

STRATA

SKIN SCIENCES

NASDAQ: SSKN

Driving Value to Dermatology Partners

Matching Patients with Clinics

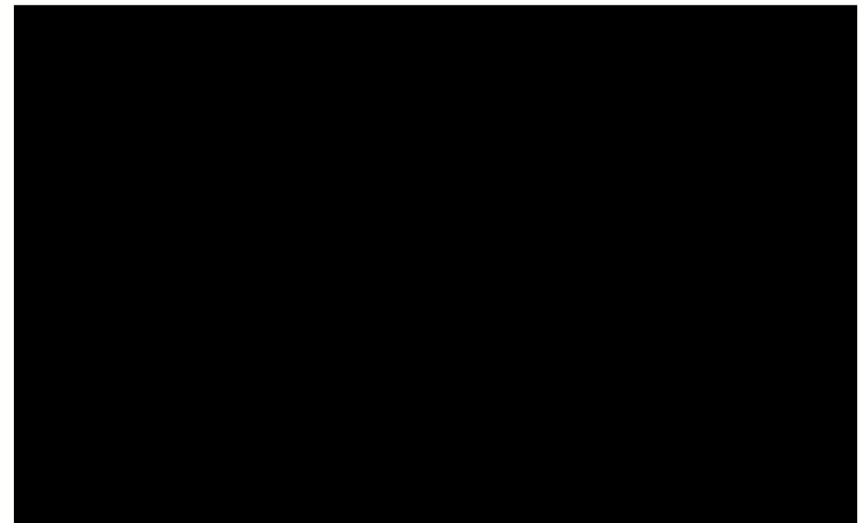
Investor Presentation

November 2020



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 are deemed to be forward-looking statements, including any statements of the plans, strategies and objectives of management for future operations, any statements regarding revenue growth, ability to develop social media marketing campaigns, product development, product extensions, product integration or product marketing; any statements regarding continued compliance with government regulations, changing legislation, insurance or regulatory environments; any statements of expectation or belief and any statements of assumptions underlying any of the foregoing; any 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 and any impact from the length and severity of the COVID-19 pandemic. 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 and undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.



STRATA Investment Highlights

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

Excimer Laser Technology for Dermatology Indications

- Psoriasis, Vitiligo, Atopic Dermatitis and Leukoderma

Large Market Opportunity

- 35 Million lives – \$6 Billion annual revenue
- Treatment modality use growing > 25% per year
- Reimbursement - 3 unique CPT codes
- 25% target clinic penetration

Unique and Proven Business Model

- Best in class XTRAC® and VTRAC® Excimer Laser technologies
- Domestic recurring revenue driven by DTC*
- OUS recurring revenue
- Providing “business in a box” for dermatology practices
- Growing Install base – low hanging fruit



How XTRAC Works - Psoriasis

Clinical Protocol – 6.2 treatments to PASI 75

65% of patients have psoriasis in hard-to-treat areas* - scalp, hands, feet, face and genitals



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

150+ peer reviewed
published clinical
studies

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**

STRATA
SKIN SCIENCES

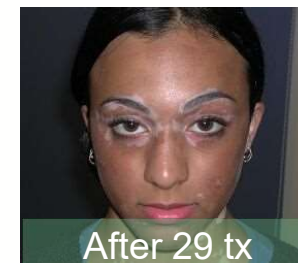
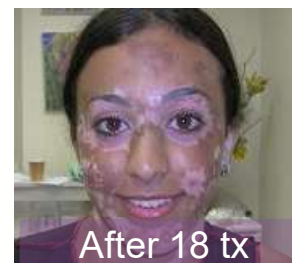
*Egeberg, A., See, K., Garrelts, A. *et al.* Epidemiology of psoriasis in hard-to-treat body locations: data from the Danish skin cohort. *BMC Dermatol* **20**, 3 (2020).
<https://doi.org/10.1186/s12895-020-00099-7>

How XTRAC Works - Vitiligo



- Long-term skin condition characterized by patches of skin losing its pigment
- Disease is believed to be due to genetic susceptibility where the autoimmune disease is then triggered
- Potentially the immune system is attacking and destroying melanocytes of the skin
- Life-altering disease that leads to low self esteem
- UVB light reduces the immune system's attack on the melanocytes and enhances the migration and proliferation of melanocytes resulting in re-pigmentation

STRATA HAS EXCLUSIVE LICENSE FOR TREATMENT OF VITILIGO USING EXCIMER LASER



XTRAC a True Partnership: A Complete Business Solution



Domestic XTRAC Revenue Funnel

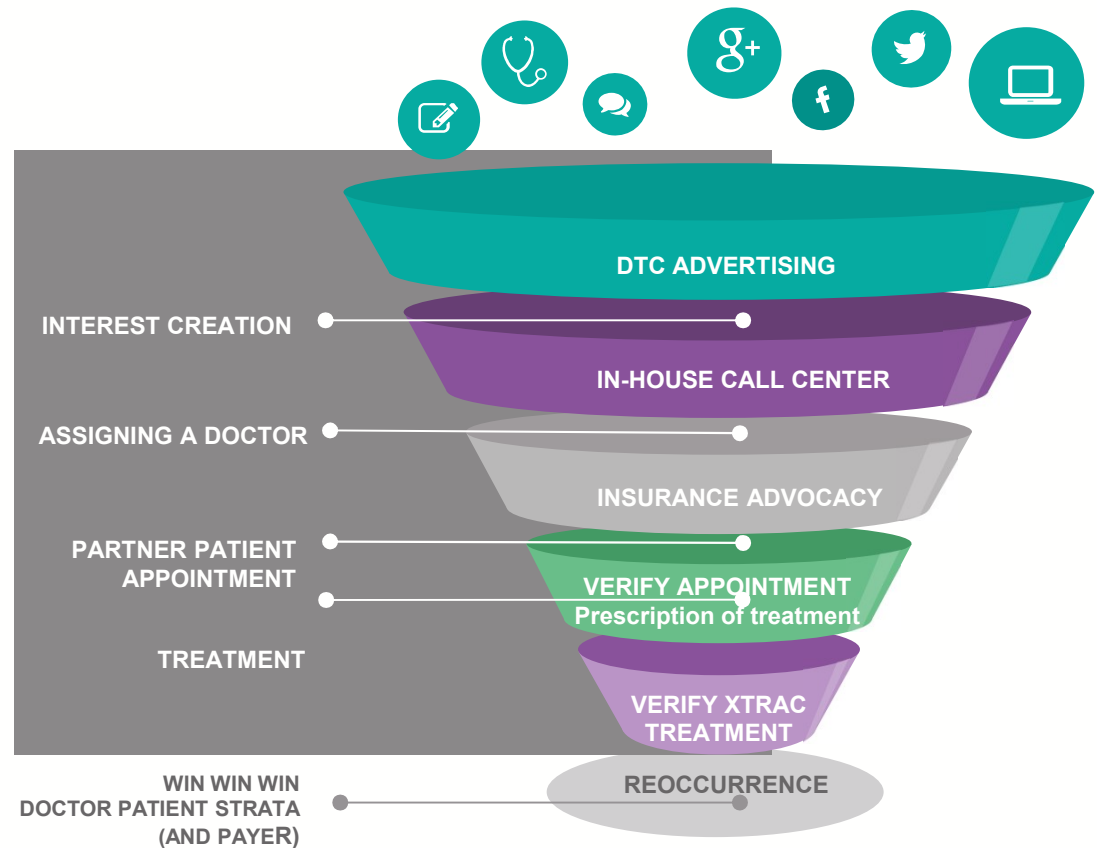


Patient leads turn into appointments

Appointments drive

- XTRAC partner revenue
- Other revenue for the partner clinic
- Revenue for STRATA

