$2.4 million (€2.0 million) on July 1, 2025 in exchange for 4,116 additional ordinary shares of BMI, bringing our total ownership of BMI's outstanding equity to approximately 9.678% as of July 1, 2025. In September 2025, BMI achieved the final three milestones, and upon settlement, we paid BMI \$2.4 million (€2.0 million) on October 2, 2025 in exchange for 4,114 additional ordinary shares of BMI, bringing our total ownership of BMI's outstanding equity to approximately 12.499% for a total cash investment of \$9.0 million (€8.0 million) as of October 2, 2025. Subsequent to such date, additional ordinary shares of BMI were sold to other outside investors, thereby decreasing our ownership of BMI to approximately 11.945% as of June 30, 2026.

Cash Flow Analysis

For the six months ended June 30, 2026, net cash used in operating activities was \$0.4 million compared to net cash provided by operating activities of \$0.7 million for the six months ended June 30, 2025. The increase in net cash used in operating activities during the six months ended June 30, 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-period and the absence of paid-in-kind interest.

For the six months ended June 30, 2026, net cash used in investing activities was \$49,052 compared to \$9.1 million used in investing activities for the six months ended June 30, 2025. Cash used in investing activities during the six months ended June 30, 2026 related primarily to leasehold improvements and equipment.

For the six months ended June 30, 2026, net cash used in financing activities was \$0.7 million compared to \$9.5 million provided by financing activities for the six months ended June 30, 2025. Cash used in financing activities during the six months ended June 30, 2026 related primarily to net settlements of equity-based awards.

Refer to Note 3 to the consolidated financial statements, "Discontinued Operations," for the operating, investing and financing cash flow information related to the discontinuation of THP.

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Consulting Agreement

In July 2021, we entered into an asset purchase agreement with Rochal Industries, LLC ("Rochal"), a related party. Concurrent with the Rochal asset purchase, we entered into a consulting agreement with Ann Beal Salamone pursuant to which Ms. Salamone agreed to provide us with consulting services with respect to, among other things, writing new patents, conducting patent intelligence and participating in certain grant and contract reporting. In consideration of the consulting services to be provided to us, Ms. Salamone is entitled to receive an annual consulting fee of \$177,697, with payments to be issued once per month. The consulting agreement had an initial term of three years. Effective July 13, 2024, the consulting agreement with Ms. Salamone was amended to provide that the initial term shall be automatically renewed for successive one-year terms for up to three successive years unless earlier terminated by either party without cause at any time, provided that the terminating party provides 90 days advance written notice of termination. Ms. Salamone is a director of the Company and is a significant shareholder and the current Chair of the board of directors of Rochal.

Catalyst Transaction Advisory Services Agreement

In March 2023, we entered into a Transaction Advisory Services Agreement (the “Catalyst Services Agreement”) effective March 1, 2023 with The Catalyst Group Inc. (“Catalyst”), a related party. Pursuant to the Catalyst Services Agreement, Catalyst, by and through its directors, officers, employees and affiliates that are not simultaneously serving as directors, officers or employees of the Company (collectively, the “Covered Persons”), agreed to perform certain transaction advisory, business and organizational strategy, finance, marketing, operational and strategic planning, relationship access and corporate development services for us in connection with any merger, acquisition, recapitalization, divestiture, financing, refinancing, or other similar transaction in which we may be, or may consider becoming, involved, and any such additional services as mutually agreed upon in writing by and between Catalyst and us (the “Catalyst Services”).

Pursuant to the Catalyst Services Agreement, we agreed to reimburse Catalyst for (i) compensation actually paid by Catalyst to any of the Covered Persons at a rate no more than a rate consistent with industry practice for the performance of services similar to the Catalyst Services, as documented in reasonably sufficient detail, and (ii) all reasonable out-of-pocket costs and expenses payable to unaffiliated third parties, as documented in customary expense reports, as each of (i) and (ii) is incurred in connection with the Catalyst Services rendered under the Catalyst Services Agreement, with all reimbursements being contingent upon the prior approval of the Audit Committee of our Board of Directors. Pursuant to the Catalyst Services Agreement, costs incurred were \$653 and \$10,000 for the three months ended June 30, 2026 and 2025, respectively, and \$1,503 and \$30,000 for the six months ended June 30, 2026 and 2025, respectively.

