



STRATA

SKIN SCIENCES

Driving Value to Dermatology Partners

Matching Patients with Clinics

Investor Presentation

September 2021

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Large Market Opportunity

- 31 Million lives in the U.S.: \$6 Billion annual revenue¹
- XTRAC is the market leader in excimer laser therapy
- Reimbursement: 3 unique CPT codes
- Q3 Acquisition of the U.S. Pharos dermatology business of Ra Medical – Positions Company as predominant provider of excimer laser treatments

Unique and Proven Business Model

- Providing “business in a box” for dermatology practices
- Growing Install base: low hanging fruit
- Driving domestic + OUS recurring revenue model

A Win-Win-Win Company

- For patients: safest, most effective treatment, no side effects
- For clinics: stable increased revenue base
- For payers: the least expensive treatment available

Acquired the U.S. Pharos Dermatology Business of Ra Medical Systems

- Provides STRATA with the opportunity to market its full business solution to Ra Medical's existing customer base of 400 dermatology practices
- Delivers added long-term recurring revenue growth potential and prospective customer base
- Positions STRATA as the predominant provider of excimer laser treatments in the U.S.

Large Unmet Need in Common and Chronic Dermatologic Conditions



PSORIASIS



VITILIGO



ATOPIC DERMATITIS

PSORIASIS: Autoimmune disease that causes the skin to regenerate faster than normal; characterized by red, itchy scaly patches (65% Mild; 25% Moderate; 10% Severe)

~8 Million patients in the U.S.³


VITILIGO: Autoimmune condition due to a loss of melanocytes, characterized by patches of skin losing its pigment

~5 Million patients in the U.S.⁴

ATOPIC DERMATITIS: Inflammatory condition characterized by red and itchy skin that flares-up periodically

~18 Million patients in the U.S.⁵

Treatment Options Addressing Chronic Dermatologic Conditions⁶

			NB-UVB*	Topical Steroids	Non-biologic Systemics	Biologics
Approximate Costs (\$)	Cost competitive	1K-3K	3K-9K	1K -7K	1K	32K-68K
Clinical Impact	Better clinical outcomes (PASI%75)	92%	71%	75%	48%	50-70%
Speed of Onset (in weeks)	Very fast rate of response	5	10	3	14	12
Days of Actual Care	Least days of actual care	18	80	294	52	12-65
Remission	Remission without maintenance	2.5 months	Continued with maintenance	Continued with maintenance	Continued with maintenance	Continued with maintenance
Adverse Events	Least significant side effects	Mild Temp	Mild Temp	Mild-Mod Temp-Lasting	Mild-Severe Temp-Lasting	Mild-Severe Temp-Lasting

*Narrow band UVB Light Therapy

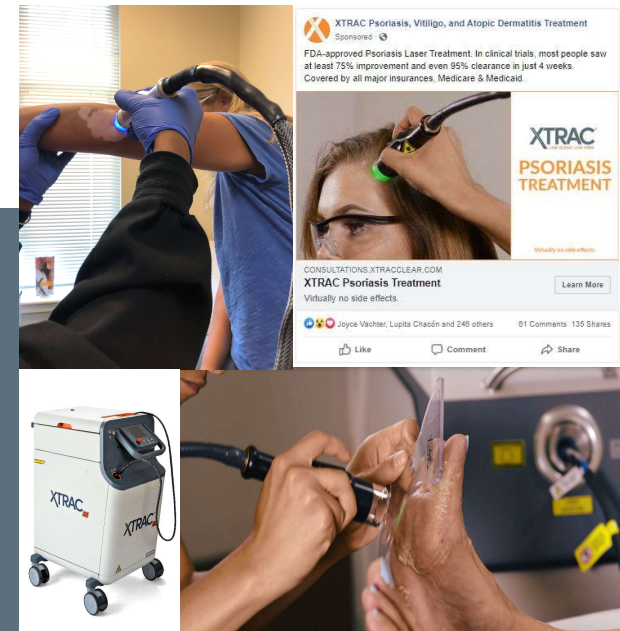
XTRAC: A True Partnership – A Complete Business Solution