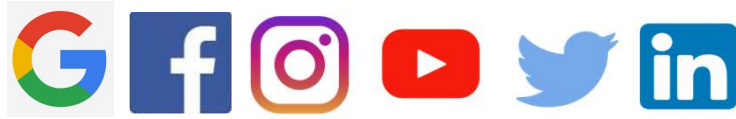
STRATA
SKIN SCIENCES



XTRAC Helps Patients Live Clear, Live Free...

There are over 7 million psoriasis stories.

50,000 People See XTRAC Ads Daily



XTRAC Psoriasis, Vitiligo, and Atopic Dermatitis Treatment
Sponsored

FDA-approved Psoriasis Laser Treatment. In clinical trials, most people saw at least 75% improvement and even 95% clearance in just 4 weeks. Covered by all major insurances, Medicare & Medicaid.



CONSULTATIONS.XTRACCLEAR.COM
XTRAC Psoriasis Treatment
Virtually no side effects.

Learn More


556 133 Comments 514 Shares 1.1M Views

Like Comment Share

STRATA
SKIN SCIENCES

XTRAC Psoriasis, Vitiligo, and Atopic Dermatitis Treatment
Sponsored

FDA-approved Psoriasis Laser Treatment. In clinical trials, most people saw at least 75% improvement and even 95% clearance in just 4 weeks. Covered by all major insurances, Medicare & Medicaid.



XTRAC
PSORIASIS
TREATMENT

Virtually no side effects.

CONSULTATIONS.XTRACCLEAR.COM
XTRAC Psoriasis Treatment
Virtually no side effects.

Learn More

Joyce Vachter, Lupita Chacón and 246 others 81 Comments 135 Shares

Like Comment Share

XTRAC Laser Treatment | Treat Psoriasis Effectively | Find a Doctor Near You
consultations.xtracclear.com

Results in As Little As 4 Weeks. Covered by Insurance. Treats Any Body Area. Up to 1 Year of Clearance. Available by Prescription. See Before & After Photos. Pain Free. Medicaid & Medicare Okay. Virtually No Side Effects. FDA...

Find a Doctor
Contact Us

Stop Suffering from Vitiligo | XTRAC Vitiligo Treatment | Find a Doctor Near You
consultations.xtracclear.com

Vitiligo Laser Treatment. Treats Any Body Area. Excellent Results in 3-4 months. Generally Covered by Major Insurances. Quick Treatment. Check Before & After Pictures. Pain Free. Medicaid & Medicare Okay. Virtually...

Contact Us
Find a Doctor

Terapia con Láser XTRAC | Trate Psoriasis Efectivamente
consultations.xtracclear.com

Resultados en 4 Semanas. Cubierto por un Seguro. Cualquier Área del Cuerpo. Medicaid & Medicare Okay

10:09

XTRAC Psoriasis, Vitiligo, and Atopic Dermatitis Treatment
Sponsored

The XTRAC vitiligo laser treatment is FDA cleared. It can minimize and in many cases eliminate vitiligo depigmented pat... See More



10:08

XTRAC Psoriasis, Vitiligo, and Atopic Dermatitis Treatment
Sponsored

CONSULTATIONS.XTRACCLEAR.COM
XTRAC Vitiligo Treatment
Virtually no side effects.

Like Comment Share

You and 67 others

25 shares

Most Relevant

Trixie Ann Haynes
I am so very grateful for this process!!! My daughter has gotten remarkable results and we are both happy. I felt relief that it lessened the chances of her being bullied. And my strong and defiant little lady kept her favorite Vitiligo spots so she could still be unique. Thank you!

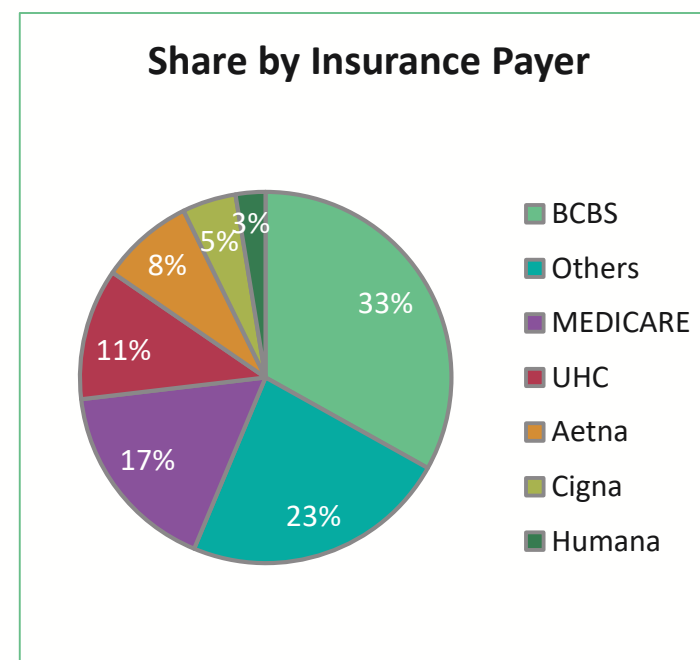
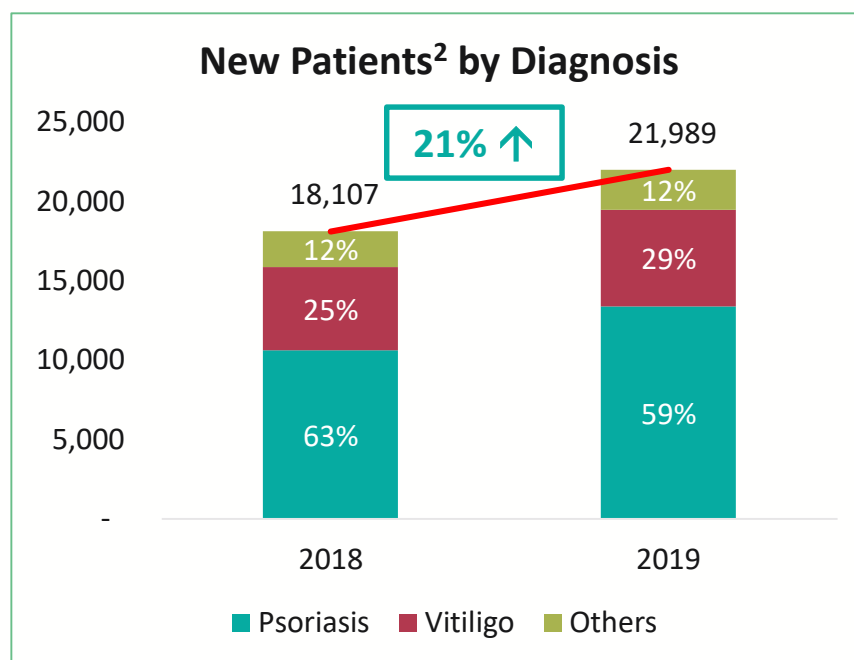
1d Like Reply

You can comment as a top fan Get Badge

Write a comment...