In June 2026, in connection with the Company’s shift in strategy to focus on soft tissue repair and bone fusion products for the surgical market, the Company terminated the Catalyst Services Agreement with Catalyst effective June 2, 2026. The Company did not pay a fee or penalty in connection with the termination of the Catalyst Services Agreement.

Receivables and Payables

We had no outstanding related party receivables or related party payables at June 30, 2026 and December 31, 2025. The related party payables balance for December 31, 2025 has been reclassified and is included in accounts payable in the accompanying Consolidated Balance Sheets.

IMPACT OF INFLATION AND CHANGING PRICES

Inflation and changing prices have not had a material impact on our historical results of operations. We do not currently anticipate that inflation and changing prices, including the impacts of tariffs, will have a material impact on our future results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited consolidated financial statements and accompanying notes. Although we base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, actual results may differ from the estimates on which our financial statements are prepared at any given point of time. Changes in these estimates could materially affect our consolidated financial position, results of operations or cash flows. Significant items that are subject to such estimates and assumptions include revenue and expense accruals, the fair value measurement of assets and liabilities and the allocation of purchase price to the fair value of assets acquired. Our critical accounting estimates have not significantly changed since December 31, 2025 and are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officers (whom we refer to in this periodic report as our “Certifying Officers”), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officers, the effectiveness of our disclosure controls and procedures as of June 30, 2026, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of June 30, 2026, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - Other Information

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in claims and legal actions that arise in the ordinary course of business. To our knowledge, there are no material pending legal proceedings to which we are a party or of which any of our property is the subject.

ITEM 1A. RISK FACTORS

Except as set forth below, there were no material changes to the risk factors disclosed in “Part I, Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025. For more information concerning our risk factors, please see “Part I, Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025.

The Merger with MiMedx may not be consummated even if our shareholders approve the Merger.

The Merger Agreement contains conditions, some of which are beyond the parties’ control, that, if not satisfied or waived, may prevent, delay or otherwise result in the Merger not occurring, even though our shareholders may have voted to approve the Merger. We cannot predict with certainty whether and when any of the conditions to the completion of the Merger will be satisfied. Any delay in completing the Merger could cause us not to realize, or delay the realization of, some or all of the benefits that we expect to achieve from the Merger. In addition, we can agree with MiMedx not to consummate the Merger even if our shareholders approve the Merger and the conditions to the closing of the Merger are otherwise satisfied.

The announcement and pendency of the Merger and the other transactions contemplated by the Merger Agreement, whether or not completed, may adversely affect our business.

The announcement and pendency of the Merger may adversely affect the trading price of our common stock, our business or our relationships with our suppliers, agents, distributors, consultants and employees. Third parties may be unwilling to enter into material agreements with respect to our business in light of the proposed Merger. In addition, new or existing customers, suppliers and business partners of ours may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers, suppliers and business partners may perceive that such new relationships are likely to be more stable. Additionally, our employees may become concerned about the future of our business and lose focus or seek other employment.

While the Merger Agreement with MiMedx is in effect, we may be limited in our ability to pursue attractive business opportunities.

While the Merger Agreement with MiMedx is in effect, we are prohibited from, without MiMedx’s consent, taking certain actions with respect to our business and financial affairs pending completion of the Merger or termination of the Merger Agreement. In addition, our management continues to devote substantial time and other resources to the Merger and related matters, which could limit our ability to pursue other attractive business opportunities, including potential joint ventures, standalone projects and other transactions. If we are unable to pursue such other attractive business opportunities, our growth prospects and the long-term strategic position of our business could be adversely affected.

Furthermore, the uncertainty surrounding the approval of the Merger may adversely affect our ability to attract and retain qualified personnel. We operate in an industry that currently experiences a high level of competition among different companies for qualified and experienced personnel. The uncertainty relating to the possibility of the Merger may increase the risk that we could experience higher than normal rates of attrition or that we experience increased difficulty in attracting qualified personnel or incur higher expenses to do so. High levels of attrition among the management and employee personnel necessary to operate our business or difficulties or increased expense incurred to replace any personnel who leave, could materially adversely affect our business or results of operations.