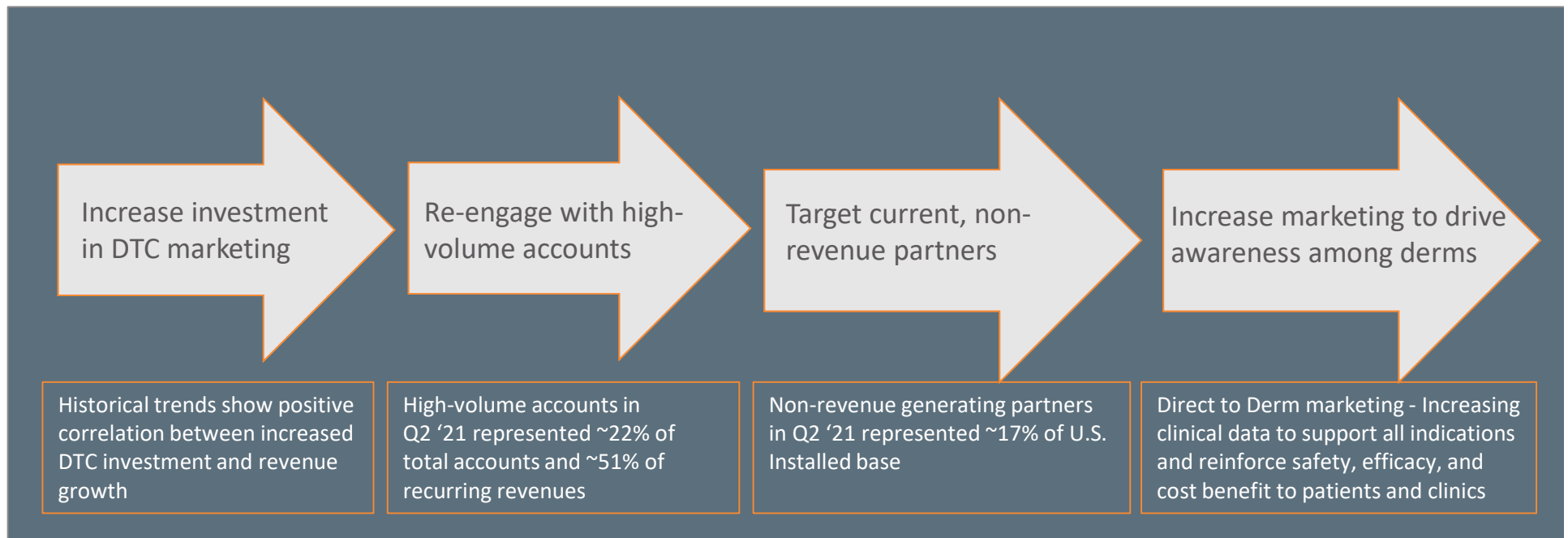
#1 Targeted Laser Therapy Prescribed by Dermatologists

BEST-IN-CLASS EXCIMER TREATMENT

- ✓ FDA approved + established CPT codes
- ✓ **150+** Peer-reviewed clinical studies
- ✓ **2000+** device installed base, WW
- ✓ **20+** million treatments performed WW



Key Priority: Driving Commercial Execution



XTRAC: Psoriasis

XTRAC: The treatment for 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**

Beam of UVB light applied to the affected area

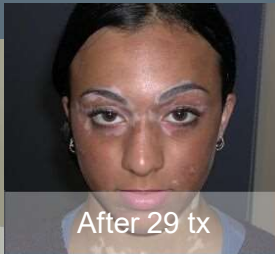
UVB light induces apoptosis of the keratinocytes and T cells in the dermis

