



# STRATA

SKIN SCIENCES

**Driving Value in Dermatology**

---

Matching Patients with Clinics for a Win-Win-Win Outcome

**Investor Presentation**

April 2024

NASDAQ: SSKN



# Safe Harbor Statement

---

This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks, uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any statements of the plans, strategies and objectives of management for future operations; any statements regarding product development, product extensions, product integration or product marketing; any statements regarding continued compliance with government regulations, changing legislation or regulatory environments; any statements of expectation or belief and any statements of assumptions underlying any of the foregoing. In addition, there are risks and uncertainties related to successfully integrating the products and employees of the Company, as well as the ability to ensure continued regulatory compliance, performance and/or market growth. These risks, uncertainties and other factors, and the general risks associated with the businesses of the Company described in the reports and other documents filed with the SEC, could cause actual results to differ materially from those referred to, implied or expressed in the forward-looking statements. The Company cautions readers not to rely on these forward-looking statements. All forward-looking statements are based on information currently available to the Company and are qualified in their entirety by this cautionary statement. The Company anticipates that subsequent events and developments will cause its views to change. The information contained in this presentation speaks as of the date hereof and the Company has or undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.



# About Us

STRATA Skin Sciences is a medical technology company offering advanced medical devices for the in-office treatment of life-altering dermatological conditions.



**Leading Global Provider of Dermatology In-Office Medical Procedures**



**\$38B Market Opportunity Across Psoriasis, Vitiligo, Eczema, and Acne markets**



**Experienced Management with 20+ Year History in Dermatology Market**

## Capitalization Table

Stock Symbol	NASDAQ: SSKN
Stock Price (as of 4/23/24)	\$0.56
Shares Outstanding (as of 3/20/24)	35.1M
Market Cap	\$20M
Cash & Equivalents*	\$6.8M
Debt*	\$15.0
Enterprise Value	\$28.2M
Options* Warrants*	7.7M @ \$1.11 WAEP 0.8M @ \$0.88 WAEP
Inside Ownership (%)	~39%

\* As of 12/31/23

NASDAQ: SSKN

STRATA  
SKIN SCIENCES



# Addressing \$38B Dermatology Market

Psoriasis - \$20.1B<sup>1</sup>, Vitiligo - \$1.2B<sup>2</sup>, Eczema - \$11.8B<sup>3</sup>, Acne - \$5.5B<sup>4</sup>



**30M Patients in the U.S.**

Psoriasis – 8M / Vitiligo - 5M / Eczema - 18M

**TheraClear<sup>®</sup>X**  
ACNE THERAPY SYSTEM



**50M+ Acne Patients in the U.S.**

1) Fortune Business Insights Market Report 2019; 2016-2018 historical, 2019 base year, 2020-2027 projected

2) Fortune Business Insights Market Report 2018; 2015-2017 historical, 2018 base year, 2019-2026 projected

3) Market Data Forecast Analysis Report 2020; 2020 base year, 2021-2026 projected

4) Strata Skin Sciences

NASDAQ: SSKN

**STRATA**  
SKIN SCIENCES



# Affiliated Academic Institutions

STRATA has placed over 50 XTRAC® devices in residency programs across academic institutions





# Management Team

Sales and Operational Dermatology Experience



Chief Executive Officer  
Dolev Rafaeli



Chief Financial Officer  
Chris Lesovitz



Chief Operating Officer  
Shmuel Gov

PhotoMedex



NEOVA  
SMARTSKINCARE



PhotoMedex

no!  
no!

OMNILUX

STRATA  
SKIN SCIENCES

NASDAQ: SSKN



# STRATA Investment Highlights

## Unique and Proven Business Model

- Best-in-class Excimer Laser technologies
- Recurring revenue driven by DTC and growing installed base
  - Installed base of 923 XTRAC® domestic devices for Psoriasis, Vitiligo, and Eczema treatments
  - Installed base of 92 TheraClear®X domestic devices for Acne treatments
  - Installed base of ~1700 XTRAC® and VTRAC® devices internationally
- Providing “business in a box” for dermatology practices without an upfront capital spend by practices
- Over 300 peer reviewed published clinical studies

## A Win-Win-Win Business Model

- For patients – safest, most effective, minimal side effects
- For clinics – stable increased revenue base
- For Payers – the cheapest treatment available

## Opportunity for Renewed Growth in U.S. in Recurring Revenue per Device

- Re-emphasis on DTC marketing in U.S. with near-term opportunity of increasing recurring revenue/device by 40%
- More rigorous sales and marketing strategy and process in place
- Both initiatives could collectively grow revenue by double digit percent and help return the company to positive cash flow





