White Brook
Capital

Sanara MedTech Inc. (SMTI)

Summary: White Brook took a position in both Small and All-Cap portfolios in Sanara MedTech (SMTI). While the stock has an opportunity to be a multi-bagger, and management is better than solid, ownership and the board composition presents a significant drawback that keeps the position small relative to the quality of the company's assets and the upside potential.

Valuation: We believe the street underestimates Sanara's growth potential. We believe it will continue to grow in excess of 20% in 2026 rather than the 17% embedded in consensus estimates today with the potential to accelerate in 2027. On current street estimates the company trades at ~1.8x revenue and 10.8x EBITDA, inline with its peers despite significantly better growth and fewer headwinds than its peers in the wound care space. We believe that the fruition of the Chemo Mouthpiece opportunity can as much as double Sanara's intrinsic value, while renewed strength in the core business presents further upside of a similar magnitude.

Thesis: In 2026 Sanara Medtech will begin to generate free cash flow, pay down debt and begin to reaccelerate growth of their surgical products while simultaneously launching Chemo Mouthpiece which should provide significant shareholder value with less organizational overhead. Furthermore, we believe the company has the ability to pay down its debt load more quickly by monetizing its bone products division. We believe there is a low likelihood of that outcome, however.

1. **The Company is shifting and sharpening its focus.** On the Q3' 2025 call, the Company intimated that along with shutting down the Tissue Health Plus segment, it believes that growth is primarily in the surgical products and not conjointly with bone products as had previously been discussed (until OsStic is closer to launch in 2027).

   We believe this is a positive sign that might reflect a change in approach by the company that reflects reality - the current bone products portfolio is fine but unremarkable versus the competition. Instead, within surgical wound care, the company, despite its growth since inception, is still relatively unknown even in its most successful markets. We believe the Company would benefit from greater transparency and open marketing and not hedgehog-like behavior due to competitive concerns. We have communicated this concern to the company to a mixed reception.

   We further believe that Cellerate has a significant opportunity to expand verticals outside of spine and orthopedic specialties and that the company will increase its emphasis on expanding its categories while frequency of use will improve with time in the market. We believe that while this was communicated before, the emphasis on the 3Q'25 call shows that the Company is more focused on this effort than in the past.

Furthermore, we believe that the Company, rather than be subject to slowing growth rates due to a "law of large numbers" for Cellerate, in particular, can see growth inflect as its sales motion is refined and expanded. We believe that the company is spending more effort on getting distributors functional and not just signed than in the past, that the 3,000 signed but not selling distributors are a significant opportunity, and that the commission structure for distributors is attractive and should result in uptake by the distributor sales force.

2. **Biasurge growth has been limited by having the wrong form factor.** Despite an efficacious product at a better price point when compared on a like for like basis with competitors, the Company is fighting physician preferences with the current offering. Biasurge currently comes in a bag that has to be hung that is 2x the size of the incumbent's bottle that has to be squeezed. Physicians prefer the bottle they are used to and due to the difference in vessel size, the Company's product is therefore not price competitive for many use cases. With worse prices and the wrong form factor, Biasurge's growth has been limited. The Company is aware of the problem and we believe will have a solution in the near to medium term that will result in a more efficacious and price effective product.

3. **Chemo MouthPiece LLC is a significant unappreciated opportunity that can result in significant cash flow in the short to medium term.** While delayed, by the end of the year, the reimbursement code should be significantly improved and result in stronger sales and a more compelling offering.

4. **For the past several years, Sanara's policy has appeared to be to treat investors like Mark Wahlberg suggested to treat the FBI in *The Departed*.** We've been fed shit and kept in the dark. Newly promoted CEO Seth Yon and recently joined CFO Elizabeth Taylor appear to want to chart a more shareholder friendly course. Over the past 1.5 years we've followed but stayed away from Sanara based on what we viewed as insufficient regard for shareholders. We believed that prior leadership was if not intentionally misleading either, through point of view or omission of information, then overly confident in its abilities and therefore unwilling to engage shareholders appropriately. We have conveyed our belief that public transparency with investors about their various initiatives in today's world can improve their results with doctors and they appeared receptive.