Promotes immunosuppression

Induces alterations in cytokine profile

XTRAC: Vitiligo

XTRAC: The solution for Vitiligo



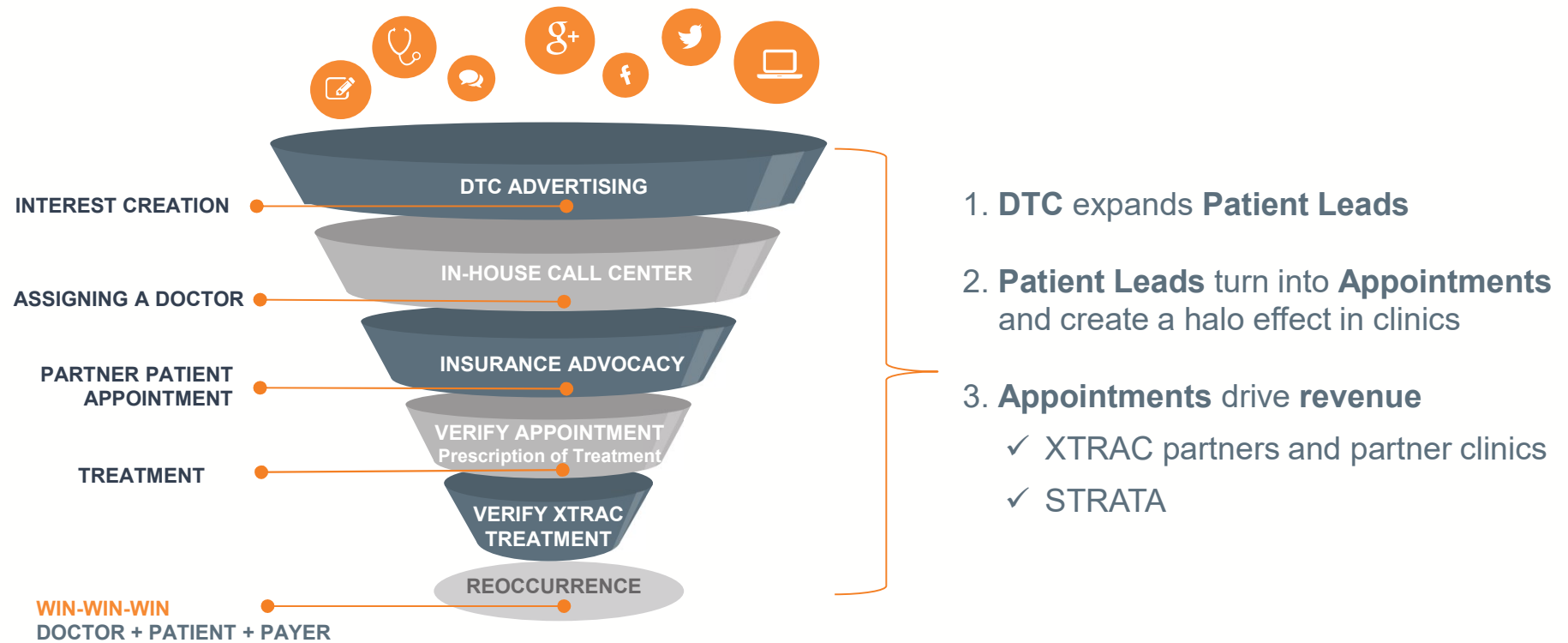
Beam of UVB light
applied to the
affected area