If the Merger with MiMedx does not occur, we will not benefit from the expenses we have incurred in the pursuit of the Merger.

The Merger with MiMedx may not be completed. If the Merger is not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received by us. We currently expect to incur significant Merger-related expenses, consisting of independent advisory, legal and accounting fees, and financial printing and other related charges, much of which may be incurred even if the Merger is not completed. In addition, if the Merger Agreement is terminated under specified circumstances, we will be required to pay certain Merger-related expenses of MiMedx.

We may be subject to class action lawsuits relating to the Merger, which could materially adversely affect our business, financial condition and operating results.

Our directors and officers may be subject to class action lawsuits relating to the Merger and other additional lawsuits that may be filed. Such litigation is very common in connection with dispositions of public companies, regardless of any merits related to the underlying disposition. While we will evaluate and defend against any actions vigorously, the costs of the defense of such lawsuits and other effects of such litigation could have an adverse effect on our business, financial condition and operating results.

One of the conditions to consummating the Merger is that no injunction or other order prohibiting or otherwise preventing the consummation of the Merger shall have been issued by any court or governmental entity of competent jurisdiction. Consequently, if any lawsuit is filed challenging the Merger and is successful in obtaining an injunction preventing the parties to the Merger

Agreement from consummating the Merger, such injunction may prevent the Merger from being completed in the expected time frame, or at all.

Failure to complete, or significant delays in completing, the Merger with MiMedx could negatively affect the trading prices of our common stock and our future business and financial results.

Completion of the Merger is not assured and is subject to risks, including the risks that approval of the Merger by our shareholders is not obtained or that other closing conditions are not satisfied. If the Merger is not completed, or if there are significant delays in completing the Merger, the trading prices of our common stock and our future business and financial results could be negatively affected, and we will be subject to several risks, including the following:

- we may be liable for damages to MiMedx under the terms and conditions of the Merger Agreement, including payment of the \$9,660,336 termination fee;
- negative reactions from the financial markets, including declines in the prices of our common stock due to the fact that current prices may reflect a market assumption that the Merger will be completed;
- having to pay certain significant costs relating to the Merger; and
- the attention of our management will have been diverted to the Merger rather than our own operations and pursuit of other opportunities that could have been beneficial to us.

The Merger with MiMedx is a taxable transaction and the resulting tax liability of a shareholder, if any, will depend on each such shareholder's particular situation.

The receipt of MiMedx common stock, cash or a combination of MiMedx common stock and cash as Merger consideration in exchange for our common stock in the Merger will be treated as a taxable sale by such holders of such common stock for U.S. federal income tax purposes. The amount of gain or loss recognized by each shareholder in the Merger will vary depending on each shareholder's particular situation, including the value of the MiMedx common stock and/or amount of cash received by each shareholder as Merger consideration in the Merger, the adjusted tax basis of the common stock exchanged by each shareholder in the Merger, and the amount of any suspended passive losses that may be available to a particular shareholder to offset a portion of the gain recognized by the shareholder.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the quarter ended June 30, 2026 that were not previously reported on a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

The following table summarizes our share repurchases during the three months ended June 30, 2026:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that may yet be Purchased Under the Plans or Programs
April 1 - April 30, 2026	769	\$ 18.63	-	-
May 1 - May 31, 2026	3,852	\$ 21.06	-	-
June 1 - June 30, 2026	1,401	\$ 23.59	-	-
Total	6,022		-	-

- (1) Shares purchased during the period were transferred to the Company from employees in satisfaction of certain tax withholding obligations associated with the vesting of restricted stock awards during the period. The Sanara MedTech Inc. 2024 Omnibus Long-Term Incentive Plan allows us to withhold the number of shares having the fair value equal to the tax withholding due.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

This item is not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408(a) of Regulation S-K).

ITEM 6. EXHIBITS

The exhibits listed below are filed as a part of this report or incorporated herein by reference.