Home Notifications Activity Profile Settings Menu

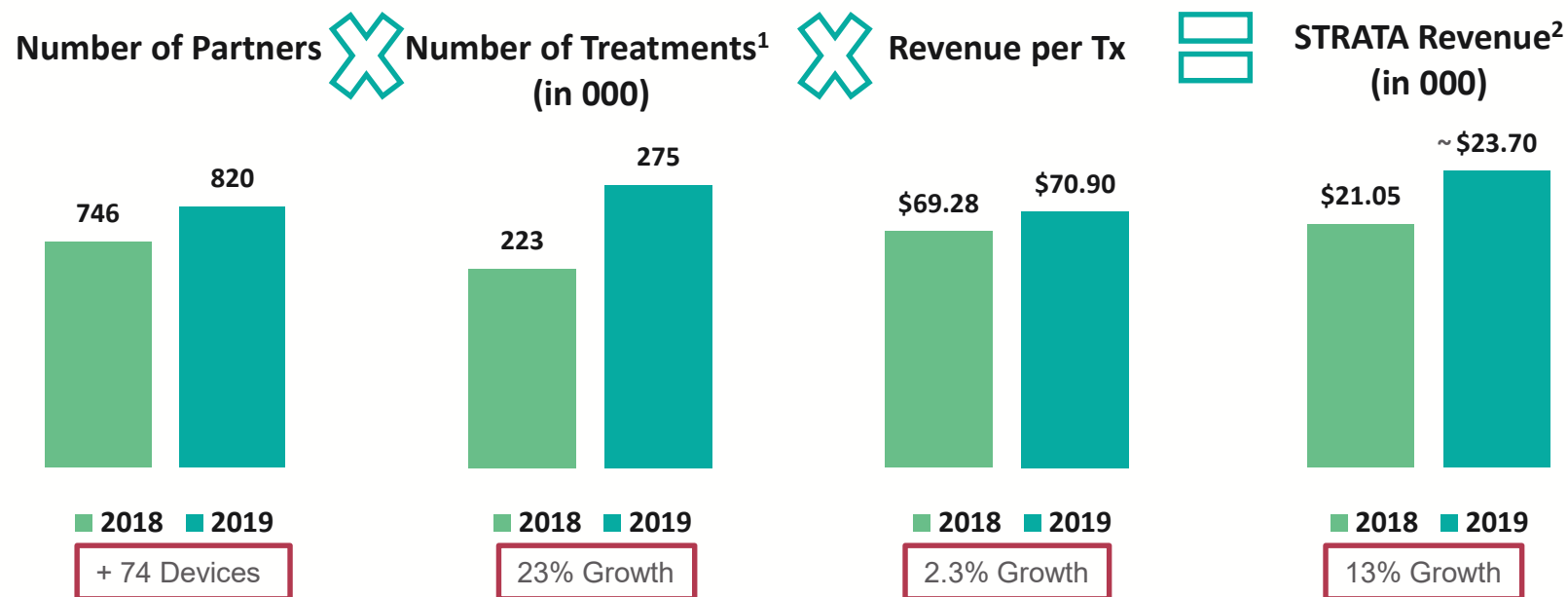
21% New Patient Growth in 2019; 86% Covered by Insurance¹



¹96% of Psoriasis and 76% of Vitiligo patients had XTRAC as a covered insurance benefit

²New Patients captured in STRATA reimbursement system

STRATA's Domestic Recurring Revenue Model



As of December 31, 2018 and 2019

¹Reflects only partners that purchase treatment codes on an as needed basis. Other partners purchase codes on a fixed monthly billing

²Revenue is domestic recurring revenue, net of discounts and co-pay support

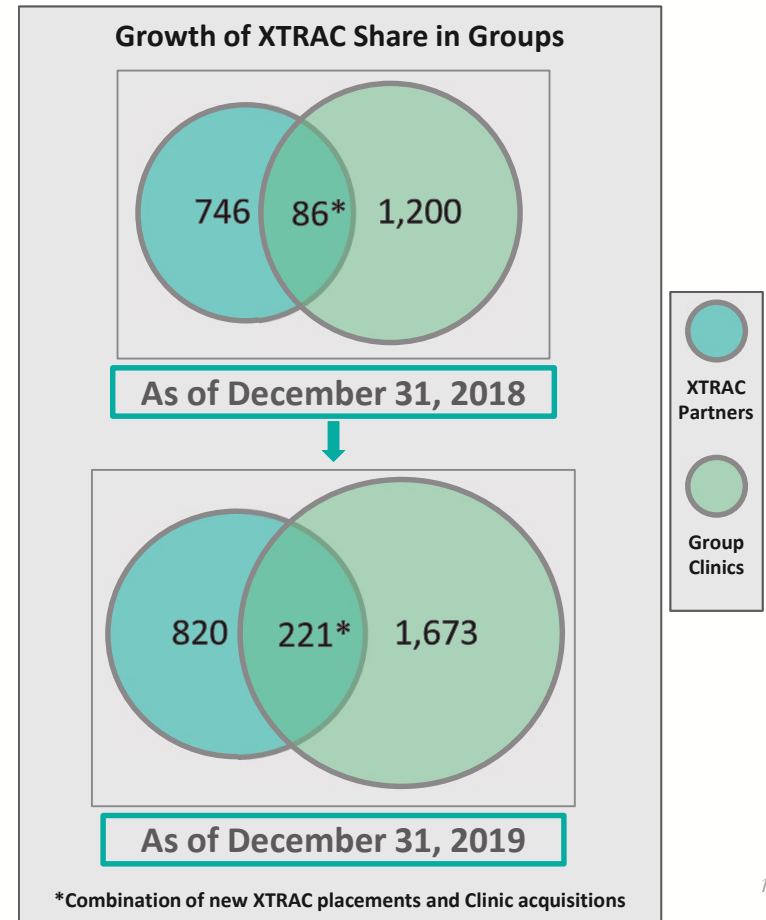
Domestic Install Base Growth Drivers

Expansion into group clinic roll ups

- 1,673 clinics owned by 49 roll-up groups
- 221 (13%) of which are XTRAC partners
- STRATA signed strategic expansion agreements with major groups

Comebacks

- 300-400 clinics own Excimer lasers
- Conversion to an XTRAC partner clinic leads to immediate revenue
- 15 Comebacks in 2018 (4 in 2017)
- 19 Comebacks in 2019
- 11 Comebacks YTD 2020



Domestic Market: Installed Base – sales and service engine



Territories color coded

Overview

- 813 Partner XTRAC Clinics
- 160+ Sold XTRAC
- 5 Regions
- 26 Sales Territories
- 15 Field Service Techs
- In-House Call Center to Qualify Leads
- Only One Competitor in U.S.

