

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 12, 2021

STRATA
SKIN SCIENCES

STRATA SKIN SCIENCES, INC.
(Exact Name of Registrant Specified in Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

000-51481
(Commission File
Number)

13-3986004
(I.R.S. Employer
Identification No.)

5 Walnut Grove Drive, Suite 140, Horsham, Pennsylvania
(Address of Principal Executive Offices)

19044
(Zip Code)

Registrant's telephone number, including area code: 215-619-3200

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	SSKN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On January 12, 2021, STRATA Skin Sciences, Inc. (the “Company”) issued a press release announcing its preliminary, unaudited fourth quarter 2020 financial results and key operational metrics. The full text of such press release is furnished as Exhibit 99.1 to this report.

The information set forth under this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 7.01. Regulation FD Disclosure.

On January 12, 2021, the Company issued a press release announcing its preliminary, unaudited fourth quarter 2020 financial results and key operational metrics. The full text of such press release is furnished as Exhibit 99.1 to this report.

On January 12, 2021, the Company issued a press release announcing the introduction of a new business, branded “Home by XTRACT™”. The full text of such press release is furnished as Exhibit 99.2 to this report

On January 12, 2021, the Company posted an investor presentation to its website at <https://strataskinssciencesinc.gcs-web.com/>. A copy of the investor presentation is attached as Exhibit 99.3 to this Current Report on Form 8-K.

The information set forth under this Item 7.01, including Exhibit 99.1, Exhibit 99.2, and Exhibit 99.3, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

(d) Exhibits.

The following press release is furnished as an exhibit to this Current Report on Form 8-K pursuant to Item 2.02 and shall not be deemed to be “filed”:

- 99.1 Press Release dated January 12, 2021 issued by STRATA Skin Sciences, Inc.
- 99.2 Press Release dated January 12, 2021 issued by STRATA Skin Sciences, Inc.
- 99.3 STRATA Skin Sciences Investor Presentation dated January 12, 2021.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STRATA SKIN SCIENCES, INC.

Date: January 12, 2021

By: /s/ Matthew C. Hill
Matthew C. Hill
Chief Financial Officer

STRATA Skin Sciences Announces Preliminary Fourth Quarter 2020 Financial Results and Operational Metrics

Preliminary, unaudited fourth quarter revenues in the range of \$6.6 million to \$6.8 million
Preliminary, unaudited fourth quarter recurring revenues in the range of \$5.0 million to \$5.2 million
Worldwide installed base increased by 23 placements in the fourth quarter

Horsham, PA, January 12, 2021 — STRATA Skin Sciences, Inc. (NASDAQ: SSKN) a medical technology company in dermatology and plastic surgery dedicated to developing, commercializing, and marketing innovative products for the treatment of dermatologic conditions, today reported preliminary, unaudited fourth quarter 2020 financial results and key operational metrics.

Fourth Quarter Financial Highlights

- Preliminary, unaudited total revenue is expected to range from \$6.6 million to \$6.8 million, compared to \$8.9 million in the fourth quarter of 2019 and \$5.6 million in the third quarter of 2020
- Preliminary, unaudited recurring revenue is expected to range from \$5.0 million to \$5.2 million, compared to \$6.6 million in the fourth quarter of 2019 and \$3.8 million in the third quarter of 2020
- Preliminary unaudited gross domestic recurring billings are expected to range from \$5.2 million to \$5.4 million, compared to \$6.9 million in the fourth quarter of 2019 and \$4.7 million in the third quarter of 2020. (Reference this Non-GAAP measure below)
- Cash and cash equivalents, including restricted cash was \$18.0 million as of December 31, 2020, compared to \$15.6 million as of December 31, 2019