Exhibit No.	Description
2.1#	Asset Purchase Agreement, dated July 14, 2021, by and between Sanara MedTech Inc., as Purchaser, and Rochal Industries, LLC, as Seller (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 19, 2021).
2.2#	Agreement and Plan of Merger, dated April 1, 2022, by and among Sanara MedTech Inc., United Wound and Skin Solutions, LLC, Precision Healing Inc., PH Merger Sub I, Inc., PH Merger Sub II, LLC and Furneaux Capital Holdco, LLC (d/b/a BlueIO) (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 4, 2022).
2.3#	Membership Interest Purchase Agreement, dated July 1, 2022, by and among Sanara MedTech Inc., Scendia Biologics, LLC and Ryan Phillips (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 5, 2022).
2.4#	Asset Purchase Agreement, dated August 1, 2023, by and among Sanara MedTech Inc., Sanara MedTech Applied Technologies, LLC, The Hymed Group Corporation, Applied Nutritionals, LLC and Dr. George D. Petito (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 2, 2023).
2.5#	Unit Purchase Agreement, dated April 1, 2025, by and among Sanara MedTech Inc., Tissue Health Plus, LLC, CarePICS, LLC, the sellers listed on the signature pages thereto and Paul Schubert (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 4, 2025).
2.6#	Agreement and Plan of Merger, dated as of July 29, 2026, by and among Sanara MedTech Inc., MiMedx Group, Inc., and Mustang Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A filed on August 11, 2026).
3.1	Amended and Restated Certificate of Formation of Sanara MedTech Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 17, 2024).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 22, 2024).
10.1#	Voting Agreement, dated as of July 29, 2026, by and among MiMedx Group, Inc., Sanara MedTech Inc., and certain stockholders identified in an exhibit thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on August 11, 2026).
31.1*	Certification of Principal Executive Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Insider Trading Policy
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission or its staff upon request. If indicated on the first page of such agreement, certain confidential information has been excluded pursuant to Item 601(b)(2)(ii) of Regulation S-K. Such excluded information is not material and is the type that the Company treats as private or confidential.

** The certifications attached as Exhibit 32.1 and Exhibit 32.2 are not deemed "filed" with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Sanara MedTech Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SANARA MEDTECH INC.

August 11, 2026

By: /s/ Elizabeth B. Taylor
Elizabeth B. Taylor
Chief Financial Officer
(Principal Financial Officer and duly authorized officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Seth D. Yon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanara MedTech Inc. for the period ended June 30, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Seth D. Yon

Seth D. Yon, President and Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elizabeth B. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sanara MedTech Inc. for the period ended June 30, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Elizabeth B. Taylor

Elizabeth B. Taylor, Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sanara MedTech Inc. (the “Company”) for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Seth D. Yon, in my capacity as President and Chief Executive Officer of the Company and not in my individual capacity, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

August 11, 2026

/s/ Seth D. Yon

Seth D. Yon, President and Chief Executive Officer

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Report for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sanara MedTech Inc. (the "Company") for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elizabeth B. Taylor, in my capacity as Chief Financial Officer of the Company and not in my individual capacity, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

August 11, 2026

/s/ Elizabeth B. Taylor

Elizabeth B. Taylor, Chief Financial Officer

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Report for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**SANARA MEDTECH INC.
INSIDER TRADING POLICY**

Background

One of the principal purposes of the federal securities laws is the protection of investors in the U.S. securities markets through the assurance of fairness and the reduction of fraud in the markets. A major component of this effort is the prohibition on trading securities on the basis of or while in possession of material nonpublic information, called “insider trading.” Stated simply, insider trading occurs when a person with access to a company’s material nonpublic information trades the company’s securities based on that information or “tips” the information to others or recommends the purchase or sale of the company’s securities.

The consequences for a violation of federal and state laws prohibiting insider trading can be severe. Penalties imposed by federal or state authorities can involve the disgorgement of any gain from the transaction along with substantial civil fines, court injunctions, criminal fines and jail terms. In addition, a person who tips information to others without his or her trading in the securities may also be liable for transactions by the person who received and traded on the information. The tipper who provided the information can be subject to the same penalties and sanctions as the tippee who trades, and the Securities and Exchange Commission (the “**SEC**”) has imposed large penalties even when the tipper did not profit from the transaction. A violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person’s reputation and perhaps permanently damage a career.

