

Q1 2023 Earnings and Business Update Call



Sanara
MedTech
Evidence Based Healing

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Commentary on Q1 2023

- **Financial Update**

- Highest net revenue quarter in the Company's history (\$15.5 million).
- March was the highest sales month in the Company's history.
- Net loss of \$1.2 million in Q1 2023 compared to a net loss of \$3.2 million in Q1 2022.

- **Innovation**

- On March 16, 2023, the Company submitted to the FDA a 510(k) premarket notification for its Precision Healing Multispectral Imager.
- Subsequent to the end of the quarter, the Company received 510(k) clearance for BIASURGE™ Advanced Surgical Solution.

- **ATM Equity Offering**

- Dual goals to raise capital for opportunistic acquisitions/partnerships and to increase the liquidity of our stock.
- Plan to use the net proceeds we receive from this offering to fund potential acquisitions, further develop our products, services and technologies pipeline and clinical studies, expand our sales force and for general corporate purposes.
- Net proceeds raised in Q1 of approximately \$1.0 million.
- Sales paused at the end of Q1. We could potentially reactivate the ATM if and when management and the board determine it is appropriate.

Surgical Sales

Sales Overview

- Our products were sold in over 800 hospitals/ASCs across 30 states⁽¹⁾ in the TTM
- Our products were contracted or approved to be sold in more than 1,800 hospitals/ASCs as of March 31, 2023.
- Allocyte® sales slowed by limited supply of qualifying donor tissue.
- Subsequent to the end of the quarter, BIASURGE™ 510(k) clearance received



BIASURGE – Product Launch

Launch Details

- Product is 510(k) cleared and product launch is estimated to occur in late 2023.
 - Launch timing impacted and dependent on supply chain issues
 - Currently scheduling manufacturing runs
 - Currently developing marketing plan



DESCRIPTION

BIASURGE Advanced Surgical Solution is a clear, colorless solution for use with lavage or preferred application method. The product contains PHMB as a preservative to reduce microbial growth within the packaging during shelf storage after the sterile seal has been broken.

INDICATIONS

BIASURGE Advanced Surgical Solution is indicated for use in mechanical cleansing and removal of debris, including microorganisms, from wounds.



Precision Healing Multispectral Imager (“MSI”)

Precision Healing Imager Indications for Use:

- The MSI is a handheld imaging tool that allows clinicians diagnosing and treating skin wounds to:
 - View and digitally record multispectral and white light images of a wound.
 - Measure and digitally record the size of a wound.
 - View and digitally record images of fluorescence emitted from a wound when exposed to an excitation light.
 - View and digitally record thermal images of a wound.
- The MSI does not diagnose or treat skin wounds.



Q1 2023 Financial Highlights

Overview

- **Revenue**

- For the three months ended March 31, 2023, Sanara generated net revenues of \$15.5 million compared to net revenues of \$7.8 million for the three months ended March 31, 2022, a 99% increase from the prior year.
- Net revenues for the three months ended March 31, 2023 included \$3.0 million of Scendia sales.

- **SG&A**

- SG&A expenses for the three months ended March 31, 2023, were \$13.0 million compared to SG&A expenses of \$9.4 million for the three months ended March 31, 2022.
- Our SG&A expenses for the three months ended March 31, 2023 included \$1.4 million of costs related to Scendia operations.
- The higher SG&A expenses for the three months ended March 31, 2023 were primarily due to higher direct sales and marketing expenses, which accounted for approximately \$3.4 million, or 95%, of the increase compared to the prior year period.
 - The higher direct sales and marketing expenses were primarily attributable to an increase in sales commissions of \$2.9 million as a result of higher product sales and \$0.5 million of increased costs as a result of sales force expansion and operational support.
 - We expect our SG&A expenses to continue to decline as a percentage of net revenues as our sales growth outpaces the costs of sales force expansion and corporate overhead.

- **R&D Expenses**

- R&D expenses for the three months ended March 31, 2023, were \$1.3 million compared to \$0.2 million for the three months ended March 31, 2022.
 - The higher R&D expenses in the three months ended March 31, 2023 were primarily due to costs related to the Precision Healing MSI and LFA for assessing patient wound and skin conditions.

2022 Financial Highlights (Continued)

Overview (Continued)

- **Change in fair value of earnout liabilities**
 - Change in fair value of earnout liabilities was a benefit of \$0.5 million for the three months ended March 31, 2023 as a result of a decrease in the fair value of the earnout liabilities.
 - The decrease in the fair value was due to a change in the discount factor utilized in the valuation models, a decrease in the projected undiscounted amounts to be paid, as well as adjustments to the projected timing of the payments to be made.
- **Net Loss**
 - For the three months ended March 31, 2023, we had a net loss of \$1.2 million, compared to a net loss of \$3.2 million for the three months ended March 31, 2022.
- **Cash Balances at end of quarter (in millions)**
 - \$12.7 (Q2-22), \$10.3 (Q3-22), \$9.0 (Q4-22), \$7.3 (Q1-23)

Questions



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