# Core Domestic Business Model



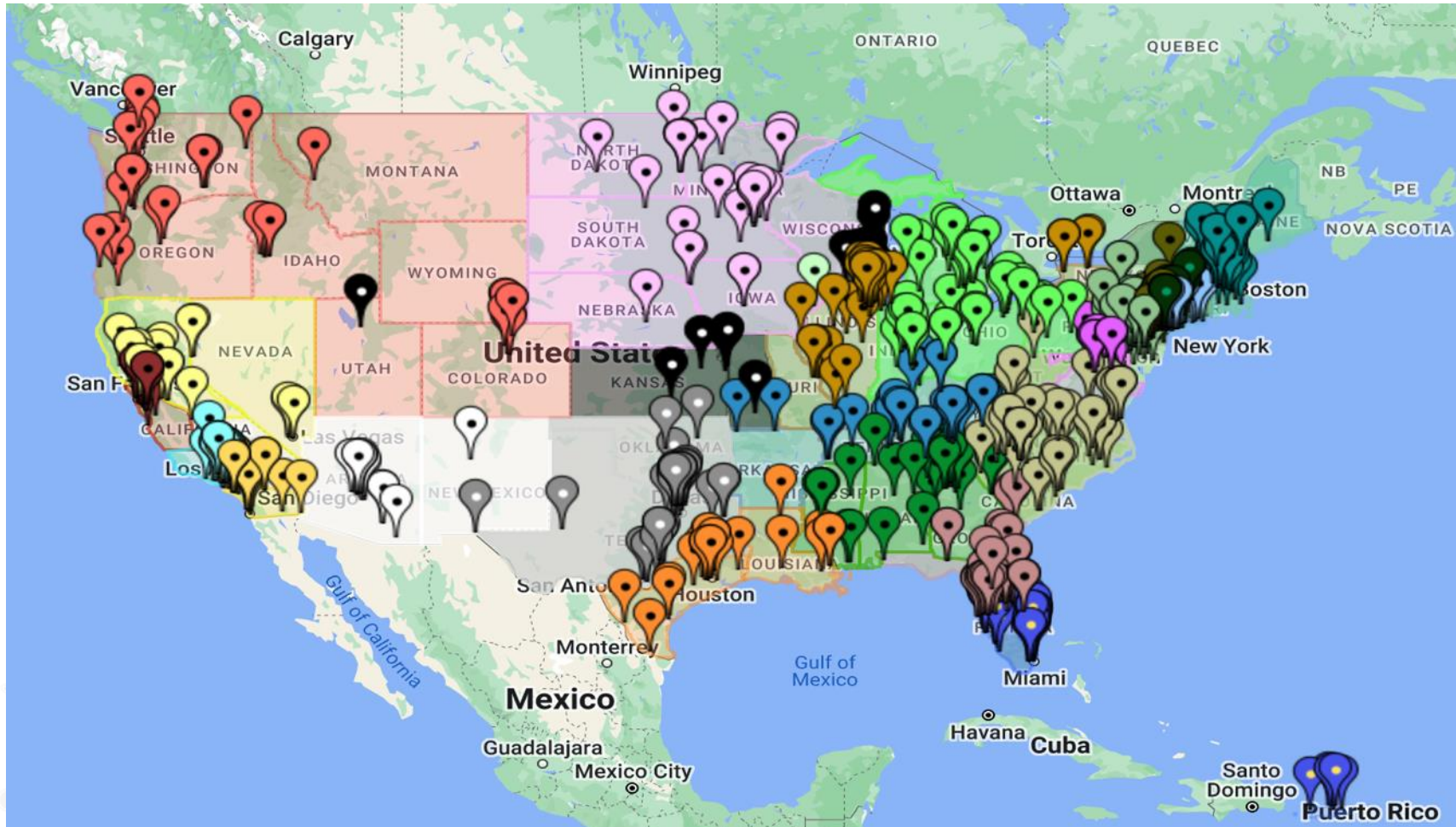
# A True Partnership – A Complete Business Solution



- + **No upfront capital expense**; instead, it's a fee-per-use business model
- + **Complete business solution** includes a suite of value-added support services to maximize practice's success



# 900+ Partner Dermatology Clinics with 3,000+ Dermatology Providers Across the U.S.



## Overview

923 Partner XTRAC® clinics + 150 sold XTRAC® devices

92 TheraClear®X clinics

3 Regions / 24 Sales Territories /  
1 National Accounts Manager

15 Field Service Techs

In-house call center and  
insurance benefits team

4 Clinical specialists







# Marketing Support Drives Additional Patient Awareness

- ✓ Patient Eblasts
- ✓ Direct Mailers
- ✓ In-office Branding
- ✓ Social Media
- ✓ Trade Shows
- ✓ Clinical Webinars