Purpose

This Insider Trading Policy (this “**Policy**”) describes the policy and standards of Sanara MedTech Inc. and its subsidiaries (collectively, the “**Company**”) on the handling of confidential information about the Company and the companies with which the Company engages in transactions or does business. The Company’s Board of Directors adopted this Policy to promote compliance with U.S. federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) engaging in transactions in the securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information. This Policy is divided into two parts. The first part states the policies, standards and prohibited activities applicable to all persons covered by this Policy, and the second part describes Company procedures and trading restrictions applicable to certain Company personnel to help prevent insider trading.

PART I

1. Application of Policy

This Policy applies to all trading or other transactions in the Company’s securities, including, but not limited to, common stock, preferred stock, options, warrants and any other securities that the Company may issue at any time, such as notes, bonds and convertible securities, as well as derivative securities relating to any of the Company’s securities. It also applies to derivative securities not issued by the Company itself, such as exchange-traded options on Company securities.

This Policy applies to all directors and officers of the Company, the employees of the Company whose titles are listed on Exhibit A hereto (such employees, collectively with the directors and officers, the “**Insiders**”), all other employees of the Company and all sales personnel and other agents, consultants and contractors of the Company who receive material nonpublic information of the Company (collectively with the Insiders, the “**Covered Persons**” and each a “**Covered Person**”). This Policy also applies to any entities, including any corporations, partnerships or trusts, that any Covered Person influences or controls (collectively referred to herein as “**Controlled Entities**”), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the Covered Person’s own account.

In addition, this Policy applies to (i) family members who reside with Covered Persons (including spouse, children, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), (ii) family members who do not live in the Covered Person’s household but whose transactions in Company securities the Covered Person directs, controls or provides recommendations and (iii) non-family members who live in a Covered Person’s household (collectively, “**Family Members**”). Covered Persons are responsible for any transactions consummated by their Family Members and should treat transactions by Family Members for the purposes of this Policy and applicable securities laws as if they were for the Covered Person’s own account. Therefore, Covered Persons generally should avoid disclosing material nonpublic Company information to Family Members. It is also advisable to make these persons aware of the associated responsibilities and legal sanctions.

2. Insider Trading Policy

It is the policy of the Company that Covered Persons, Family Members and Controlled Entities (or any other person designated by this Policy or by the Compliance Officer (as described in Section 6(a)) as subject to this Policy) who are aware of material nonpublic information relating to the Company shall not, directly, or indirectly through other persons or entities:

(a) purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material nonpublic information about the Company;

(b) communicate material nonpublic information to (*i.e.*, “tip”) any other person, including relatives and friends, who the Covered Person, Family Member or Controlled Entity reasonably could know might trade on the basis of such information, or otherwise disclose such information without the Company’s authorization; or

(c) purchase or sell any security issued by another company while in possession of material nonpublic information about that other company when the information was obtained in the course of a Covered Person’s activities that involve the Company, or communicate that information to (or tip) any other person, including relatives and friends, or otherwise disclose the information without the Company’s authorization.

Except as specifically stated herein, there are no exceptions to this Policy. Transactions thought to be necessary or justifiable for independent reasons (such as an immediate need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy.

3. Consequences of Violation.

(a) Federal and State Laws and Regulations. The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then engage in transactions in the Company's securities, is prohibited by federal and state laws. The SEC, U.S. attorneys and state enforcement authorities, as well as enforcement authorities in foreign jurisdictions, vigorously pursue insider trading violations. Punishment for insider trading violations is severe and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

(b) Company-Imposed Penalties. An individual's failure to comply with this Policy may subject such person to Company-imposed sanctions, including dismissal for cause, whether or not such person's failure to comply results in a violation of law. A violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

(c) Individual Responsibility. Any individual subject to this Policy has ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company securities while in possession of material nonpublic information. Persons subject to this Policy shall not engage in illegal trading and shall avoid the appearance of improper trading. Each Covered Person is responsible for making sure that he or she complies with this Policy, and that any Family Member or Controlled Entity of such Covered Person also complies with this Policy. The responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws.