UVB light reduces the
immune system's
attack on the
melanocytes

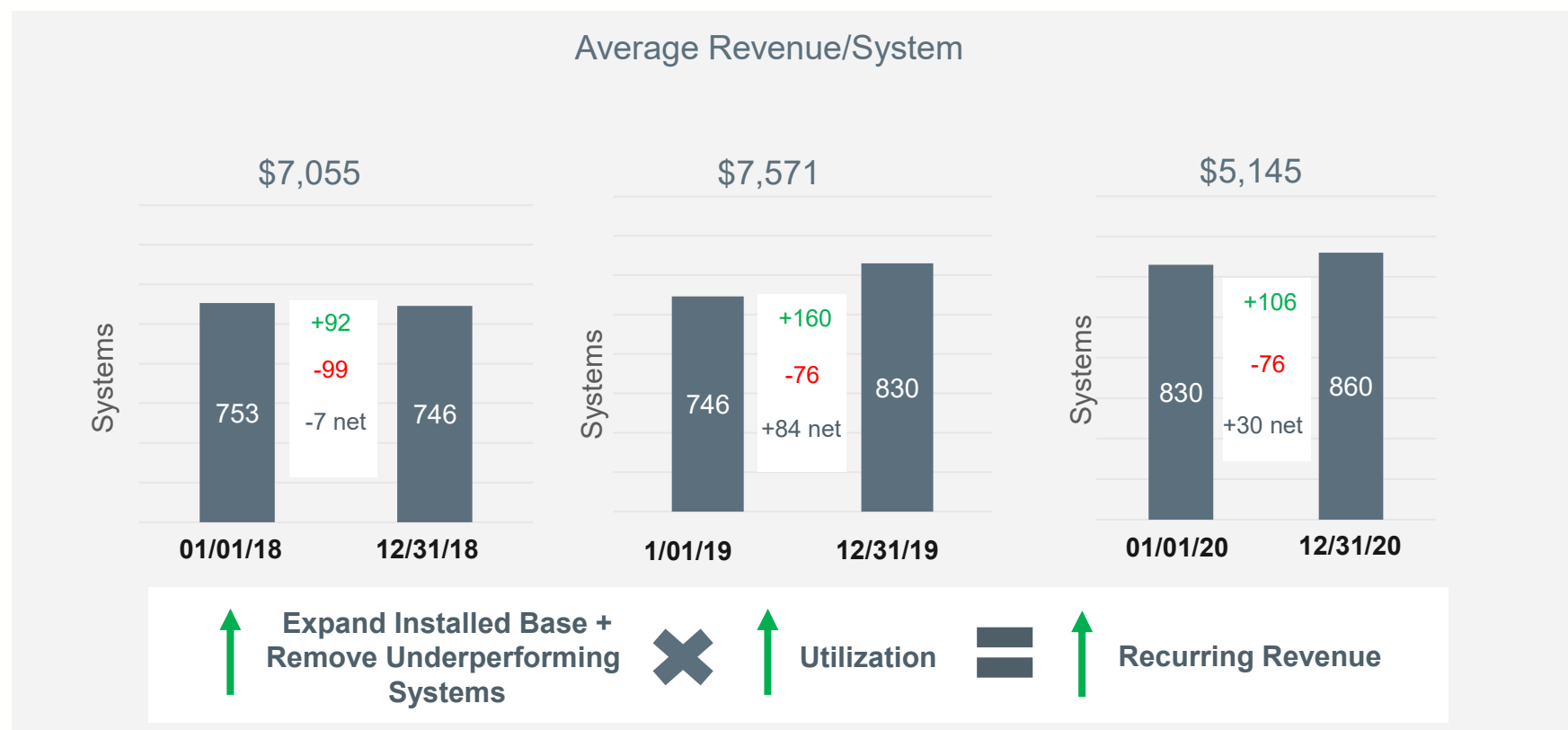
Results in
re-pigmentation

Simple, safe, effective
+ long-lasting

Domestic XTRAC Revenue Funnel

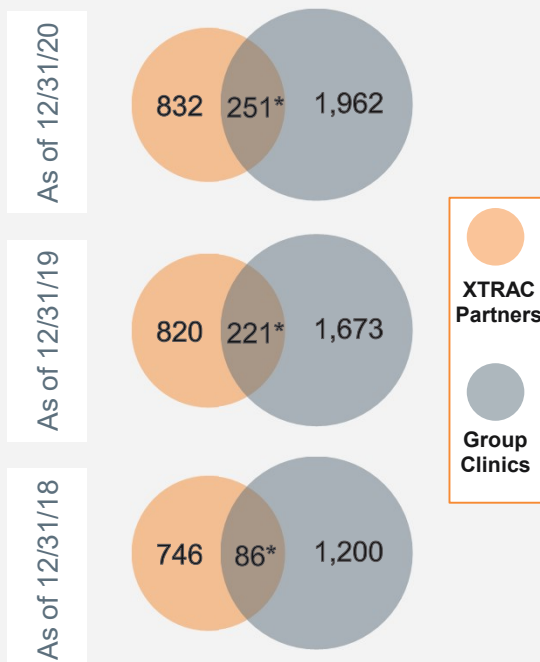


Growing Installed Base Leads to Recurring Revenue Model



Domestic Installed Base Growth Drivers

XTRAC Growth in Groups



Expansion into group clinic roll ups

- 1,962 clinics owned by 49 roll-up groups at 12/30/2020
- 251 (13%) of which are XTRAC partners at 12/30/2020
- Signed strategic expansion agreements with major groups
- Increased from 251 at 12/30/2020 to 299 at 6/30/2021

Comebacks

- 300-400 clinics own Excimer lasers
- Conversion to XTRAC partnership leads to immediate revenue
- 15 Comebacks in 2018 (4 in 2017)
- 19 Comebacks in 2019
- 23 Comebacks in 2020
- 18 Comebacks YTD 2021

Domestic Market: Installed Base – Sales and Service Engine

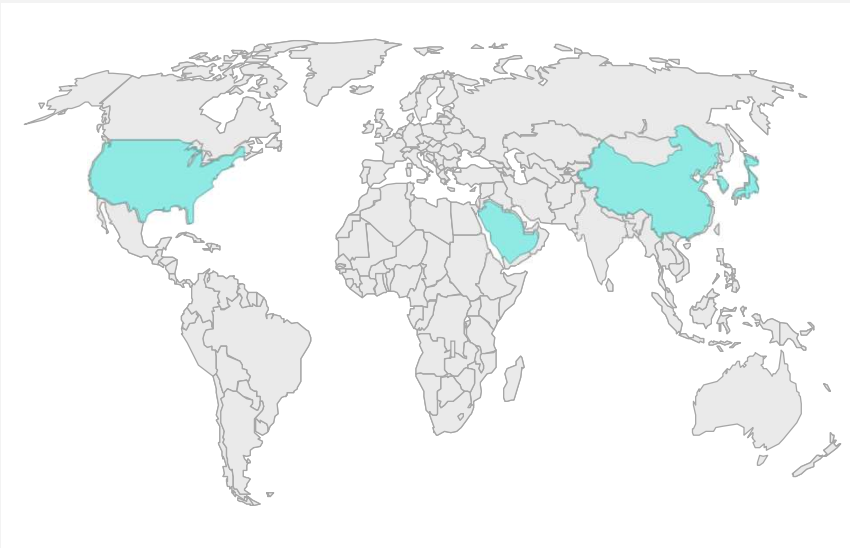


Territories color coded

Overview

- 848 Partner XTRAC Clinics
- 160+ Sold XTRAC
- 4 Regions
- 30 Sales Territories
- 2 National Account Managers
- 15 Field Service Techs
- In-House Call Center to Qualify Leads
- Predominant provider of excimer laser treatments

International Market: Installed Base



Strategic Growth Targets

- Current Markets: China, Japan, Saudi Arabia, S. Korea
- Insurance covered in most markets
- Usage/device higher than domestic market
- 1,300 OUS devices sold and in service
- Placement recurring revenue model agreements:
 - Executed for South Korea (July 2019)
 - Executed for Japan (October 2020)
 - Executed for China (January 2021)
- 41 International partner XTRAC clinics (up from 10 in 2019)

Partner Academic Institutions



Sample Studies from 150+ Clinical Studies

Multicenter Psoriasis Study⁷

124 patients were enrolled and 80 completed the protocol. 72% achieved at least **75% clearing in an average of 6.2 treatments**. 84% of patients reached improvement of 75% or better after 10 or fewer treatments. 50% of patients reached improvement of 90% or better after 10 or fewer treatments. Common side effects included erythema, blisters, hyperpigmentation, and erosions, but were well tolerated.