NASDAQ: SSKN



STRATA  
SKIN SCIENCES



# DTC Advertising Generates Direct and Indirect Appointments in Partner Clinics

## Patient Journey

See XTRAC® ad on Facebook, Google and Instagram

Click on the ad to go to an XTRAC® page

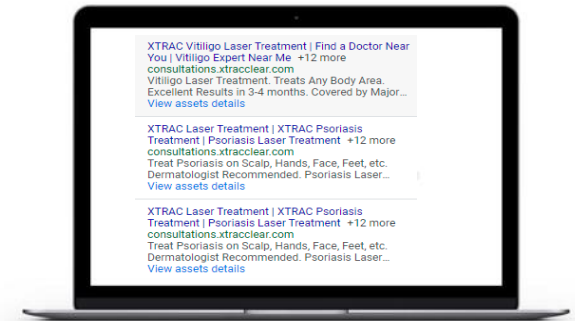
Leave their contact information

In-house call center team confirms appointment and insurance benefits

Show in the office

Convert to XTRAC®

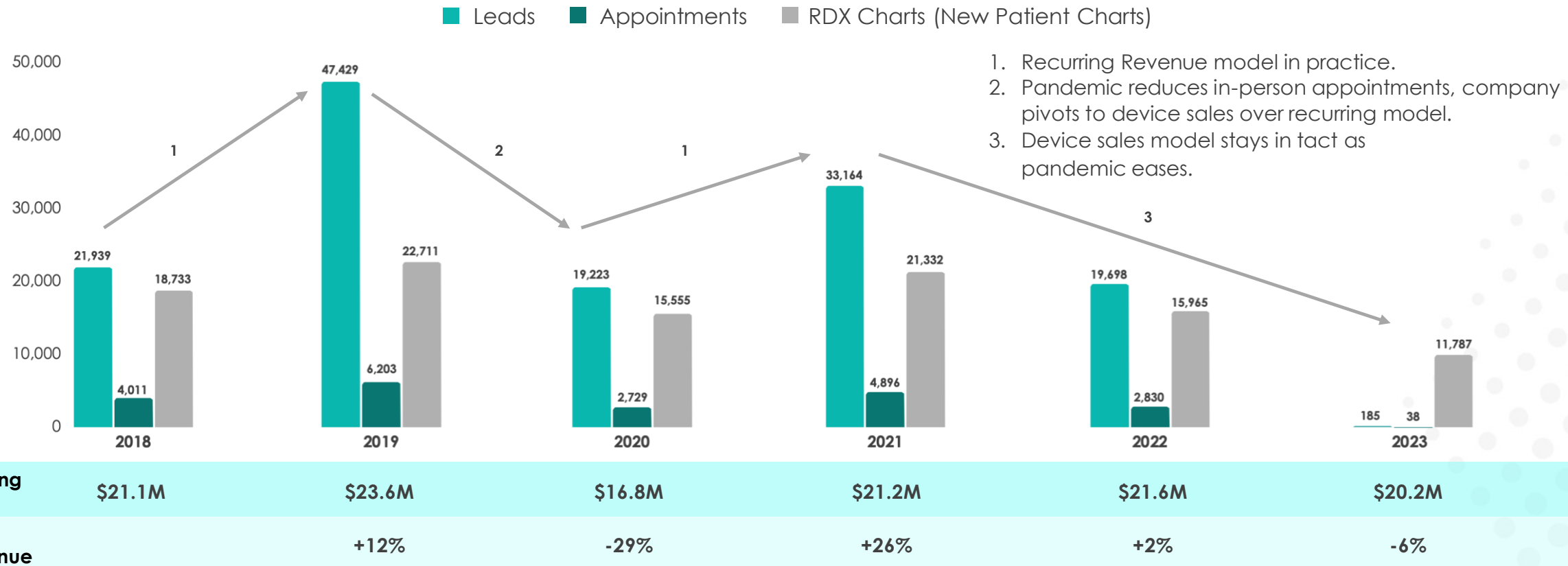
Stay on XTRAC®





# DTC Model Driver

Core Business Refocused to DRIVE Recurring Revenue Model

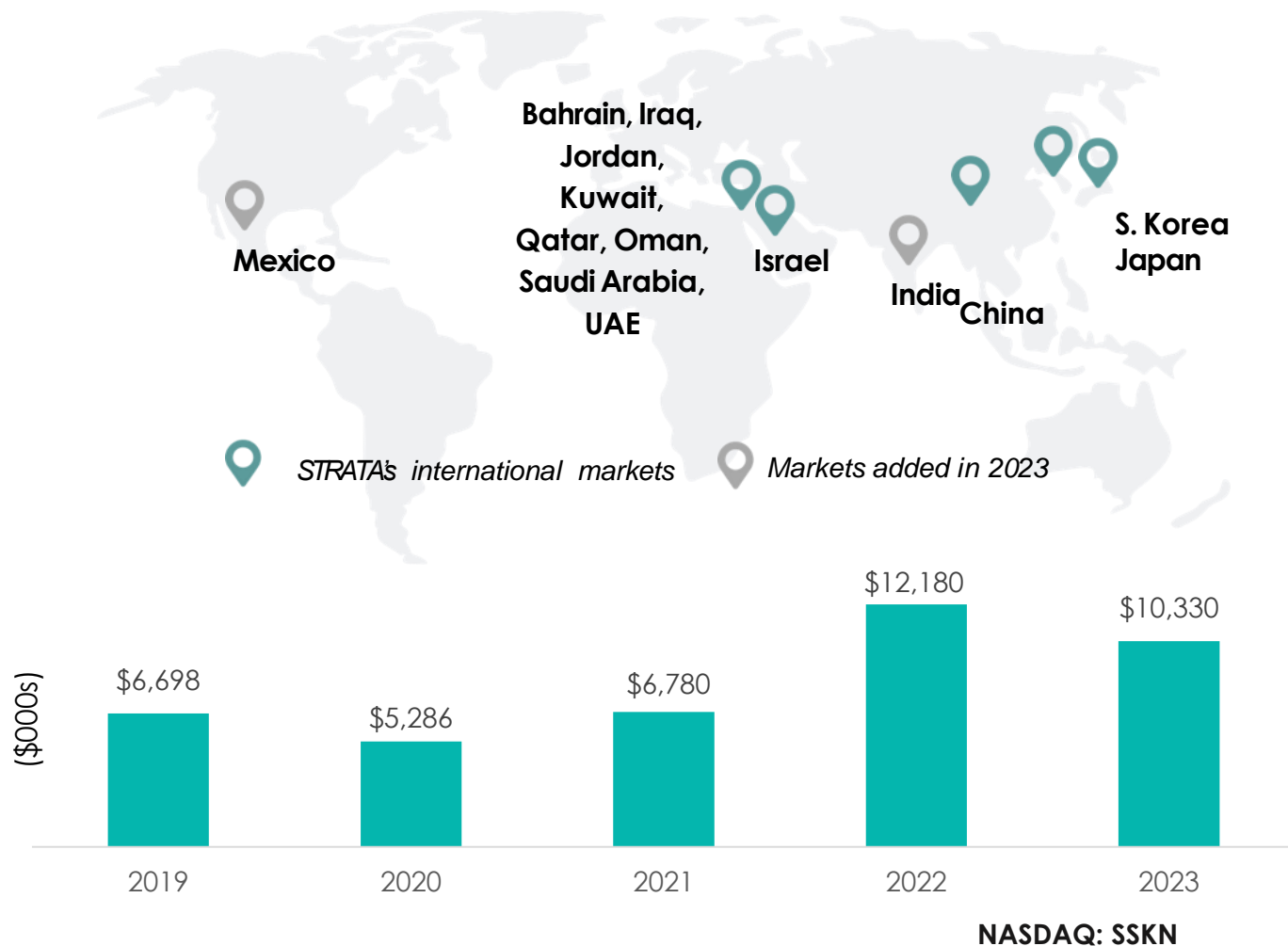


Significant opportunity to increase ARR back to 2019 levels using proven DTC strategies that should yield appreciable incremental revenue and at higher incremental margins, allowing the Company to become cash flow positive again



# International Sales Operations

**Total International Install Base > 1,700 devices**



- In-house Head of International Sales
- 41 international partner XTRAC® clinics (S. Korea, Japan)
- Capital equipment sales preferred model
- Usage per device higher than in U.S. market
- TheraClear®X equipment sales opportunity
- Latin America & European markets untapped



# XTRAC®: Overview



Safe, effective treatment



150+ peer-reviewed clinical studies



Psoriasis treatment is the number 1 domestic use for XTRAC® lasers – 80% of treatments



Opportunities exist for expanding use for other approved indications like vitiligo and eczema



Clinical support team focused on:

- In-office training
- Best practices



STRATA  
SKIN SCIENCES



# Indicated for Chronic Dermatological Diseases

PSORIASIS



**~7.5 million**

adults in the US<sup>1,a</sup>

VITILIGO



**~2–3 million**

adults in the US<sup>2</sup>

ATOPIC DERMATITIS



**~16.5 million**

adults in the US<sup>3</sup>

**Visible skin disorders can limit healthy psychosocial development  
and have profoundly negative consequences on quality of life<sup>3-5</sup>**