4. Definitions

(a) Material Information. The term "material" is not precisely defined in the securities laws; rather it is based on an assessment of the facts and circumstances and is often evaluated by governmental enforcement authorities with the benefit of hindsight. Information is generally considered material if it has market significance, meaning that a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. The following, while not an exclusive list, are some examples of information that ordinarily would be regarded as material:

- periodic financial results;

- specific projections of future earnings or losses or other earnings guidance, or significant changes to previously announced guidance or business prospects;
- a significant new product or a major change in product marketing;
- a pending or proposed significant acquisition or sale of assets or a merger, even if preliminary in nature;
- a pending or proposed joint venture;
- a large financing or other financing transaction outside of the ordinary course;
- an award or loss of a significant contract, customer or supplier;
- new or threatened litigation or resolution of litigation;
- a governmental investigation or FDA modification of product clearance;
- the results or developments of any significant clinical trials relating to the Company's products;
- a stock split, offering of additional securities or change in dividend policy;
- a significant change in management;
- liquidity problems or impending bankruptcy or restructuring;
- a change in the Company's auditor or notification that the auditor's report may no longer be relied upon;
- significant related party transactions;
- the establishment of a repurchase program for Company securities;
- a significant change in the Company's pricing or cost structure;
- a significant cybersecurity incident, such as a data breach or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at Company facilities or through its information technology infrastructure; or
- the imposition of an event-specific restriction on trading in Company securities or the securities of another company, or the extension or termination of such restriction.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular nonpublic information is material, you should presume it is material. **If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or before trading in or recommending transactions in securities to which that information relates.**

(b) Nonpublic Information. Information that has not been disclosed to the public is generally considered to be nonpublic information. Public disclosure usually means that the information has been widely disseminated, such as through newswire services, the Dow Jones "broad tape," publication in a widely available newspaper, magazine or news website, broadcast on widely available radio or television programs or filed with the SEC and available on the SEC's EDGAR website.

To be considered publicly disclosed, the information must have been widely disseminated in a manner to reach investors generally, for a sufficient amount of time to be adequately absorbed by the public. In the case of a small company that is not widely followed, such as the Company, as a general rule information should not be considered fully absorbed by the marketplace until the conclusion of the second trading day after the information has been released to the public.

Nonpublic information may include:

- information available to a select group of analysts or brokers or institutional investors;
- undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; or
- information that has been entrusted to the Company on a confidential basis before a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two business days).

PART II

In addition to the requirements of this Policy, the Company established the following procedures to facilitate compliance with this Policy and the laws prohibiting insider trading. The Company rigorously aims to prevent the possible appearance of any impropriety in this regard by the Company and its personnel.

5. Trading Blackout Periods.

(a) Quarterly Blackout Periods. Trading in Company securities by Insiders is prohibited during the period beginning at the close of the market on the 14th calendar day before the end of each fiscal quarter and ending at the close of business on the second trading day following the date the Company's financial results for such quarter are filed with the SEC (a "**Quarterly Blackout Period**"). The Compliance Officer may permit a trade during this Quarterly Blackout Period in special situations if the Compliance Officer concludes that the person seeking to trade in Company securities does not in fact possess material nonpublic information. Persons wishing to trade during the Quarterly Blackout Period must contact the Compliance Officer for approval at least two business days in advance of any proposed transaction. During these periods, Insiders generally possess or are presumed to possess material nonpublic information about the Company's financial results.