Partner Academic Institutions



International Market: Installed Base



STRATA
SKIN SCIENCES

Strategic Growth Targets

- Major Markets – China, Japan, Saudi Arabia, South Korea
- Insurance covered in most markets
- Usage/device higher than domestic market – untapped potential in U.S.
- 1,300 OUS devices sold and in service
- Placement recurring revenue model agreement executed for South Korea July 2019 – 24 devices placed
- Placement recurring revenue model agreement executed for Japan October 2020

Customer Engagement Under COVID-19

- **Patient Outreach Program**
 - Q2 no DTC spend – Restarted August – expanding throughout Q3 and Q4
 - Leverage in-house call center
 - Reached out to hundreds of clinics and thousands of patients
 - Insurance requests 51% until mid-May/20, and 72% through end of June/20 now 90% in Oct/20 as compared to same period 2019
- **Seminars/Webinars – hundreds of clinicians educated on XTRAC**
- **Gross Domestic Recurring Billings***
 - Q3 total gross domestic gross billings - \$4.7M, 70% of Q3 2019
 - July - \$1.4M
 - August - \$1.6M
 - September - \$1.7M
 - **October 2020 – \$1.6M - 97% of 2019**

*"Thanks to STRATA and the XTRAC Patient Outreach Campaign, I was able to enroll several of my patients who discontinued treatment due to COVID-19. **Their support services were vital to my success** during these challenging times as I reopened my practice."*

Adaobi Obasi, MD, PhD, Board-Certified Dermatologist

STRATA
SKIN SCIENCES

* See press release dated November 10, 2020 for definitions of non-GAAP measures



XTRAC Patients Can Resume Their Psoriasis and Vitiligo Treatments NOW!



XTRAC Patients Can Resume Their Psoriasis and Vitiligo Treatments NOW!

Q3 2020 highlights

- Gross domestic billings \$4.7M, a 155% increase from Q2 2020
- Recurring gross margins 64.3% of revenue up 13.1% from Q2 2020
- Global recurring installed base 837 XTRAC devices
 - Domestic recurring installed base 813 – up 24 from Q2 2020
 - International recurring installed base 24 – up 7 from Q2 2020
- Cash management – lower cost structure
 - Managing costs, inventory and vendors
 - Q3 cash flow from operations + \$1.8M
- Cigna now insuring vitiligo treatments – 20 million patients in the U.S.
- Peer reviewed economic study published in *Journal of Drugs and Dermatology* – XTRAC most effective, safest and most economical treatment for psoriasis



Financial Metrics

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020
Dermatology recurring revenue	\$4,770	\$5,022	\$5,393	\$5,868	\$21,053	\$5,312	\$5,839	\$5,991	\$6,571	\$23,713	\$5,701	\$2,796	\$3,835
Dermatology equipment revenue	\$1,968	\$2,366	\$2,336	\$2,132	\$8,802	\$2,171	\$1,886	\$1,489	\$2,327	\$7,873	\$1,029	\$1,234	\$1,778
Total revenue	\$6,738	\$7,388	\$7,729	\$7,999	\$29,855	\$7,483	\$7,725	\$7,480	\$8,898	\$31,586	\$6,730	\$4,030	\$5,613
Domestic partner installed base	746	746	746	746	746	754	764	784	820	820	822	789	813
International installed base	-	-	-	-	-	-	-	2	10	12	16	17	24
Average recurring revenue/device*	\$6,394	\$6,732	\$7,229	\$7,865	\$7,055	\$7,045	\$7,643	\$7,622	\$7,916	\$7,571	\$6,803	\$3,469	\$4,582
Dermatology recurring revenue margin	58.30%	61.80%	66.70%	71.50%	65.00%	66.20%	70.30%	67.20%	76.50%	70.30%	68.40%	51.20%	64.30%
Total Company margin	50.40%	52.00%	59.90%	65.70%	57.30%	61.60%	63.60%	61.80%	73.80%	64.20%	65.40%	48.70%	57.50%
(in thousands except for average recurring revenue/device and installed base)													

Cap Table - Shares and Share Equivalents

(As of November 10, 2020)

Common stock outstanding*	33.8M
---------------------------	-------

* Does not include 150K warrants that have a weighted average exercise price of \$5.60 as of September 30, 2020 of which 130K expire by December 2020

* Does not include 4.9M options that have a weighted average exercise price of \$1.90 as of September 30, 2020

STRATA Investment Highlights

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

Excimer Laser Technology for Dermatology Indications

- Psoriasis, Vitiligo, Atopic Dermatitis and Leukoderma

Large Market Opportunity

- 35 Million lives – \$6 Billion annual revenue
- Treatment modality use growing > 25% per year
- Reimbursement - 3 unique CPT codes
- 25% target clinic penetration

Unique and Proven Business Model

- Best in class XTRAC® and VTRAC® Excimer Laser technologies
- Domestic recurring revenue driven by DTC*
- OUS recurring revenue
- Providing “business in a box” for dermatology practices
- Growing Install base – low hanging fruit