1. Armstrong AW et al. *JAMA Dermatol.* 2021;157(8):940-946.<sup>a</sup>Includes people 20 years of age and older.

2. Gandhi K et al. *JAMA Dermatol.* 2022;158(1):43-50.

3. Fuxench ZCC et al. *J Invest Dermatol.* 2019;139(3):583-590.

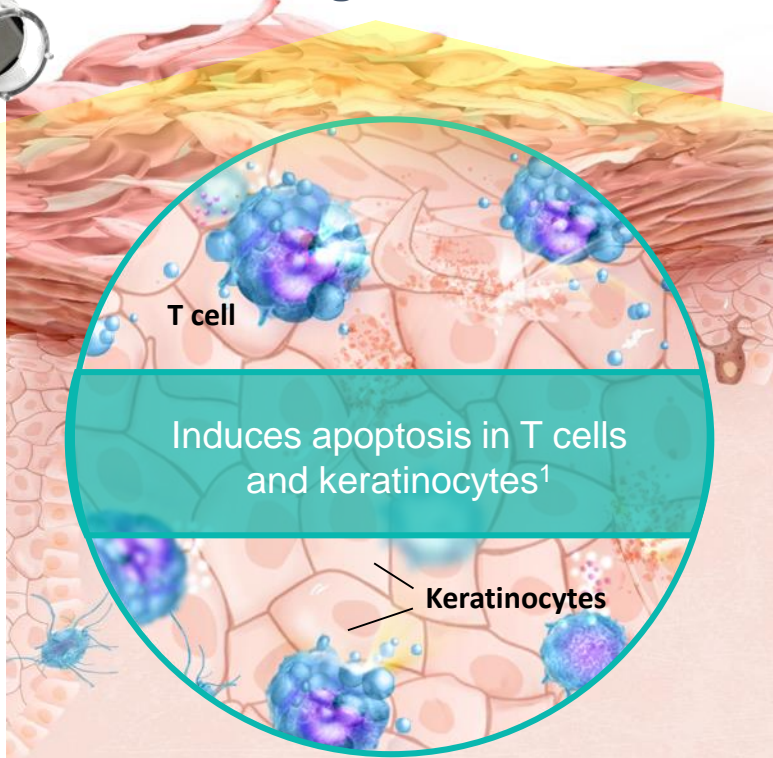
4. Elbuluk N, Ezzedine K. *Dermatol Clin.* 2017;35:117-128. 5. Armstrong AW, Read C. *JAMA.* 2020;323(19):1945-1960.



# Induces Apoptosis of T cells and Keratinocytes in Psoriatic Plaques

**Psoriasis:** Autoimmune disease that causes the skin to regenerate faster than normal; characterized by red, itchy scaly patches

## XTRAC® Targeted 308nm UVB



## XTRAC® Psoriasis Clinical Protocol - 6.2 treatments to PASI\* 75



**\*PASI** – A 75% reduction in the Psoriasis Area and Severity Index (PASI) score (PASI 75) is the current benchmark of primary endpoints for most clinical trials of psoriasis Tx- treatments

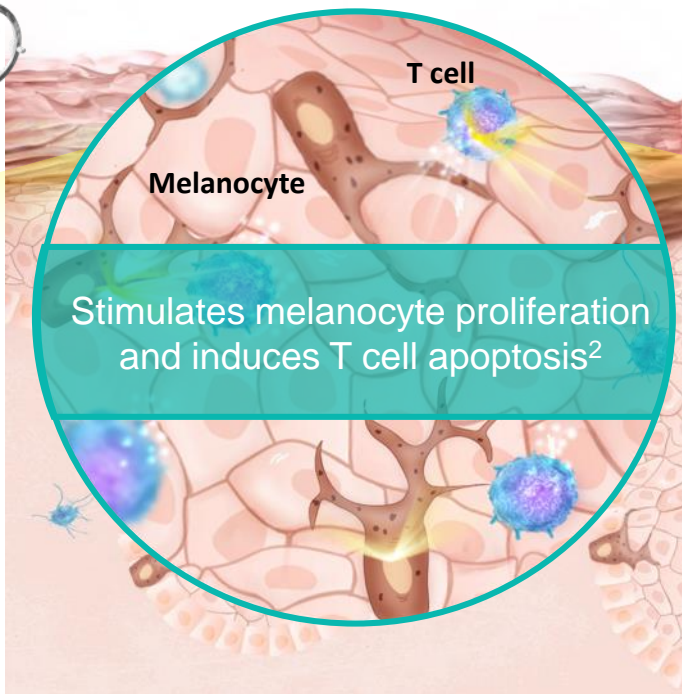
1. Abrouk M et al. *Psoriasis Targets Ther.* 2016;6:165-173. 2. Esmat S et al. *Dermatol Clin.* 2017;35:171-192. 3. Oh CT et al. *Lasers Surg Med.* 2016;48(6):629-637,



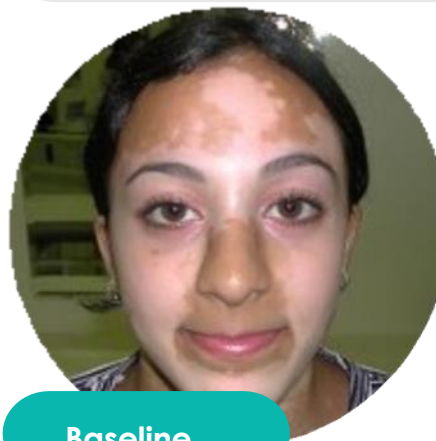
# Induces Melanocyte Proliferation and T cell Apoptosis in Vitiligo Patches

**Vitiligo:** An autoimmune condition due to a loss of melanocytes, characterized by white patches of skin losing its pigment

## XTRAC® Targeted 308nm UVB



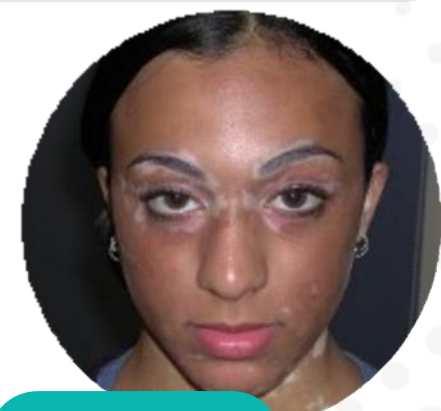
**XTRAC® Vitiligo Clinical Protocol - >75% repigmentation in less than 20 treatments¹**