Fourth Quarter Operational Highlights

- Placed 33 domestic XTRAC systems and removed 14, resulting in net systems placed in domestic dermatologists' offices of 19, of which 12 are comebacks from previous excimer device owners
- Placed 4 additional XTRAC systems in international markets, including the first recurring revenue system in Japan
- Total XTRAC systems placed domestically reached 832 as of December 31, 2020, compared to 820 systems as of December 31, 2019
- Total XTRAC systems placed internationally reached 28 as of December 31, 2020, compared to 10 as of December 31, 2019
- Renewed cash secured note payable through December 30, 2021

Dr. Dolev Rafaeli, STRATA Skin Sciences' President and CEO stated, "Our fourth quarter started very strong with October 2020 gross domestic recurring billings at 97% of the same period in 2019. However, we saw this trend begin to taper off in the second half of November due to the continued escalation of COVID-19 and the subsequent renewed stay at home orders. Encouragingly, our December results ultimately reflected the highest gross domestic billing month of 2020. Overall, we are pleased with the sequential revenue growth we experienced over the third quarter, as this provides us with a strong base to enter 2021."

The preliminary unaudited results described in this press release are estimates only and are subject to revision until the Company reports its full financial results for the year ended December 31, 2020 which is anticipated in late March.

Non-GAAP Measure

To supplement the Company's consolidated financial statements, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company provides the non-GAAP measure of financial performance, Gross Domestic Recurring Billings.

The Company's reference to these non-GAAP measures should be considered in addition to results prepared under current accounting standards, but is not a substitute for, nor superior to, GAAP results. These non-GAAP measures are provided to enhance investors' overall understanding of our current financial performance and to provide further information for comparative purposes.

Specifically, the Company believes the non-GAAP measures provide useful information to both management and investors by isolating revenue and deferred revenue impacts that may not be indicative of the Company's core operating results and business outlook. In addition, the Company believes non-GAAP measures enhance the comparability of results against prior periods.

Gross Domestic Recurring Billings

Gross domestic recurring billings represent the amount invoiced to partner clinics in the United States when treatment codes are sold to the physician. It does not include normal GAAP adjustments which are deferred revenue from prior quarters recorded as revenue in the current quarter, the deferral of revenue from the current quarter recorded as revenue in future quarters, adjustments for co-pay and other discounts. This excludes international recurring revenues.

The reconciliation to non-GAAP gross domestic recurring billings to expected domestic recurring recorded revenue for the fourth quarter consists of the following: expected gross domestic recurring billings of between \$5.2 million and \$5.4 million, reduced by expected co-pay and credits of between \$50 thousand and \$150 thousand, increased by deferred revenue from the third quarter of \$1.4 million, and reduced by expected deferral of revenue to future quarters of between \$1.6 million and \$1.8 million, resulting in expected domestic recurring recorded revenue of between \$4.8 million and \$5.0 million.

About STRATA Skin Sciences, Inc. (www.strataskin.com)

STRATA Skin Sciences is a medical technology company in dermatology and plastic surgery dedicated to developing, commercializing and marketing innovative products for the treatment of dermatologic conditions. Its products include the XTRAC[®] excimer laser and VTRAC[®] lamp systems utilized in the treatment of psoriasis, vitiligo and various other skin conditions.

The Company's proprietary XTRAC[®] excimer laser delivers a highly targeted therapeutic beam of UVB light to treat psoriasis, vitiligo, eczema, atopic dermatitis and leukoderma, diseases which impact over 35 million patients in the United States alone. The technology is covered by multiple patents, including exclusive rights for patents for the delivery of treatment to vitiligo patients.

STRATA's unique business model leverages targeted Direct to Consumer (DTC) advertising to generate awareness and utilizes its in-house call center and insurance advocacy teams to increase volume for the Company's partner dermatology clinics.

The XTRAC business has used this proven DTC model to grow its domestic dermatology partner network to over 832 clinics, with a worldwide installed base of over 2,000 devices. The Company is able to offer 90% of DTC patients an introduction to physicians prescribing a reimbursable solution, using XTRAC, within a 10-mile radius of their house. The Company is a leader in dermatology in-clinic business generation for its partners.