STRATA

SKIN SCIENCES

NASDAQ: SSKN

Driving Value to Dermatology Partners

Matching Patients with Clinics

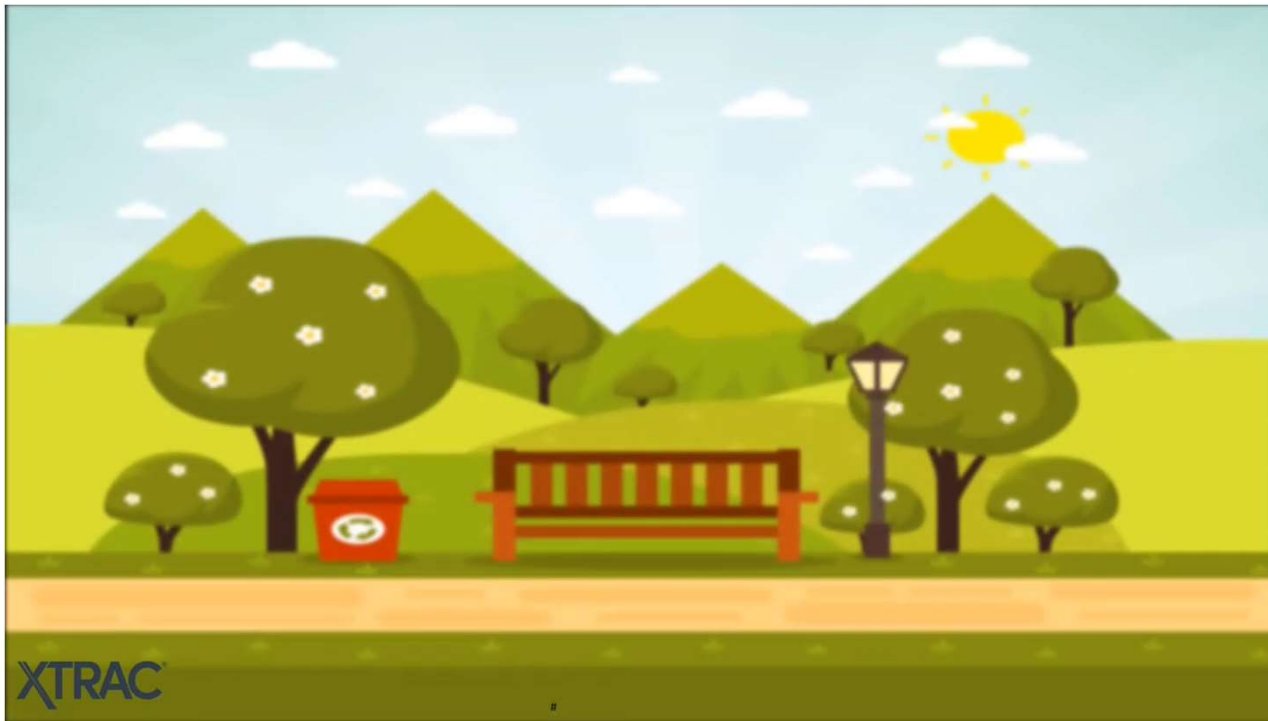
Investor Presentation

November 2020



Appendix

Additional Creative



#1 Prescribed Targeted Therapy for Psoriasis and Vitiligo by Dermatologists

XTRAC® Excimer laser is FDA cleared for Psoriasis, Vitiligo, Atopic Dermatitis and Leukoderma. It uses a highly targeted beam of 308nm UVB to treat affected skin without damaging surrounding healthy tissue. Treatment has minimal side effects, avoids messy topicals and high cost of biologics.

Best in class excimer technology

Latest product launched in 2018, only platform with Vitiligo and OTD protocol

Established CPT Codes

2019 Medicare Average: 96920 -\$167.22, 96921 -\$183.44, 96922 -\$249.03

150+ peer-reviewed clinical-studies

Multiple academic institutes in U.S. use XTRAC

2,000+ device installed base, worldwide

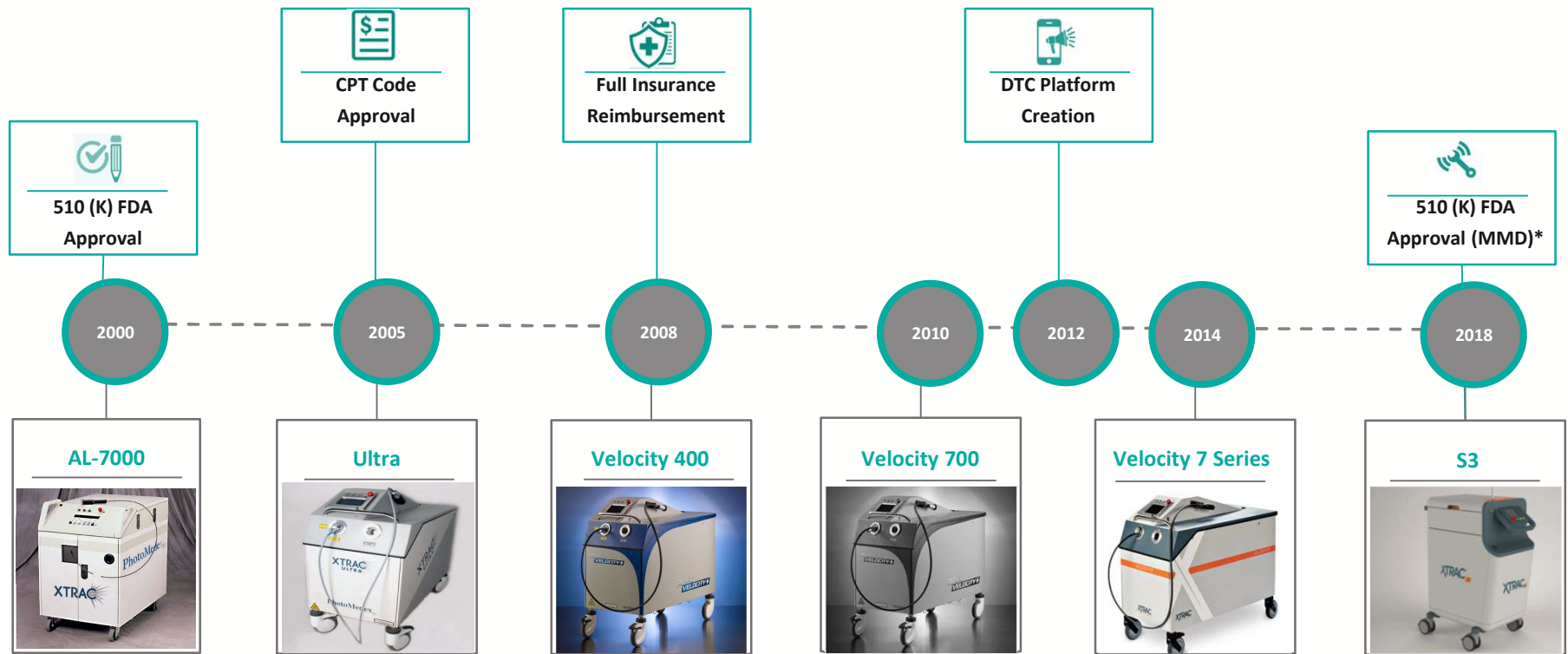
789 offices in the U.S. provide device access to over 3,000+ providers