Baseline



After 18 tx



After 21 tx

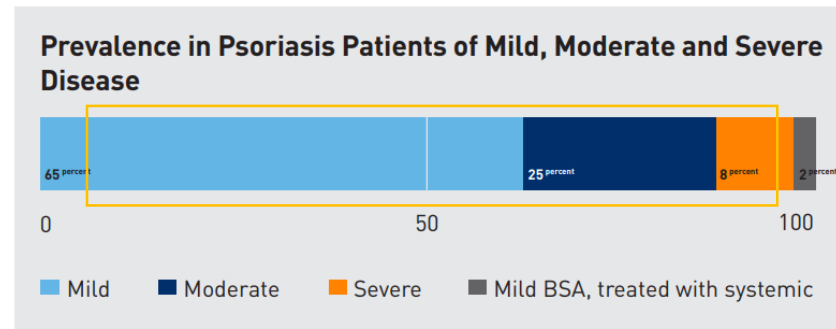
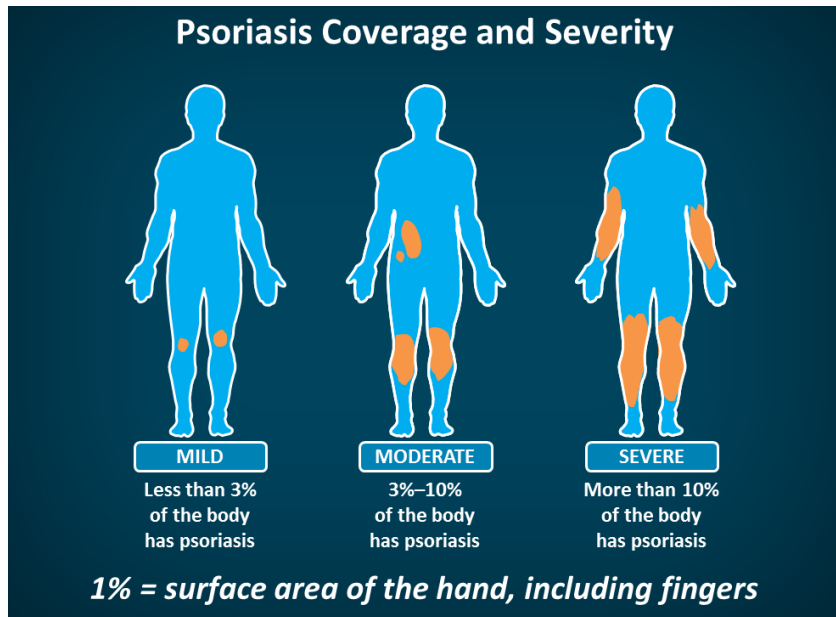
### Long lasting results

- ✓ No pigment loss during 2-year follow-up²
- ✓ 80% facial repigmentation retention at 3-year follow-up³

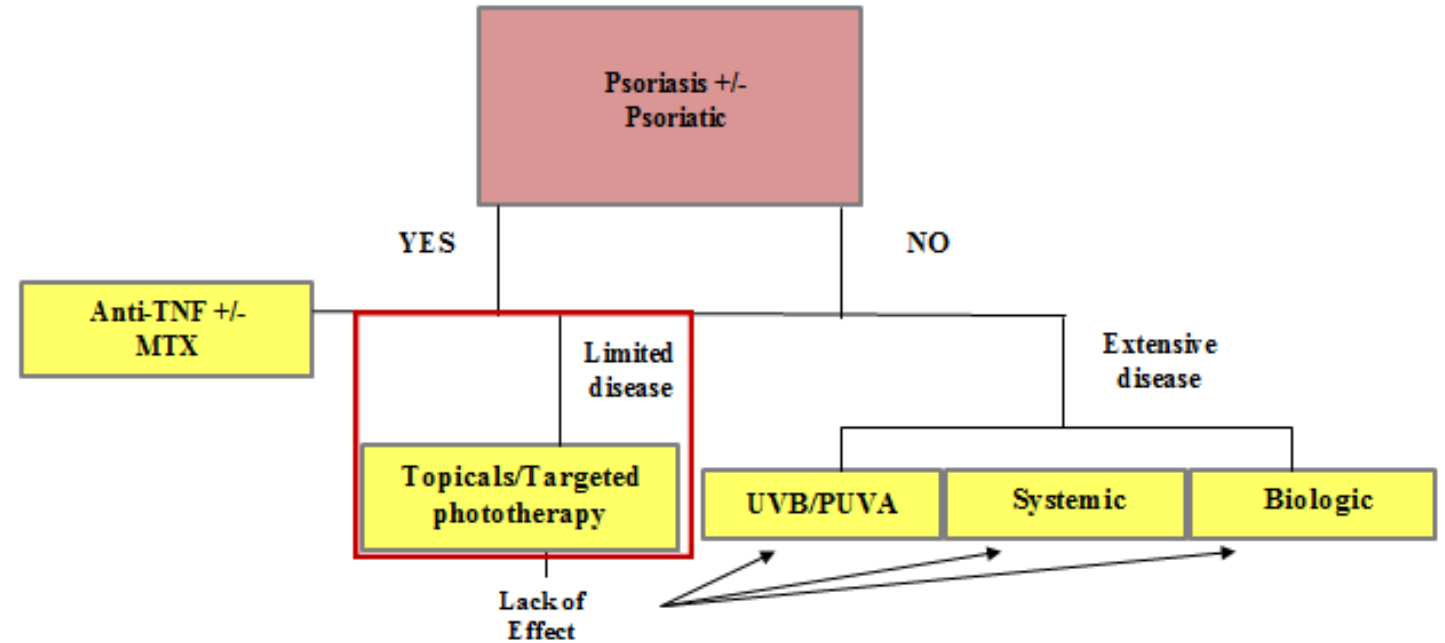
1. Shi Q et al. *Photodermatol Photoimmunol Photomed*. 2013;29(1):27-33. 2. Esposito M et al. *Clin Exp Dermatol*. 2004;29:133-137. 3. Hong SB et al. *J Korean Med Sci*. 2005;20:273-278  
2. Hadi S et al. *Photomed Laser Surg*. 2006; 24(3):354-357  
3. Sethi S, Silverberg NB. *J Drugs Dermatol*.2022;21(7):773-775.