5. **The Board can be significantly improved.**

Company Profile

Sanara MedTech is a pharmaceutical company focused on developing and commercializing technologies in the surgical market. SMTI primarily markets and sells soft tissue repair and bone fusion products for use in operating rooms and sterile environments.

Soft Tissue Repair Products:

Growth drivers:

- **CellerateRX:** Type I bovine hydrolyzed collagen. Unlike standard collagen products, CellerateRX is about 1/100th the size of native collagen. It absorbs into the body more readily to aid the body's wound repair mechanism. It comes in a powder which is used for deep and wet wounds and a gel which is used on dry wounds where additional moisture is necessary like burns and abrasions.
- **Biasurge (Application of Biakos technology/acquisition):** Sterile, no-rinse, advanced surgical solution to keep a wound clean during surgery by disrupting bacterial biofilm formation. It competes against Bactisure and Irricept. While it is the second tentpole of the company's growth, it is a significant minority of revenue today.

Extremely small contributors:

- **Fortify TRG:** Extracellular matrix sheet for soft tissue reinforcement
- **Fortify Flowable:** Extracellular matrix for irregular wound shapes

Bone Fusion Products:

- **BiForm:** Osteoconductive, bioactive, porous implant for bony ingrowth
- **Allocyte Plus:** Human allograft cellular bone matrix with bone-derived progenitor cells

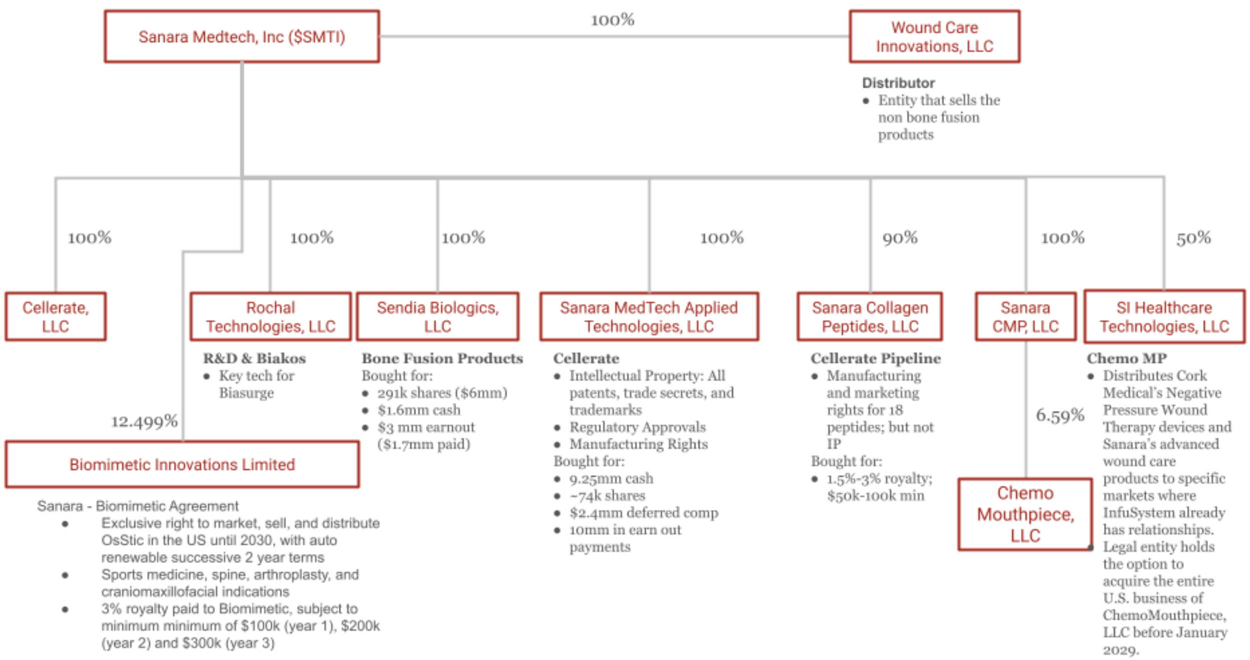
Future Growth Drivers

- **OsStic:** Expected launch in 2027, OsStic is a "bone glue" that can replace Orthopedic use of screws, rods, and plates in some applications. There is significant excitement around the application inside the company and from doctors.
- **Chemo Mouthpiece LLC:** Chemo Mouthpiece is an oral cryotherapy device that reduces the incidence and severity of oral mucositis in chemotherapy patients.