The Company has now introduced its Home by XTRAC[™] business leveraging in-house resources including DTC advertising, in-house call center and its insurance reimbursement team to provide an at-home, insurance-reimbursed treatment option for patients with certain skin diseases that do not qualify for in-office treatments.

Safe Harbor

This press release includes “forward-looking statements” within the meaning of the Securities Litigation Reform Act of 1995. These statements include but are not limited to the Company’s plans, objectives, expectations and intentions and may contain words such as “will,” “may,” “seeks,” and “expects,” that suggest future events or trends. These statements, the Company’s ability to generate the growth in its core business, the Company’s ability to develop social media marketing campaigns, the Company’s ability to build a leading franchise in dermatology and aesthetics, the Company’s ability to develop a business for home-based treatment of skin diseases, are based on the Company’s current expectations and are inherently subject to significant uncertainties and changes in circumstances. Actual results may differ materially from the Company’s expectations due to financial, economic, business, competitive, market, regulatory, adverse market conditions or supply chain interruptions resulting from the coronavirus and political factors or conditions affecting the Company and the medical device industry in general, future responses to and effects of COVID-19 pandemic, as well as more specific risks and uncertainties set forth in the Company’s SEC reports on Forms 10-Q and 10-K. Given such uncertainties, any or all these forward-looking statements may prove to be incorrect or unreliable. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this press release. The Company urges investors to carefully review its SEC disclosures available at www.sec.gov and www.strataskin.com.

Investor Contacts:

Leigh Salvo
(415) 937-5404
ir@strataskin.com

STRATA Skin Sciences Announces the Introduction of “Home by XTRAC™”

Horsham, PA, January 12, 2021 — STRATA Skin Sciences, Inc. (NASDAQ: SSKN), a medical technology company in dermatology and plastic surgery dedicated to developing, commercializing, and marketing innovative products for the treatment of dermatologic conditions, today announced the introduction of a new business, branded “Home by XTRAC™”.

- Provides an at-home, insurance-reimbursed treatment option for patients with certain skin diseases that do not qualify for in-office treatments
- Leverages Company’s existing direct-to-consumer (DTC) advertising and leads
- Utilizes in-house Company resources and adds no significant cost
- Commenced limited initial shipments and realized insurance payments in 2020
- Anticipate a positive impact on revenue and profitability in 2021

Dr. Dolev Rafaeli, the Company’s President and CEO stated, “In 2019 alone, we had in excess of 40,000 leads driven by our direct-to-consumer (DTC) advertising initiatives that we were not able to address with our in-office XTRAC excimer laser treatment. In an effort to meet the need for a home-based solution, we identified an approach that would enable us to leverage our existing internal resources to provide a viable, effective, affordable solution by introducing Home by XTRAC™ narrow band UVB light phototherapy. We are delighted to have the ability to add this new business to our XTRAC platform.”

STRATA’s FDA-approved XTRAC excimer laser delivers a highly targeted therapeutic beam of UVB light to treat psoriasis, vitiligo and atopic dermatitis - skin diseases that impact more than 31 million people in the U.S. today. XTRAC has been shown in more than 150 peer-reviewed clinical studies to be the safest, most effective treatment on the market today. Quick and virtually painless without the side effects of other treatment options, it has been used more than 20 million times worldwide.

STRATA has partnered with an existing phototherapy device manufacturer to provide its newly branded Home by XTRAC™ solution. Further, the Company is using its in-house call center, reimbursement team, and its access to providers to fulfill and support a comprehensive patient journey that includes:

- Identifying patients with needs (where there is no local provider; or out-of-pocket costs are an issue);
- Referring patients to medical providers for telehealth visits;
- When appropriate, obtaining a prescription for Home by XTRAC™ solution;
- Confirming DME (Durable Medical Equipment) insurance benefits;
- Delivering “Home by XTRAC™” to patients, providing training; and
- Collecting payment from insurance payers.

