

Q4 and Full-Year 2022 Earnings and Business Update Call



Sanara
MedTech
Evidence Based Healing

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Commentary on Q4 and Full-Year 2022

• **Financial Update**

- Highest net revenue year (\$45.8 million) and quarter (\$15.3 million) in the Company's history for the business as well as for the historical business before taking into account the \$6.0 million in sales resulting from the Scendia acquisition.
- First quarter in which the Company generated >\$5 million in sales in a single month.
- Net loss after tax of \$8.1 million in 2022 compared to \$8.0 million in 2021.
- Loss before income taxes of \$13.9 million in 2022. The higher loss in 2022 was due to increased SG&A costs, higher R&D expenses, the loss on disposal of investment related to the dissolution of Sanara Pulsar and higher amortization of our acquired intangibles.

• **Allocyte™ Stockout**

- Q4 sales negatively impacted by the stockout that started in late Q3 due to a shortage of source material.
- Expecting improvement in ability to get product but don't expect a full resolution until the second half of 2023.

• **Sanara Pulsar**

- In December 2022 we dissolved Sanara Pulsar and ceased marketing the Sanara Pulsar II AWI Wound Debridement System.

• **Precision Healing 510(k)**

- Planned 510(k) submission delayed due to electrical and software issues as well as increased product validation testing.
- The 510(k) was subsequently filed on March 16, 2023.

• **ATM Equity Offering (Subsequent Event)**

- 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.

Sales Overview

- 39 field sales representatives as of December 31, 2022
- CellerateRX® Surgical sold in over 700 hospitals/ASCs across 29 states⁽¹⁾ in the TTM
- CellerateRX® Surgical approved to be sold in more than 1,700 hospitals/ASCs as of December 31, 2022
- Total estimated available market in the United States:
 - 6,090 hospitals⁽²⁾
 - 5,700 ASCs⁽³⁾
- Allocyte™ stockout
- BIASURGE™ 510(k) filed and InfuSystem partnership moving forward



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

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

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

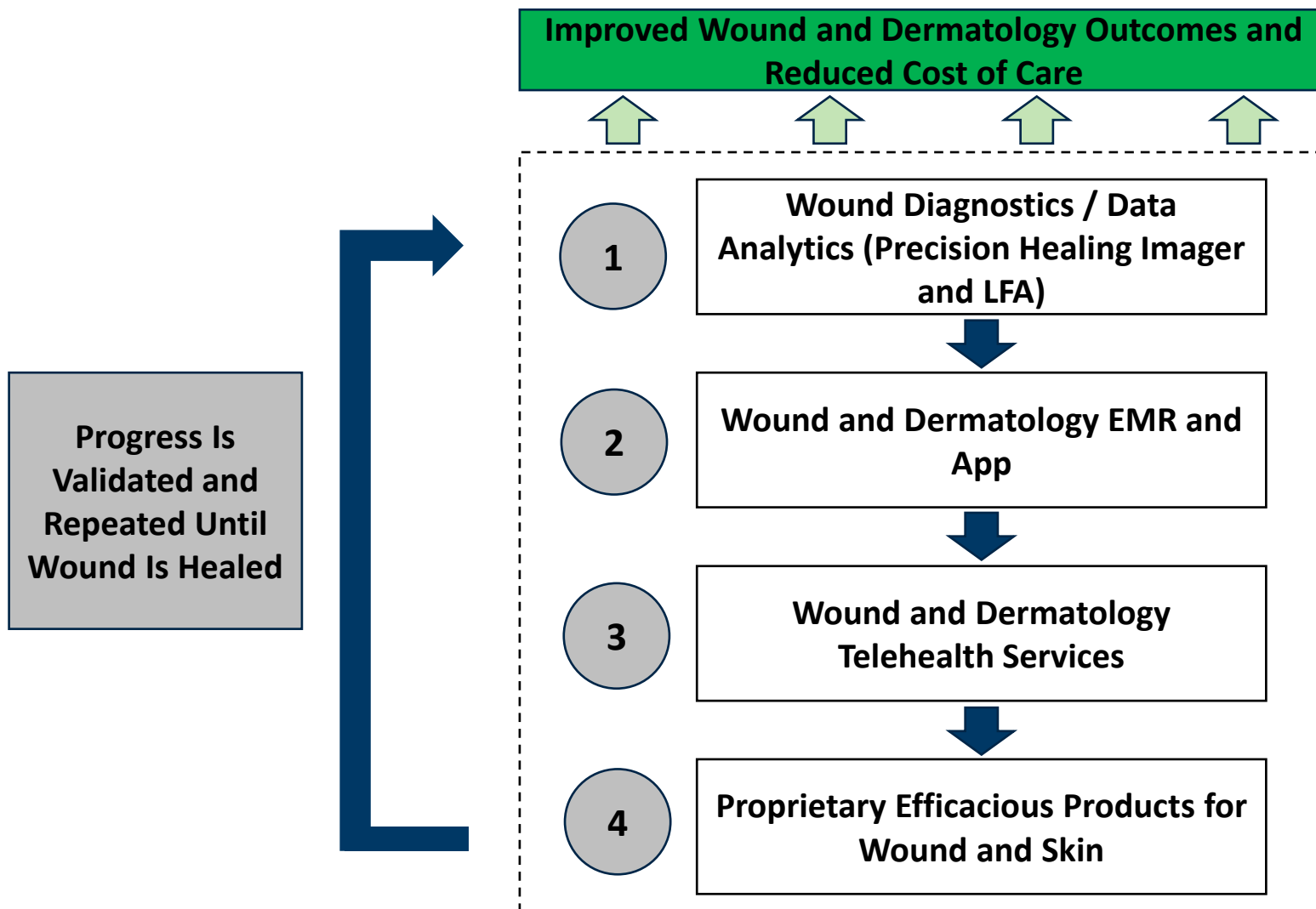
Sanara MedTech's Goals:

- Bring a proven efficacious wound and skin care solution to patients in the lowest cost setting
- Provide a comprehensive wound care solution that lowers costs through:
 1. Early diagnosis
 2. Decreased hospitalizations
 3. Decreased wound center visits
 4. More advanced treatment at home
 5. Improved outcomes

Platform Overview

- Sanara's comprehensive platform has four key components:
 1. Proprietary advanced diagnostics/data analytics (Precision Healing Imager and LFA)
 2. Wound and dermatology management EMR and app
 3. Wound and dermatology telehealth services
 4. Proprietary products for wound and skin

Data analytics will be used to build and refine clinical practice pathways.



2022 Financial Highlights

Overview

• Revenue

- For the year, Sanara generated net revenues of \$45.8 million compared to net revenues of \$24.1 million for the year ended December 31, 2021, representing a 90% increase from the prior year period.
- 2022 net revenues included \$6.0 million of Scendia sales.

• SG&A

- SG&A expenses for 2022 were \$46.0 million, as compared to \$28.1 million for 2021.
- 2022 SG&A expenses included \$2.9 million of costs related to Scendia operations.
- The higher SG&A expenses in 2022 were primarily due to higher direct sales and marketing expenses, which accounted for approximately \$13.6 million, or 76%, of the increase compared to prior year.
 - The higher direct sales and marketing expenses were primarily attributable to an increase in sales commissions of \$9.6 million as a result of higher product sales, \$2.7 million of increased costs as a result of sales force expansion and operational support, and \$0.9 million of increased costs related to travel and in-person promotional activities.
 - The increase in 2022 SG&A expenses was also related to increased noncash equity compensation and higher payroll costs related to the mid-year addition of the Rochal workforce in July 2021, the Precision Healing workforce in April 2022 and the Scendia workforce in July 2022.

• R&D Expenses

- R&D expenses for the year ended December 31, 2022, were \$3.4 million compared to \$0.6 million for the year ended December 31, 2021.
 - R&D expenses for 2022 included approximately \$2.5 million of costs related to the newly acquired Precision Healing diagnostic imager and lateral flow assay.
 - Higher R&D expenses in 2022 were also partly due to costs associated with several new development projects for our currently licensed products.

2022 Financial Highlights (Continued)



Overview (Continued)

- **Other Expense**
 - Other expense for the year ended December 31, 2022 was \$1.7 million compared to \$0.6 million for the year ended December 31, 2021.
 - Higher other expense in 2022 was primarily due to a \$1.0 million loss recognized due to the dissolution of Sanara Pulsar.
- **Net Loss**
 - Net loss of \$8.1 million for the year ended December 31, 2022, compared to a net loss of \$8.0 million for the year ended December 31, 2021.
 - Net loss was positively impacted by the recognition of a noncash income tax benefit of \$5.8 million related to purchase accounting for the Precision Healing and Scendia acquisitions (Net loss before taxes of \$13.9 million).
- **Cash Balances at end of quarter (in millions)**
 - \$16.1 (Q1-22), \$12.7 (Q2-22), \$10.3 (Q3-22), \$9.0 (Q4-22)

Questions



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