Discontinued Operations

- **Tissue Health Plus:** The Company spent an estimated ~$50 million on undifferentiated technology to address wound care outside of the operating room. It was a passion project of the Chairman of the Company (and founder) and never achieved profitability or commercialization. It was discontinued/impaired in its entirety before the end of the third quarter of 2025 after running a sales process for the whole and the parts for less than 3 months.

Organizational structure



ChemoMouthPiece LLC

Description: Chemo Mouthpiece is an oral cryotherapy device that reduces the incidence and severity of oral mucositis in chemotherapy patients. The product received 510(k) clearance in H1 2024 and an initial CPT code for reimbursement in July 2024. The current standard of care is ice chips, which often falls short and there is no other commercially effective product. For those of us who have experience with patients that have suffered from oral mucositis, it can result in patients primarily eating cold thin soup for sustenance.

Sanara's JV with Infusystems (SI Healthcare Technologies LLC) marries Sanara's Chemo Mouthpiece LLC distribution agreement with Infusystems established salesforce and customer base of approximately 2,000 cancer centers in the United States. The annual patient population is 500k-1mm and the expected price per kit is $500. A kit includes 6 mouthpiece devices, 2 insulated sleeves, 7 cold packs, 2 cleaning brushes, and 1 insulated cooler.

Proposition: Prevents approximately $25,000-$42,000 per patient in complication cost and care.

Recent Events: Sales should have begun in earnest already. Delays were due to:

1. Getting on formulary at hospitals
2. Clinics taking time to build orders
3. Logistics and product integration challenges
4. Unpublished clinical papers

During 2025, the JV applied to change the recommended CPT reimbursement code to gain coverage under a patient's DME benefit. A response is expected around year end 2025 with reimbursement effective July 2026. Achieving DME coverage would reduce patient out of pocket expense to zero in many cases. Infusystems reported on Q3 '25 that enthusiasm is continuing to build with cancer treatment centers beginning to stock the device. Sanara did not provide an update despite being the entity shepherding the process.

In August 2025 a random controlled study of 164 patients was published with supportive data.https://link.springer.com/article/10.1007/s00520-025-09795-x

ChemoMouthPiece LLC

Illustrative economics

Annual pat		500,000-1,000,0000			
Price per kit		$500-$1,200			

		Scenario 1	Scenario 2	Scenario 3	Scenario 4
Patients/center		1,500	1,500	1,500	1,500
Mucositis patients	30%	450	450	450	450
INFU Centers		10	100	1,000	2,000
Effective Centers	50%	5	50	500	1,000
CMP Units		2,250	22,500	225,000	450,000
ASP		$500	$500	$500	$500
Revenue		**$1,125,000**	**$11,250,000**	**$112,500,000**	**$225,000,000**
Gross Profit	70%	$787,500	$7,875,000	$78,750,000	$157,500,000
SG&A	40%	$450,000	$4,500,000	$45,000,000	$90,000,000
EBIT		**$337,500**	**$3,375,000**	**$33,750,000**	**$67,500,000**
SMTI EBIT		**$168,750**	**$1,687,500**	**$16,875,000**	**$33,750,000**

We believe the incidence rate of mucositis patients is higher than 30%; We do not know Infusystem's oncology office vs overlapping hospital, we believe 50% is a conservative model handicap. All numbers are what we believe to be reasonable guesses and have no input from either Infusystems or Sanara.

Supporting Research

Cellerate's evidential studies are most advanced and complete, while the literature is still developing on Biasurge/Biakos and Chemo Mouthpiece.