Vitiligo Study⁸

Out of 221 vitiligo patches treated, 50.6% showed 75% pigmentation or more, 25.5% achieved 100% pigmentation of their patches, and 64.3% showed 50% pigmentation or more. Lesions on the face responded better than lesions elsewhere. **Conclusion:** The 308-nm xenon chloride excimer laser is an effective and safe modality for the treatment of vitiligo, with good results achieved in a relatively short duration of time.

Scalp Study⁹

All patients improved. 17/35 (49%) of **patients cleared >95%** (mean: 21 treatments; range: 6-52) and 16/35 (45%) cleared 50-95%. **Conclusion** - The excimer laser is a successful approach to treatment of psoriasis of the scalp, being a simple treatment that can be performed in a short period of time and which has a high rate of effectiveness.

Pediatric Study¹⁰

4 children with a mean age of 11.0 years and 12 adults with a mean age of 48.8 years completed the protocol. Both the children and the adult groups yielded a significant decrease in psoriatic severity scores of their respective target lesions. The **children's group had a greater reduction (91.3% reduction)** as compared to the adult treatment group (61.6% reduction).

Financial Metrics

	2018	Q1 '19	Q2 '19	Q3 '19	Q4 '19	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	2020	Q1 '21	Q2'21
Dermatology recurring revenue	\$21,053	\$5,312	\$5,839	\$5,991	\$6,571	\$23,713	\$5,701	\$2,796	\$3,835	\$5,077	\$17,409	\$4,679	\$5,453
Dermatology equipment revenue	\$8,802	\$2,171	\$1,886	\$1,489	\$2,327	\$7,873	\$1,029	\$1,234	\$1,778	\$1,640	\$5,681	\$1,148	\$1,927
Total revenue	\$29,855	\$7,483	\$7,725	\$7,480	\$8,898	\$31,586	\$6,730	\$4,030	\$5,613	\$6,717	\$23,090	\$5,827	\$7,382
Domestic partner installed base	746	754	764	784	820	820	822	789	813	832	832	837	848
International installed base	-	-	-	2	10	12	16	17	24	28	28	34	41
Average recurring revenue/device*	\$7,055	\$7,045	\$7,643	\$7,622	\$7,916	\$7,571	\$6,803	\$3,469	\$4,582	\$5,930	\$5,145	\$5,372	\$6,133
Dermatology recurring revenue margin	65.0%	66.2%	70.3%	67.2%	76.5%	70.3%	68.4%	51.2%	64.3%	74.4%	66.5%	67.9%	70.0%
Total Company margin	57.3%	61.6%	63.6%	61.8%	73.8%	64.2%	65.4%	48.7%	57.5%	67.6%	61.2%	63.7%	64.5%