# XTRAC<sup>®</sup> is a Preferred Treatment for 90% of Psoriasis Patients (<10% BSA)



Source: National Psoriasis Foundation



**American Academy of Dermatology Psoriasis Clinical Guideline**



# Has Clinical and Economic Competitive Advantage

	XTRAC®	NB-UVB	Topical Steroids	Non-Biologic Systemics	Biologics
<b>Approximate Costs (\$)</b>	✓ 1K-3K	3K-9K	1K-7K	1K	32K-68K
<b>Clinical Outcomes</b>	✓ 92%	71%	75%	48%	50-70%
<b>Speed of Onset</b>	✓ 5	10	3	14	12
<b>Days of Actual Care</b>	✓ 18	80	294	52	12-65
<b>Remission</b>	✓ 2.5 Months	Continued with maintenance	Continued with maintenance	Continued with maintenance	Continued with maintenance
<b>Adverse Events</b>	✓ Mild Temp	Mild Temp	Mild-Mod Temp –Lasting	Mild-Severe Temp – Lasting	Mild-Severe Temp – Lasting

1. Marchetti A, Bhutani T, Lockshin B, Siegel DM, Behringer F. Therapies for Psoriasis: Clinical and Economic Comparisons. J Drugs Dermatol. 2020 Nov 1;19(11):1101-1108. doi: 10.36849/JDD.2020.5510. PMID: 33196750



# XTRAC® Adds (Delegated)\* Reimbursed Recurring Revenue for Dermatology Partners

CPT Code	Description	2024 National Average Medicare Payment Rate
96920	Excimer Laser Treatment for Psoriasis (<250 sq cm)	\$152.92
96921	Excimer Laser Treatment for Psoriasis (250 - 500 sq cm)	\$167.65
96922	Excimer Laser Treatment for Psoriasis (>500 sq cm)	\$228.23

Number of Treatment/ Week	20	30
# of Weeks / Year	48	48
Total # of Treatments / Year	960	1440
Average Revenue Per Treatment	\$190	\$190
Physician Gross Revenue (Annual)	\$182,067	\$273,100

\* Subject to state legislation

\*\* Patients who are eligible to receive CPT code 10040 services are those with acne lesions such as milia, comedones, cysts, or pustules that require surgical intervention. This may include patients with severe or persistent acne that has not responded to other treatments, or those with large or painful cysts that need to be drained or removed. Determination of the appropriate usage of the CPT code is made by the treating physician.



# TheraClear<sup>®</sup>X: Overview



Safe, effective treatment



Peer-reviewed clinical studies



Opportunities exist for expanding use for expanding the installed base to clinics using reimbursed acne surgery procedures



Clinical support team focused on:

- In-office training
- Best practices





# Acne is the Most Common Skin Condition in Dermatology



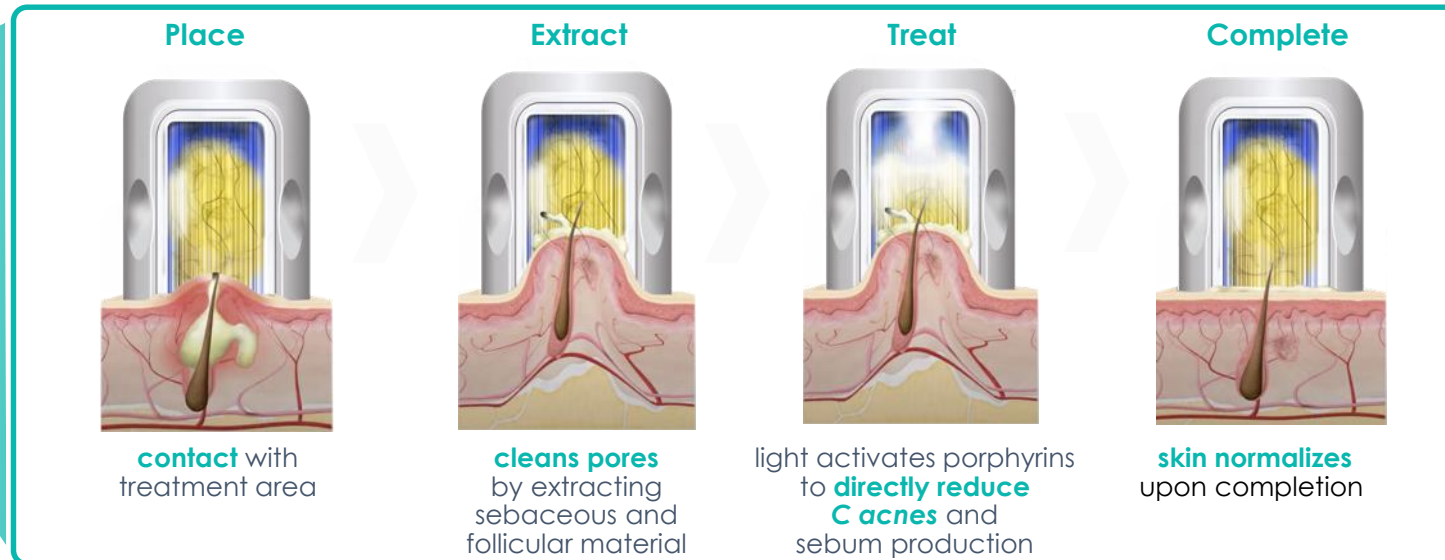
- **Up to 50 Million Americans** affected annually<sup>2</sup>
- **~85%** of all adolescents experience some degree of acne from the ages of 12 to 24 years<sup>3</sup>
- **>50%** of US women experience acne in their 20s<sup>4</sup>
- Acne occurring in adults is increasing<sup>5</sup>

1. Bickers DR et al. J Am Acad Dermatol. 2006;55:490-500.  
2. Tan JKL, Bhate K. Br J Dermatol. 2015;172 (Suppl 10):3-12.  
3. White GM. J Am Acad Dermatol. 1998;39:S34-S37.  
4. Collier CN et al. J Am Acad Dermatol. 2008;58:56-59.  
5. Holzmann R, Shaker K. Skin Pharmacol Physiol. 2014;27 (Suppl 1):3-8.