Study types for the non-scientist.

Study Type	Category	Use case	Reliability
Meta-Analysis	Secondary	Drawing a final conclusion from all available data.	Highest
RCT	Experimental	Proving cause-and-effect (e.g., "Does Drug A cure Disease B?").	High
Cohort	Observational	Determining risk factors over time (e.g., "Does smoking cause cancer?").	Moderate
Case-Control	Observational	Studying rare diseases or food poisoning outbreaks.	Low-Moderate
Case Report	Observational	Identifying new diseases or rare side effects.	Low

Cellerate

Retrospective Cohort Studies:

- Major Study: A large study published in the *Journal of Surgery* (Nowrouzi & Awad, 2023) analyzed 5,335 patients. It compared infection rates in patients treated with CellerateRX Surgical Powder versus a control group across various surgical specialties (orthopedic, neurosurgery, vascular, etc.), reporting a significant reduction in surgical site infections (SSIs).
- Spinal Surgery: A retrospective review of 154 patients undergoing spinal surgery (published in *JSM Neurosurgery and Spine*, 2021) assessed wound healing outcomes.

Randomized Controlled Trials (RCT):

- A prospective, randomized controlled study (Evans & Evans, published in *Orthopedics*, 2018) compared Platelet-Rich Plasma (PRP) and hydrolyzed collagen (CellerateRX) in primary total joint arthroplasty to assess early wound healing.

Case Series:

- Various published series, such as one focusing on incisional wound complications in morbidly obese patients undergoing hip arthroplasty.

Biasurge/BIAKŌS

- **In-Vitro (Laboratory) Studies:**
  - Published studies in journals like *Wounds* and *Wound Management & Prevention* demonstrate the product's efficacy against mature biofilms. These are preclinical rather than human clinical outcome studies.
- **Randomized Controlled Trials (RCT):**

   - Status: An RCT titled "Comparing a Synergistic Antimicrobial Cleanser and Gel to Normal Saline... in Chronic Lower Extremity Ulcers" (NCT05107050) was registered to compare healing rates. While the protocol and design have been discussed in literature (e.g., *PMC/NIH* articles), a final peer-reviewed results paper is less prominent than the preclinical data at this stage.

Chemo Mouthpiece

- **Randomized Controlled Trials (RCT):**
   - A multi-center randomized trial published in *Supportive Care in Cancer* demonstrated that the Chemo Mouthpiece significantly improves outcomes for chemotherapy patients compared to standard care:
      - Pain Reduction: Patients reported a 46% reduction in oral pain symptoms.
      - Less Medication: There was a 68% reduction in the use of opioids or analgesics for pain management.
      - Patient Satisfaction: 83% of participants said they would recommend the device to others.

Management Evaluation

Seth Yon, the previous leader of the surgical products division succeeded Ron Nixon in September 2025 as CEO, while Ron Nixon remains as Chairman of the Board and significant shareholder.

Our initial evaluation of Seth and Elizabeth Taylor (CFO) is that they are hyper competent executives who are hungry to make their mark on Sanara and take it from a small/microcap to a billion dollar company. In our diligence process, it was obvious that people believe that Seth is a deserving CEO, who would have been a competent executive at a much larger company if not made CEO when he was. Elizabeth is a former hedge fund CFO (and most recently, wound care company CFO) who understands investors' needs.

The problem is that for the past several years, Sanara has treated investors like Mark Wahlberg suggested to treat the Feds in *The Departed*, "feed em shit and keep em in the dark" and we're significantly concerned about Seth and Elizabeth's ability to chart a new shareholder friendly course that breaks from the historical strategy. Former and some current investors in Sanara are exceptionally angry at how they've been treated in the past with most having lost money at this point.