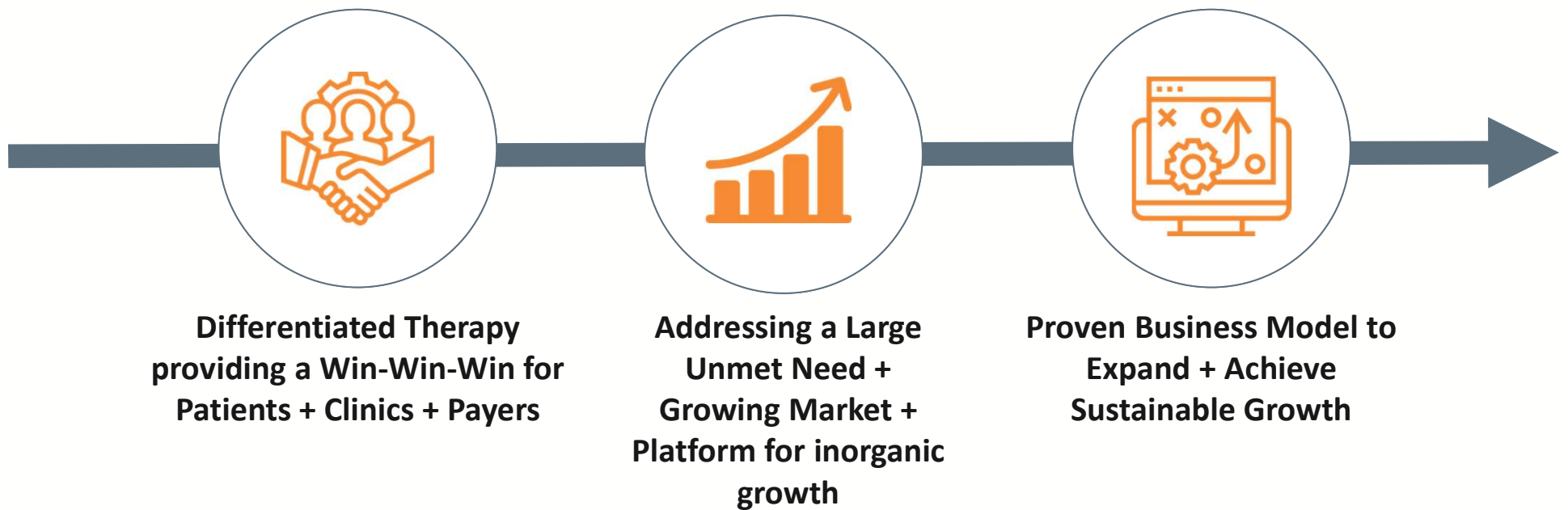
* Total recurring revenue over total installed base

** Company estimates not provided

Unaudited quarterly results

* See press release dated August 16, 2021 for definitions of non-GAAP measures

STRATA Key Investment Takeaways





Thank You



Appendix

Footnotes

1. **Company estimates**
2. **Historical phototherapy utilization.** Trend in phototherapy utilization among *Medicare* beneficiaries by billing code across all providers, 2000 to 2015. *HCPCS, Healthcare Common Procedure Coding System; PUVA, psoralen plus ultraviolet A; UVB, ultraviolet B*
3. **National Eczema Association**
4. **The Vitiligo Foundation**
5. **National Psoriasis Foundation**
6. **"Therapies for Psoriasis: Clinical and Economic Comparisons"** in the November 2020 issue of the *Journal of Drugs in Dermatology*
7. **Multicenter Psoriasis Study** - Feldman SR, Mellen BG, Housman TS, Fitzpatrick RE, Geronemus RG, Friedman PM, Vasily DB, Morison WL. *Efficacy of the 308-nm excimer laser for treatment of psoriasis: Results of a multicenter study. J Am Acad of Dermatol; vol. 46, no. 6, June 2002, pp. 900-906*
8. **Vitiligo Study** - Suhail Hadi, Patricia Tinio, Khalid Al-Ghaithi, Haitham Al-Qari, Mohammad Al-Helalat, Mark Lebwohl, and James Spencer. *Photomedicine and Laser Surgery. Treatment of Vitiligo Using the 308-nm Excimer Laser. Jun 2006.ahead of print*<http://doi.org/10.1089/pho.2006.24.354>
9. **Scalp Study** - Morison WL, Atkinson DF and Werthman L. *Effective treatment of scalp psoriasis using the excimer (308nm) laser. Photodermatol Photoimmunol Photomed 2006; 22: 181-183*
10. **Pediatric Study** - Pahlajani N, Katz BJ, Lonzano AM, Murphy F and Gottlieb A. *Comparison of the Efficacy and Safety of the 308nm Excimer laser for the Treatment of Localized Psoriasis in Adults and in Children: A Pilot Study. Pediatric Dermatology Vol. 22 No. 2, March/April 2005, pp. 161-165*