5+ Million treatments performed

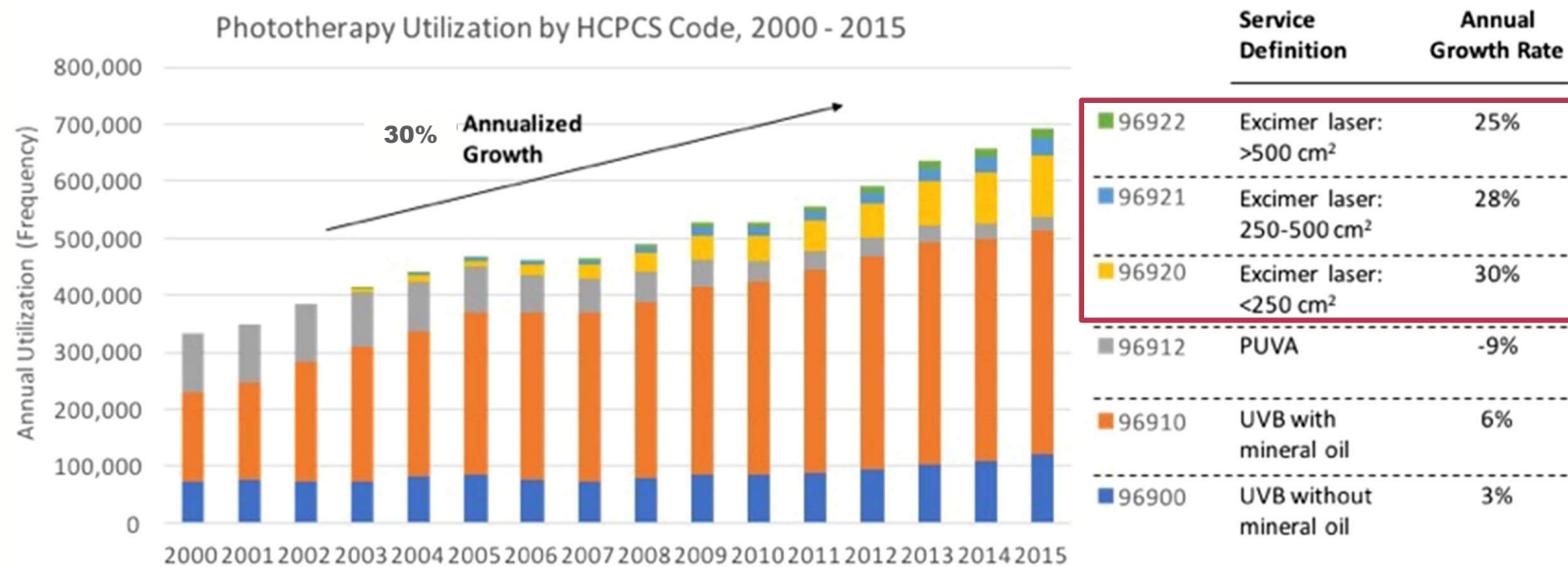
More than 500,000 patients treated



Continuous Technology Investment and Business Growth



30% Annual Growth in Excimer Laser Utilization in the U.S.



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.

Sample Studies from 150+ Clinical Studies

Multicenter Psoriasis Study¹

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 Study²

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 Study³

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 Study⁴

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).

¹**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

²**Vitiligo Study** - Suhail Hadi, Patricia Tinio, Khalid Al-Ghathithi, Haitham Al-Qari, Mohammad Al-Helalat, Mark Lebowitz, 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>

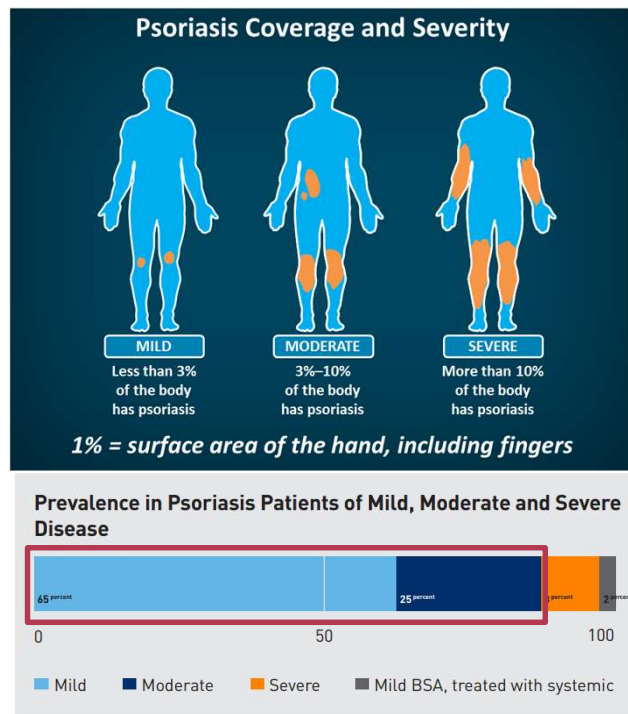
³**Scalp Study** - Morison WL, Atkinson DF and Werthman L. Effective treatment of scalp psoriasis using the excimer (308nm) laser. *Photodermatol Photoimmunol Photomed* 2006; 22: 181-183

⁴**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

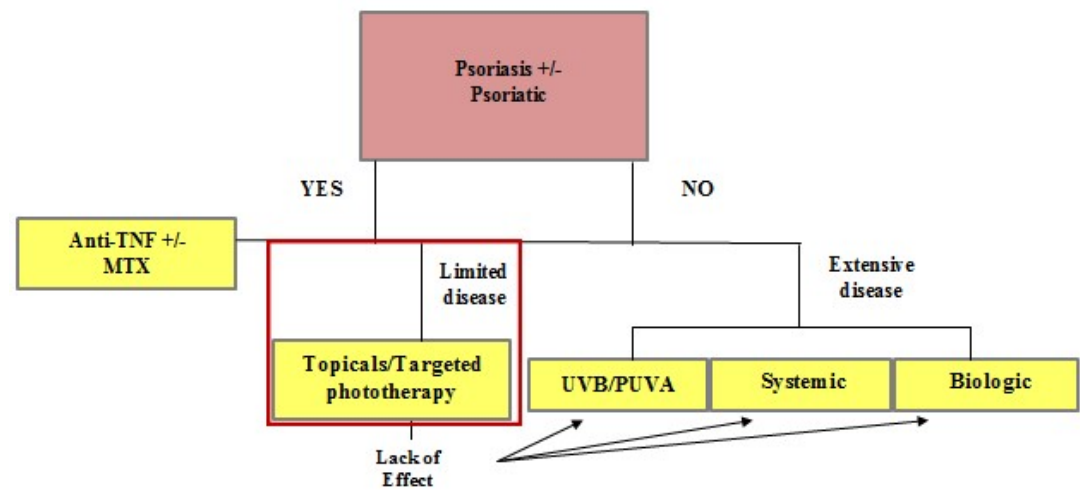
Induration Protocol Study - Taneja A, Trehan M, Taylor C. 308-nm Excimer Laser for the Treatment of Psoriasis – Induration-Based Dosimetry. *Arch Dermatol*, Vol. 139, June 2003, pp. 759-764

High Dose Protocol Study - Michael Abrouk,¹ Ethan Levin,² Merrick Brodsky,¹ Jessica R Gandy,¹ Mio Nakamura,² Tian Hao Zhu,³ Benjamin Farahnik,⁴ John Koo,² and Tina Bhutani, *2 Excimer laser for the treatment of psoriasis: safety, efficacy, and patient acceptability. Published online 2016 Dec 12. doi: 10.2147/PTT.S105047*

XTRAC a Preferred Treatment for 90% of Psoriasis Patients (<10% BSA)