The Board

Name	Age	Appointed	Current Role	Key Qualifications
Ronald T. Nixon	69	2019	Executive Chairman	Founder/Managing Partner of The Catalyst Group (private investment firm); PE mechanical engineering from UT Austin; extensive M&A and capital markets experience
Robert A. DeSutter	56	2020	Independent Director	Founder/CEO of Great Plains Acquisitions; 32+ years investment banking at Piper Sandler (Global Group Head 2003-2018); MBA from UVA Darden; extensive MedTech deal experience
Sara N. Ortwein	66	2020	Independent Director	Retired ExxonMobil executive (38-year career); Former President of XTO Energy (2016-2019); BS Civil Engineering from UT Austin
Ann Beal Salamone	74	2019	Independent Director	Co-founder of Rochal Industries (Chairman since 2019, President 1986-2019); Principal inventor of liquid bandages, antimicrobial compositions; Member of National Academy of Engineering
Roszell Mack III	58	2022	Independent Director	CEO of Mack & Co. (investment advisory); Former investment banker at Goldman Sachs and Salomon Smith Barney; Co-founder Ascend Venture Group; BA Yale, MBA Harvard Business School

Eric D. Tanzberger	56	2022	Independent Director	EVP & CFO of Service Corporation International; Audit Committee Chair; Former Coopers & Lybrand; BBA from Notre Dame
Eric D. Major	55	2023	Independent Director	30+ years MedTech experience; Executive Chairman of Highridge Medical; Former President of Stryker Spine (2018-2021); Founder/CEO of K2M (IPO 2014, sold to Stryker for $1.4B in 2018); raised $1B+ capital, led $2B+ acquisitions
Keith G. Myers	65	Oct 2024	Independent Director	Co-founder and former CEO/Chairman of LHC Group (1994-2023 merger with Optum); Co-founder Partnership for Quality Home Healthcare; Inducted into National Home Care & Hospice Hall of Fame (2015)

Activist Opportunity: There is room for activist pressure. Founder and Chairman Ron Nixon is a visionary. Truly. But the Company has relied on that intellect since its inception, even with another CEO and it needs to begin to make professional decisions. The Tissue Health Plus effort, from the beginning, was a head scratcher that relied on a significant amount of chutzpah to believe that entering a competitive field by buying and integrating commodity or worse products would result in significant shareholder returns. The effort used a significant amount of cash, had a high opportunity cost, and the company ultimately received a significant amount of debt at an unfavorable rate and $100,000 of actual revenue. Every investor at every firm that makes that bad an investment of that size is chastened by their investment committee or their investors, no matter their previous success. Sanara needs to make two changes.

1. Ron needs to recognize the THP mistake and make amends with his partners, the shareholders. His grip on the important parts of Sanara via his outright ownership, his warrants and agreements via Rochal Industries, and his chairmanship needs to be loosened. If he continues to believe in THP, exchange THP assets for his Rochal Industries warrants and simplify the relationship between Rochal Industries and Rochal Technologies, perhaps as a 100% owned, fully consolidated part of Sanara that isn't so encumbered. His tentacles that allow him, should spite take over, to rip Cellerate out of Sanara impair the Company's value even if he is nothing but an engaged, supportive, and happy owner.
2. The Board is long serving and ill-suited to the task of building a surgical products marketer. While the Board was overqualified for a smaller platform company with an expansive balance sheet, fast growth, and a need to acquire, the Company is now a

surgical products marketer, with a limited balance sheet that could use insight and oversight to reaccelerate its growth and extend its pipeline. The investment committee board as currently constructed needs capital to be valuable - which Sanara now doesn't have. The Company would be better served by adding operational expertise. The so called "independent" board members (highlighted in red) should be reclassified or replaced as well with actually independent board members providing actual oversight and insight to the executive team.

In my view, the company is in violation of the Nasdaq's independent director rules as over 80% of its directors are not independent.

a. The Company claims that Director Ann Beal Salamone, is independent despite contracts with a company she chairs.
b. While independent by the letter of the law, recently appointed board member Keith Myers led LHC Group where Nixon was an early investor and board member. Mr. Myers was additive in the context of the THP effort which has now been impaired.
c. Ms. Ortwein and Ron Nixon attended UT Austin at the same time. We doubt the amount of oversight.