# Photo Pneumatic Technology Combines VACUUM with PULSED BROADBAND LIGHT

- Clears bacteria and follicular contents from pilosebaceous unit, C acnes are removed both mechanically and thermally from the active acne lesion. Reduces sebum production



Baseline



After 4 tx

1. Photos courtesy of Suneel Chilukuri, MD.

STRATA  
SKIN SCIENCES



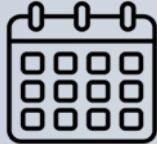
# Addresses Limitations of Existing Acne Therapies

## TheraClear®X

- ✓ Comfortable in-office treatment with no down-time
- ✓ Visible improvement of acne lesions as early as after second treatment
- ✓ Visible improvement of skin texture, pore size, and perilesional erythema after the first few treatments

## Systemic and topical acne treatments

- × Are often associated with poor adherence due to forgetfulness, inconvenience, and adverse effects<sup>1,2</sup>
- × Typically require 3 to 6 weeks to achieve visible improvement<sup>3</sup>
- × Can be associated with skin dryness, irritation, burning, and bleaching effects<sup>2</sup>



### Treatment regimen

#### Initiation

4 to 6 treatments, scheduled 1-2 weeks apart

#### Maintenance

1 to 2 months apart as needed



### Procedure

~15 minutes per treatment

No pre-treatment with topical analgesics

Comfortable with no down time

Can be delegated (depending on state laws)



### Time to improvement

Visible improvement of acne lesions as early as after second treatment

Visible improvement of skin texture, pore size, and perilesional erythema after the first few treatments

1. Snyder S et al. Am J Clin Dermatol. 2014;15(2):87-94. 2. Tuchayi SM et al. Patient Pref Adherence. 2016;10:2091-2096 3. Fox L et al. Molecules. 2016;21:1063. doi:10.3390/molecules21081063. 4. Data on file. STRATA Skin Sciences.



# TheraClear®X Adds (Delegated)\* Reimbursed Recurring Revenue for Dermatology Partners

CPT Code	Description	2024 National Average Medicare Payment Rate
10040	Acne Surgery, which Involves the opening or removal of multiple milia, comedones, cysts and pustules.	\$114.61

Number of Treatment/ Week	20	30
# of Weeks / Year	48	48
Total # of Treatments / Year	960	1,440
Average Revenue Per Treatment	\$114.61	\$114.61
Physician Gross Revenue (Annual)	\$110,025.60	\$165,038.40

\* Subject to state legislation

\*\* Patients who are eligible to receive CPT code 10040 services are those with acne lesions such as milia, comedones, cysts, or pustules that require surgical intervention. This may include patients with severe or persistent acne that has not responded to other treatments, or those with large or painful cysts that need to be drained or removed. Determination of the appropriate usage of the CPT code is made by the treating physician.



# SUMMARY



# Financial Metrics

(All numbers below in \$'000s except for U.S. Installed Base)

	2018	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
U.S. Gross Recurring Revenue	\$21,411	\$24,590	\$16,901	\$22,071	\$22,271	\$4,735	\$5,057	\$4,883	\$4,947	\$19,622
U.S. Installed Base (XTRAC® Devices)	746	820	832	890	909	916	930	929	923	923
Average Gross Recurring Revenue/device/Qtr	\$7,175	\$7,497	\$5,078	\$6,200	\$6,125	\$5,169	\$5,438	\$5,256	\$5,360	\$5,315
<b>Revenues, net</b>	<b>\$29,855</b>	<b>\$31,586</b>	<b>\$23,090</b>	<b>\$29,977</b>	<b>\$36,161</b>	<b>\$7,567</b>	<b>\$8,250</b>	<b>\$8,852</b>	<b>\$8,689</b>	<b>\$33,358</b>
Cost of revenues	12,735	11,316	8,956	10,127	14,393	3,179	3,932	3,898	3,888	14,897
<b>Gross profit</b>	<b>17,120</b>	<b>20,270</b>	<b>14,134</b>	<b>19,850</b>	<b>21,768</b>	<b>4,388</b>	<b>4,318</b>	<b>4,954</b>	<b>4,801</b>	<b>18,461</b>
<b>Operating expenses:</b>										
Engineering and product development	1,065	1,002	1,274	1,434	1,029	315	374	248	380	1,317
Selling and marketing	10,624	12,003	9,038	13,106	15,301	3,742	3,416	3,038	2,760	12,956
General and administrative	8,786	10,275	7,898	9,712	10,087	2,917	2,490	2,283	2,818	10,508
Impairment of goodwill									2,284	2,284
<b>Total Expenses</b>	<b>\$20,475</b>	<b>\$23,280</b>	<b>\$18,210</b>	<b>\$24,252</b>	<b>\$26,417</b>	<b>\$6,974</b>	<b>\$6,280</b>	<b>\$5,569</b>	<b>\$8,242</b>	<b>\$27,065</b>
<b>Loss from operations</b>	<b>(\$3,355)</b>	<b>(\$3,010)</b>	<b>(\$4,076)</b>	<b>(\$4,402)</b>	<b>(\$4,649)</b>	<b>(\$2,586)</b>	<b>(\$1,962)</b>	<b>(\$615)</b>	<b>(\$3,441)</b>	<b>(\$8,604)</b>
Non-GAAP adjusted EBITDA	\$3,736	\$3,036	\$1,492	\$1,467	\$2,557	(\$759)	(\$95)	\$1,291	\$520	\$957
Net cash provided (used) by operating activities	\$2,896	\$2,229	\$2,096	\$1,508	(\$924)	(\$1,203)	\$175	\$(997)	\$1,506	(\$519)



# STRATA Investment Summary

## Unique and Proven Business Model

- Best-in-class Excimer Laser technologies
- Recurring revenue driven by DTC and growing installed base
  - Installed base of 923 XTRAC® domestic devices for Psoriasis, Vitiligo, and Eczema treatments
  - Installed base of 92 TheraClear®X domestic devices for Acne treatments
  - Installed base of ~1700 XTRAC® and VTRAC® devices internationally
- Providing “business in a box” for dermatology practices without an upfront capital spend by practices
- Over 300 peer reviewed published clinical studies