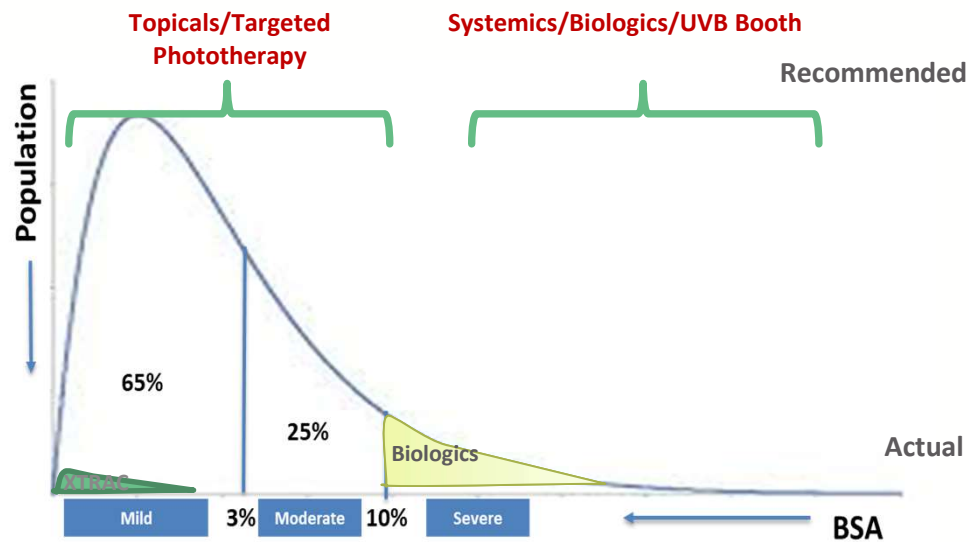


Source: National Psoriasis Foundation



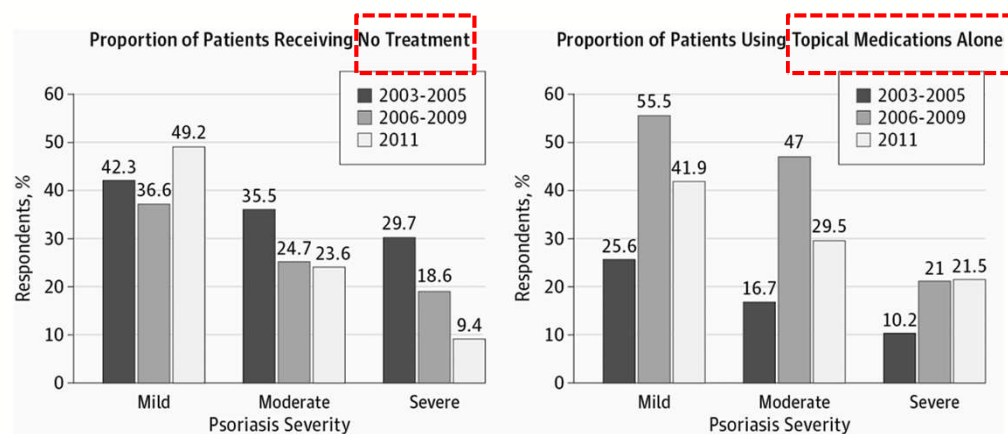
American Academy of Dermatology Psoriasis Clinical Guideline

Opportunity Map for XTRAC



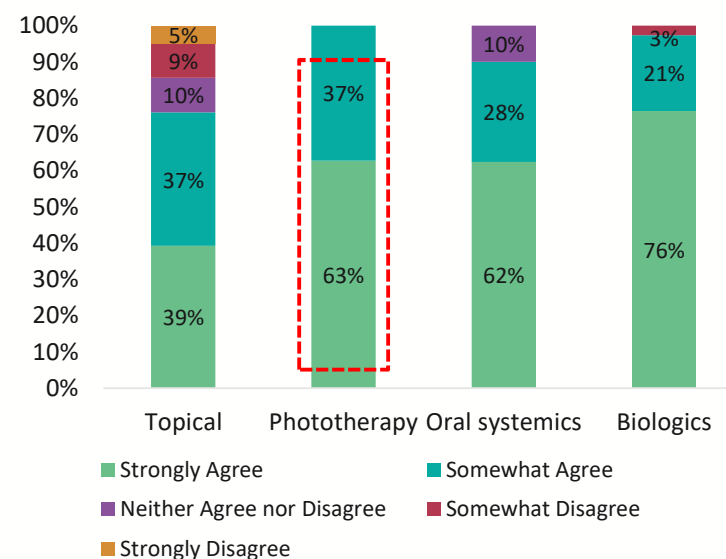
Indications	Prevalence	Source
Atopic Dermatitis	18 Million	National Eczema Association
Vitiligo	2-5 Million	Vitiligo Support
Psoriasis	7.5 Million	NPF

Phototherapy has Highest Patient Perceived Treatment Effectiveness



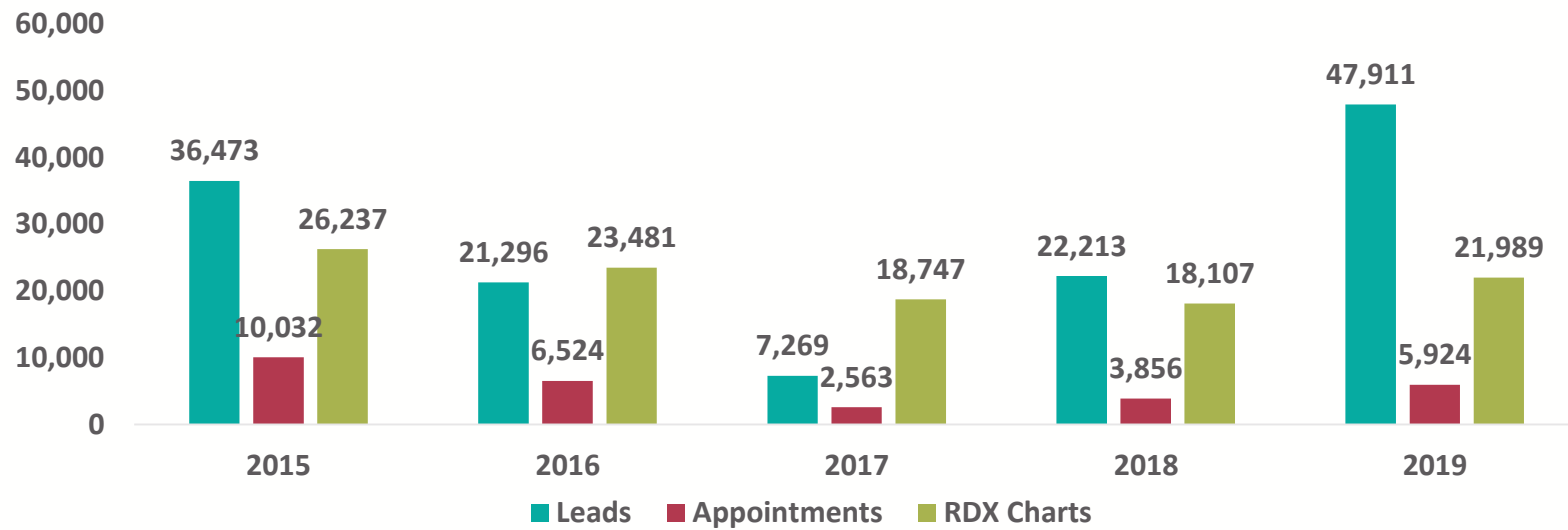
Source: Findings From the National Psoriasis Foundation Surveys, 2003-2011 (n=5604)