The anticipated per patient reimbursement, dependent on the patients’ condition, insurance coverage and the type of device for these DME products ranges from \$1,316 to \$5,163 per device per patient based upon the 2020 CMS rate schedule, and is covered by most major insurance carriers.

“We expect this service, complementary to our existing business, will provide patients with a solution they cannot otherwise obtain, utilizing existing resources, and setting up the network will result in a meaningful addition to our existing XTRAC platform,” concluded Dr. Rafaeli.

About STRATA Skin Sciences, Inc. (www.strataskin.com)

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The Company's proprietary XTRAC® excimer laser delivers a highly targeted therapeutic beam of UVB light to treat psoriasis, vitiligo, eczema, atopic dermatitis and leukoderma, diseases which impact over 35 million patients in the United States alone. The technology is covered by multiple patents, including exclusive rights for patents for the delivery of treatment to vitiligo patients.

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The Company has now introduced its Home by XTRAC™ business leveraging in-house resources including DTC advertising, in-house call center and its insurance reimbursement team to provide an at-home, insurance-reimbursed treatment option for patients with certain skin diseases that do not qualify for in-office treatments.

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STRATA

SKIN SCIENCES

Driving Value to Dermatology Partners

Matching Patients with Clinics

Investor Presentation

January 2021

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, the Company's ability to develop a business for home-based treatment of skin diseases, 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.



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

Large Market Opportunity

- 31 Million lives in the U.S.: \$6 Billion annual revenue¹
- Excimer Treatment modality use growing > 25% per year²
- Reimbursement: 3 unique CPT codes

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

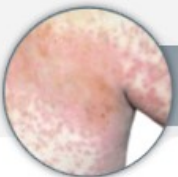
Large Unmet Need in Common and Chronic Dermatologic Conditions



PSORIASIS



VITILIGO




ATOPIC DERMATITIS

PSORIASIS: Autoimmune disease that causes the skin to regenerate faster than normal rates 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 (\$)	<i>Cost competitive</i>	1K-3K	3K-9K	1K -7K	1K	32K-68K
Clinical Impact	<i>Better clinical outcomes (PASI%75)</i>	92%	71%	75%	48%	50-70%
Speed of Onset (in weeks)	<i>Very fast rate of response</i>	5	10	3	14	12
Days of Actual Care	<i>Least days of actual care</i>	18	80	294	52	12-65
Remission	<i>Remission without maintenance</i>	2.5 months	Continued with maintenance	Continued with maintenance	Continued with maintenance	Continued with maintenance
Adverse Events	<i>Least significant side effects</i>	Mild Temp	Mild Temp	Mild-Mod Temp-Lasting	Mild-Severe Temp-Lasting	Mild-Severe Temp-Lasting

*Narrow band UVB Light Therapy

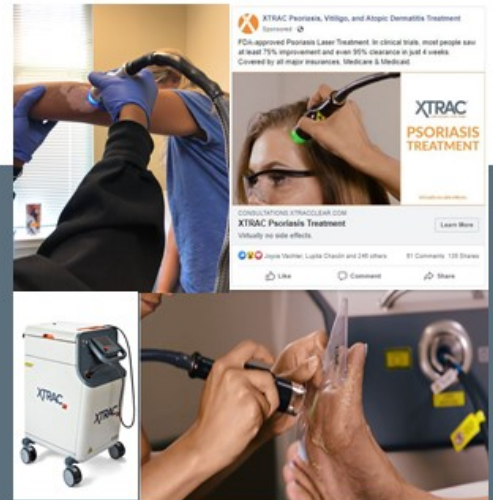
XTRAC: A True Partnership – A Complete Business Solution



#1 Targeted Therapy Prescribed by Dermatologists

BEST-IN-CLASS EXCIMER TREATMENT

- ✓ FDA approved + established CPT codes
- ✓ 150+ Peer-reviewed clinical studies
- ✓ 2000+ device installed based, WW
- ✓ 20+ million treatments performed WW
- ✓ Exclusive license for treating Vitiligo