## A Win-Win-Win Business Model

- For patients – safest, most effective, minimal side effects
- For clinics – stable increased revenue base
- For Payers – the cheapest treatment available

## Opportunity for Renewed Growth in U.S. in Recurring Revenue per Device

- Re-emphasis on DTC marketing in U.S. with near-term opportunity of increasing recurring revenue/device by 40%
- More rigorous sales and marketing strategy and process in place
- Both initiatives could collectively grow revenue by double digit percent and help return the company to positive cash flow





# THANK YOU!

**Investor Contact:**

CORE IR  
516-222-2560  
[ir@strataskin.com](mailto:ir@strataskin.com)

STRATA  
SKIN SCIENCES

[www.strataskin.com](http://www.strataskin.com)



# APPENDIX

STRATA  
SKIN SCIENCES



# Acquisitions to Drive Top-line Growth

---



---

January 2022

- \$1M Acquisition
- Adds attractive business segment to address \$5.5B acne market



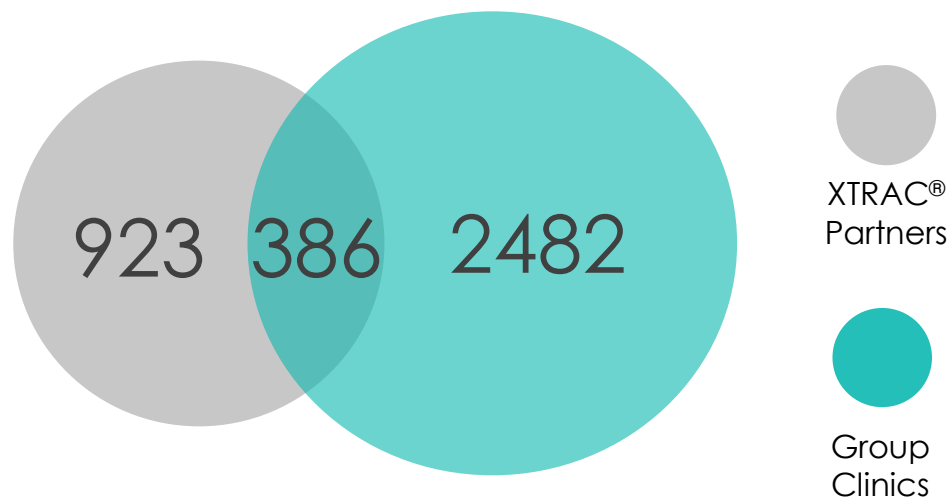
---

August 2021

- \$3.7M Acquisition
- Minimal acquisition cost compared to exclusivity in external laser market



# Domestic Installed Base Growth Drivers



As of 12/31/2023

**Over 250 comeback opportunities of existing excimer laser owners**

**Signed strategic expansion into group clinic rollups**

Within the 48 groups:

- 50 TheraClear®X devices
- Penetration grew from 86 in 2018 to 386 in 2023
- Group partnership accounts represent 37% of XTRAC® domestic recurring revenue

**Increased penetration into facility locations (e.g. Kaiser, VA, and Mt. Sinai)**

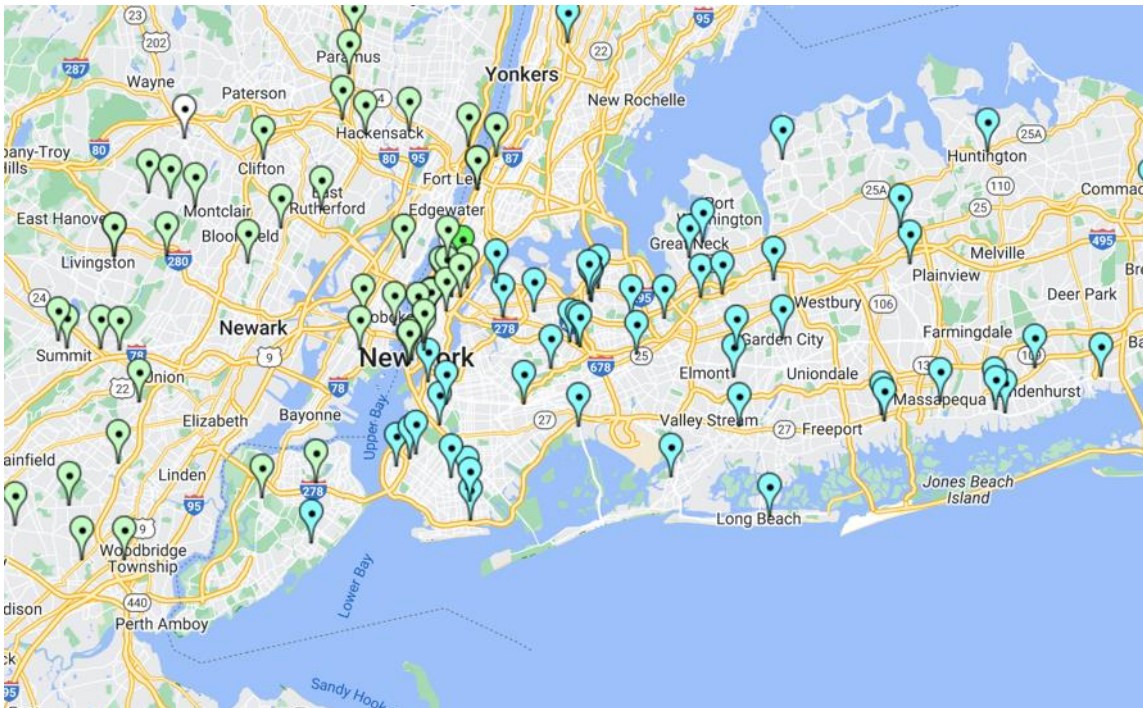
## Representative PE Backed Groups





# Example – NYC Metro Area XTRAC<sup>®</sup> Placements and DTC Leads (1Q24)

## Metro NYC XTRAC<sup>®</sup> installed base



## Metro NYC 1Q24 DTC Patient Leads