(b) Other Blackout Periods. From time to time, circumstances or events may occur or be anticipated which is material to the Company and not publicly known. The Compliance Officer must be notified of the circumstances or events by the persons having that knowledge. If the circumstances or future event is widely known within the Company, then the Compliance Officer will notify all Company personnel of the existence of a special blackout period (a “**Special Blackout Period**”). If, on the other hand, only a limited number of persons have such knowledge, then the Compliance Officer will notify only those limited persons of the Special Blackout Period. So long as the circumstances or event remains material and nonpublic, the persons so notified by the Compliance Officer shall not transact in Company securities. Additionally, the Company’s financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from trading in Company securities even earlier than the typical Quarterly Blackout Period described above. In that situation, the Compliance Officer may notify those persons of a restriction from trading, without disclosing the reason for the restriction. The notification of an event-specific Special Blackout Period or extension of a Special Blackout Period or Quarterly Blackout Period shall not be communicated to other persons. In any event, a person possessing material nonpublic information must not trade in Company securities even though he or she has not been notified of a Special Blackout Period.

(c) Exceptions for 10b5-1 Trading Plans. Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), provides a defense from insider trading liability under Rule 10b5-1. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company securities that meets certain conditions specified in Rule 10b5-1 (a “**10b5-1 Plan**”). If the 10b5-1 Plan meets the requirements of Rule 10b5-1, the trading restrictions in this Policy will not apply, and transactions in Company securities may occur even when the person who has entered into the plan is aware of material nonpublic information.

To comply with this Policy, a 10b5-1 Plan must (i) be approved by the Compliance Officer at least five days in advance of being entered into (or, if revised or amended, such proposed revisions or amendments must be reviewed and approved by the Compliance Officer at least five days in advance of being entered into) and (ii) meet the requirements of Rule 10b5-1. In general, a 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. All persons entering into a 10b5-1 Plan must operate in good faith with respect to such 10b5-1 Plan, meaning such person must enter into the 10b5-1 Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 and act in good faith with respect to the 10b5-1 Plan. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The 10b5-1 Plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption or modification of the 10b5-1 Plan or two business days following the disclosure of the Company’s financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted or modified (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption or modification of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a 10b5-1 Plan. A person shall not enter into overlapping 10b5-1 Plans (subject to certain exceptions) and may only enter into one single-trade 10b5-1 Plan during any 12-month period (subject to certain exceptions). Directors and officers must include a representation in their 10b5-1 Plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b5-1.

6. Administration and Pre-Clearance Procedures.

Because Company personnel are likely to obtain material nonpublic information on a regular basis, the Company requires all Insiders to refrain from trading in Company securities, even outside of Quarterly Blackout Periods or Special Blackout Periods, without first pre-clearing the transactions.

(a) Compliance Officer. The Company has appointed the Chief Financial Officer or his or her designee as the Compliance Officer for this Policy. The duties of the Compliance Officer include assisting with implementation and enforcement of this Policy and pre-clearing all trading in Company securities by Insiders in accordance with the procedures set forth below. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

(b) Pre-clearance Procedures. Each Insider shall not engage in any transaction in Company securities, including *bona fide* gifts, without first obtaining pre-clearance of the transaction from the Compliance Officer. This pre-clearance also applies to transactions by Family Members whose pre-clearance will be obtained by the appropriate Insider on behalf of those Family Members. A request for pre-clearance shall be submitted to the Compliance Officer at least two business days in advance of the proposed transaction. The Compliance Officer will determine whether to permit the transaction based on compliance with this Policy. If pre-clearance to engage in the transaction is denied, then the applicant must refrain (or instruct such Family Member to refrain, if applicable) from initiating the proposed transaction. A trade not executed within five days of receipt of pre-clearance will again be subject to pre-clearance.

Pre-clearance is not required for purchases and sales of securities under a 10b5-1 Plan once the applicable cooling-off period has expired. No trades shall be made under a 10b5-1 Plan until expiration of the applicable cooling-off period. With respect to any purchase or sale under a 10b5-1 Plan, the third party effecting transactions on behalf of the Insider shall be instructed by the Insider to send duplicate confirmations of all such transactions to the Compliance Officer.

7. Transactions Under Company Plans and Transactions Not Subject to the Policy

(a) Stock Incentive Plan. This Policy does not apply to the exercise of an employee stock option acquired under the Company's stock incentive plan, or to the exercise of a tax withholding right to have the Company withhold option shares to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale of Company stock for the purpose of generating the cash needed to pay the exercise or purchase price of a stock option or incentive share award and/or withholding taxes.