Patient-perceived treatment effectiveness



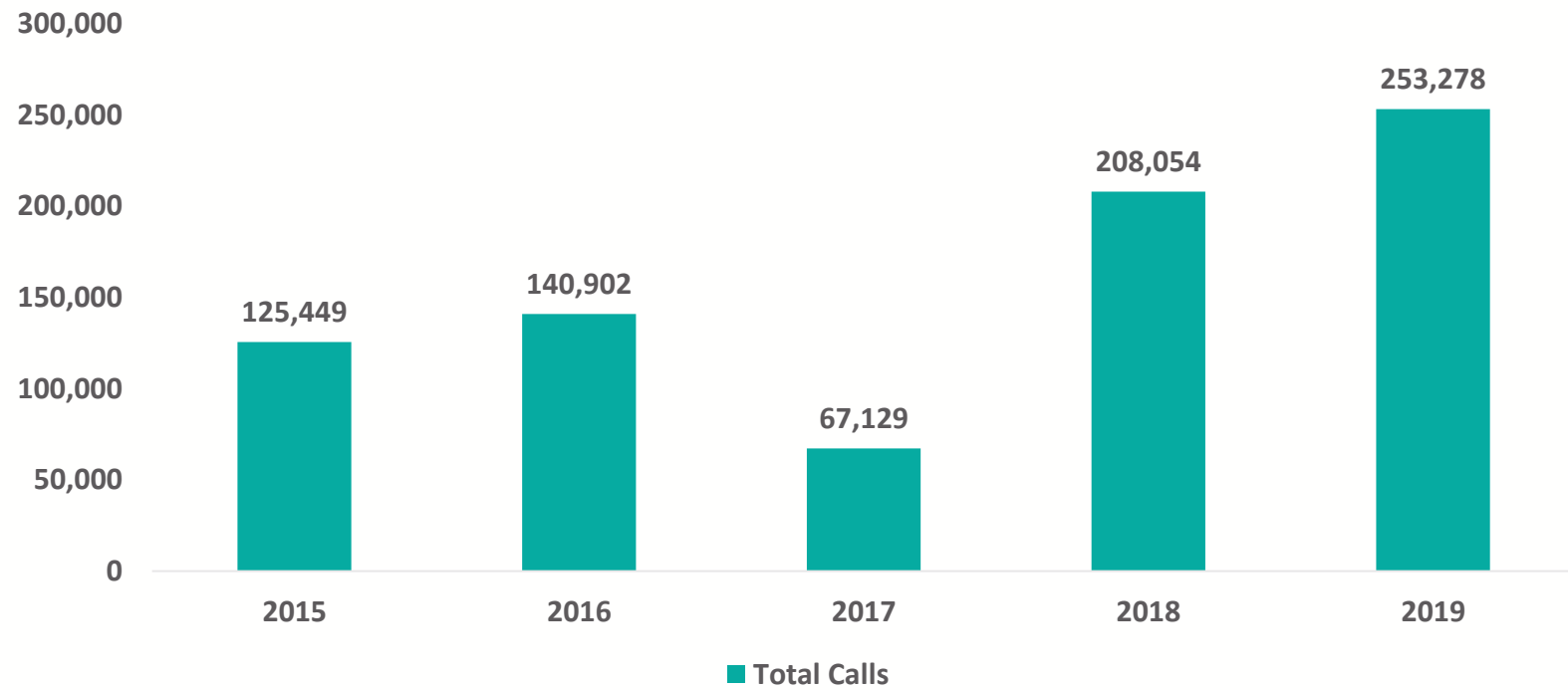
Source: Real-world health outcomes study sponsored by Eli Lilly (n=2200)

Leads, Appointments, RDX Charts



	2015	2016	2017	2018	2019
Leads	36,473	21,296	7,269	22,213	47,911
Appointments	10,032	6,524	2,563	3,856	5,924
RDX Charts	26,237	23,481	18,747	18,107	21,989

Total Calls in Call Center



XTRAC Adds (Delegated) Recurring Revenue Driver for its Partners

CPT CODE	Description	2018 National Average Medicare Payment Rate
96920	Laser treatment for inflammatory skin diseases, (psoriasis); total area less than 250 sq cm	\$168.12
96921	Laser treatment for inflammatory skin diseases, (psoriasis); total area between 250 – 500 sq cm	\$184.32
96922	Laser treatment for inflammatory skin diseases, (psoriasis); total area greater than 500 sq cm	\$250.92

Number of Treatments / Weeks	20	30
# of Weeks / Year	48	48
Total # of Treatments / Year	960	1,440
Average Revenue Per Treatment	\$186	\$186
Physician Gross Revenue (Annual)	\$178,485	\$267,728

Treatment	Patient Type	Reimbursement Details	Annual Revenue per Patient	Can be delegated**
XTRAC	Mild / moderate / severe	CPT Code 96920-96922 (\$168-\$251) average \$186; 16 tx/course (2/yr) and Office Visit -\$70 (2/Yr)	\$6,092	✓
Phototherapy*	Moderate / severe	Office visit - \$70 (2/yr)	\$140	X
Biologics	Moderate / severe	Office visit - \$70 (6/yr)	\$420	X
Systemics	Moderate / severe	Office visit - \$70 (3/yr)	\$210	X
Topicals	Mild / moderate	Office visit - \$70 (3/yr)	\$210	X

*Phototherapy Center Revenue – CPT Code 96910 \$40 per tx; 30 tx/course (2/yr) - \$2,400

**Subject to state legislation

How XTRAC Works for Offices: \$250 Revenue in Less than 7 Minutes

Established CPT Codes

2019 National Medicare Average Rate

- 96920 - \$167.22
- 96921 - \$183.44
- 96922 - \$249.03

C3 96922	Area >500 cm ² BSA >2.6%	National Average Medicare Rate \$249.03 Local Medicare Rate \$ _____	6:58
C2 96921	Area 250-500 cm ² BSA - 1.3-2.6%	National Average Medicare Rate \$183.44 Local Medicare Rate \$ _____	5:01
C1 96920	Area <250 cm ² BSA <1.3%	National Average Medicare Rate \$167.22 Local Medicare Rate \$ _____	0:00

Treatment time is the period of time from calibrating the hand piece to the end of the treatment process.