

# Q3 2022 Earnings and Business Update Call

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**Sanara**  
MedTech  
*Evidence Based Healing*

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## Commentary on Q3 2022

### • **Financial Update**

- Highest sales quarter (\$13.0 million total including Scendia sales of \$3.0 million) in the Company's history for the business, as well as, for the historical business before the Scendia acquisition; first quarter in which the Company generated >\$4 million in sales in a month
- Loss before income taxes of \$3.2 million for Q3 2022. The higher loss in Q3 2022 was due to increased SG&A costs, higher R&D expenses, and higher amortization of our acquired intangibles.
- Net loss after tax of \$1.5 million for Q3. The lower net loss in 2022 was due to the recognition of a non-cash income tax benefit of \$1.7 million in Q3 related to purchase accounting of the Scendia acquisition.

### • **Scendia Biologics Acquisition**

- The Company believes that this acquisition added a significant portfolio of advanced biologic products that are complementary to our current surgical product offering
- We also believe the acquisition will expand our ability to provide new health systems a more comprehensive suite of surgical products

### • **InfuSystem Partnership**

- Combines Sanara's product line and deep expertise in wound care with InfuSystem's distribution and complex billing capabilities, existing sales team, and national footprint

### • **Precision Healing 510(k)**

- Planned 510(k) submission for the imager delayed to December due to an electrical/firmware issue that has been resolved

### • **Comprehensive Wound and Skin Strategy**

- Continuing to have discussions with a number of value-based companies and plan to launch this strategy in 2023

## Surgical Overview

- 36 field sales managers
- CellerateRX® Surgical sold in 662 <sup>(1)</sup> hospitals/ASCs in the TTM
- CellerateRX® Surgical sold in hospitals/ASCs across 28 states<sup>(2)</sup> in the TTM
- CellerateRX® Surgical approved to be sold in 1,714 hospitals/ASCs
- Total estimated available market in the United States:
  - 6,090 hospitals<sup>(3)</sup>
  - 5,700 ASCs<sup>(4)</sup>
- BIASURGE™ 510(k) filed



(1) This number includes facilities where CellerateRX was sold by Sanara in the TTM and by Scendia since its acquisition in July 2022.

(2) Number based on a minimum of \$50,000 revenue in the TTM.

(3) American Hospital Association. Fast Facts on U.S. Hospitals, 2021.

(4) Becker's ASC Review dated June 19, 2020 referencing CMS data from May 2020 as reported by ASCA.

# Scendia Biologics Acquisition

## Overview

- Continued integration of Scendia into Sanara during the third quarter
- In Q3, Scendia generated \$3.0 million in revenue for Sanara
- Primary Scendia Products:
  - AMPLIFY™ Verified Inductive Bone Matrix
  - ALLOCYTE™ Advanced Cellular Bone Matrix
  - BiFORM® Bioactive Moldable Matrix
  - TEXAGEN™ Amniotic Membrane Allograf

## Overview

- The partnership is focused on delivering a complete wound care solution targeted at improving patient outcomes, lowering the cost of care, and increasing patient and provider satisfaction
- The partnership is expected to enable InfuSystem to offer innovative products including Cork Medical, LLC's ("Cork") negative pressure wound therapy ("NPWT") devices and supplies and Sanara's advanced wound care product line and associated services to new customers
- Combines Sanara's product line and deep expertise in wound care with InfuSystem's distribution and complex billing capabilities, existing sales team, and national footprint

## Strategic Rationale

- The companies bring a differentiated and complementary offering to the companies' combined solution
  - **Sanara**
    - Significant wound care expertise in the acute care setting as well as the entire continuum of care
    - Sales managers with deep industry experience across the United States
    - Sanara believes its advanced portfolio of wound care products is complementary to NPWT services and can be used before, during, or after NPWT to remove microbes from the wound bed and promote healing
  - **InfuSystem**
    - Participating in-network provider for more than 770 health insurance networks covering over 95% of the U.S. population
    - Seven distribution centers across North America
    - Can leverage infrastructure to gain acceptance for the new products and services
    - InfuSystem is a distributor of Cork NPWT devices and supplies in the United States and Canada

# Q3 2022 Financial Highlights

## Overview

- **Revenue**
  - For the quarter, the Company generated net revenues of \$13.0 million compared to net revenues of \$5.8 million for the three months ended September 30, 2021 representing a 124% increase from the prior year period.
  - Third quarter revenues included \$3.0 million of Scendia sales.
- **SG&A**
  - SG&A expenses for the three months ended September 30, 2022, were \$12.1 million, as compared to \$6.9 million for the three months ended September 30, 2021.
  - The higher SG&A expenses in the third quarter of 2022 were primarily due to direct sales and marketing expenses, which accounted for approximately \$3.9 million, or 75% of the increase compared to prior year.
    - The higher direct sales and marketing expenses were primarily attributable to an increase in sales commissions of \$3.1 million as a result of higher product sales, and \$0.5 million of increased costs as a result of sales force expansion, and \$0.3 million of costs related to travel and operational support.
- **Net Loss**
  - We had a net loss of \$1.5 million for the three months ended September 30, 2022, compared to a net loss of \$2.0 million for the three months ended September 30, 2021.
  - Net loss positively impacted by the recognition of a non-cash income tax benefit of \$1.7 million related to purchase accounting for the Scendia acquisition.
- **Cash Balances at end of quarter (in millions)**
  - \$22.4 (Q3-21), \$18.7 (Q4-21), \$16.1 (Q1-22), \$12.7 (Q2-22), \$10.3 (Q3-22)

# Questions

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