(b) Gifts. *Bona fide* gifts of Company securities are not transactions subject to this Policy (other than the pre-clearance procedures for Insiders set forth in Section 6(b)), unless the person making the gift has reason to believe or is reckless in not knowing that the recipient intends to sell the Company securities while the donor is aware of material nonpublic information.

(c) Restricted Stock Awards. This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which a person elects to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.

(d) 401(k) Plan. This Policy does not apply to purchases of Company securities in any Company 401(k) plan resulting from periodic contributions of money to the plan pursuant to a person's payroll deduction election. This Policy does apply, however, to certain elections made under the 401(k) plan, including: (i) an election to increase or decrease the percentage of periodic contributions that will be allocated to the Company securities fund; (ii) an election to make an intra-plan transfer of an existing account balance into or out of the Company securities fund; (iii) an election to borrow money against a 401(k) plan account if the loan will result in a liquidation of some or all of the electing person's Company securities fund balance; and (iv) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund. Sales of Company securities from a 401(k) account are also subject to Rule 144, and therefore affiliates shall ensure that a Form 144 is filed when required.

(e) Employee Stock Purchase Plan. This Policy does not apply to purchases of Company securities in any employee stock purchase plan resulting from periodic contributions of money to the plan pursuant to the election made at the time of such person's enrollment in the plan. This Policy also does not apply to purchases of Company securities resulting from lump sum contributions to the plan, *provided* that such person elected to participate by lump sum payment at the beginning of the applicable enrollment period. This Policy does apply, however, to elections to participate in the plan for any enrollment period, and to sales of Company securities purchased pursuant to the plan.

(f) Dividend Reinvestment Plan. This Policy does not apply to purchases of Company securities under any Company dividend reinvestment plan resulting from reinvestments of dividends paid on Company securities. This Policy does apply, however, to voluntary purchases of Company securities resulting from additional contributions a person may choose to make to the dividend reinvestment plan, and to elections to participate in the plan or increase the level of participation in the plan. This Policy also applies to the sale of any Company securities purchased pursuant to the plan.

8. Special and Prohibited Transactions

(a) Short Sales. Section 16(c) of the Exchange Act prohibits officers and directors of the Company from engaging in short sales of Company equity securities (*i.e.*, the sale of the security that the seller does not own and will subsequently acquire). A short sale of Company securities may indicate an expectation on the part of the seller that the security will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, a short sale of Company securities may reduce a Covered Person's incentive to seek to improve the Company's performance. For these reasons, Covered Persons are prohibited from engaging in short sales of Company securities, or writing a call option or purchasing a put option on Company securities.

(b) Margin Accounts and Pledged Securities. Securities held in a brokerage margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a broker's margin call. Similarly, securities pledged as collateral for a loan may be sold in foreclosure by the lender if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when a Covered Person is aware of material nonpublic information or otherwise is not permitted to trade in Company securities under this Policy, Covered Persons are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan, unless a waiver for a specific loan transaction is approved by the Compliance Officer.

(c) Post-Termination Transactions. This Policy continues to apply to transactions in Company securities after termination of service to the Company, if an individual is in possession of material nonpublic information, until such time as the information has become public or is no longer material. The pre-clearance requirements set forth in Section 6(b), however, will cease to apply.

(e) Publicly Traded Options. Given the relatively short term of publicly traded options, transactions in options may create the appearance that a director, officer or employee is trading based on material nonpublic information and cause the focus of a director's, officer's or other employee's attention to be on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy.

(f) Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer or employee to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

(g) Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved 10b5-1 Plans) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result, the broker could execute a transaction when a director, officer or other employee is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company securities.

9. Company Assistance

Persons having questions concerning this Policy or its application to specific circumstances or transactions may contact the Compliance Officer.

This Policy was approved by the Board of Directors of Sanara MedTech Inc. on March 20, 2025.

Exhibit A

Employees Deemed to be Insiders Under the Policy

1. All members of the Company's executive leadership team (ELT)
2. All other employees with knowledge of material, non-public information

Exhibit A to Insider Trading Policy