Re-established unique and proven strategic model to expand + drive sustainable growth

- **Leveraging** a strong foundation to support fundamental growth initiatives
- **Expanding** installed base with comebacks and new PE-backed derm clinic groups
- **Executing** on direct-to-consumer strategy + recurring revenue model to drive growth
- **Targeting** accretive acquisitions to grow platform portfolio

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

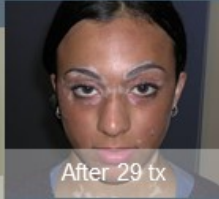
UVB light induces apoptosis of the keratinocytes and T cells in the dermis

Promotes immunosuppression

Induces alterations in cytokine profile

XTRAC: Vitiligo

XTRAC: The solution for Vitiligo



Exclusive license for treatment of Vitiligo using Excimer laser

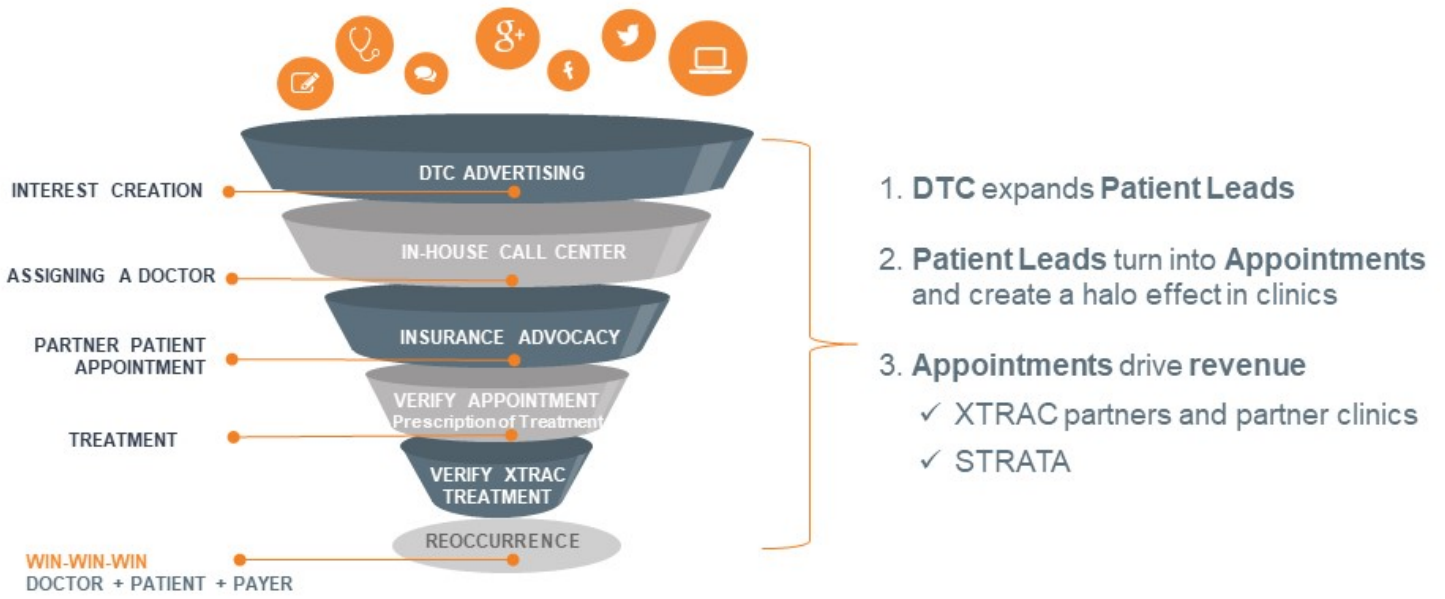
Beam of UVB light applied to the affected area

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

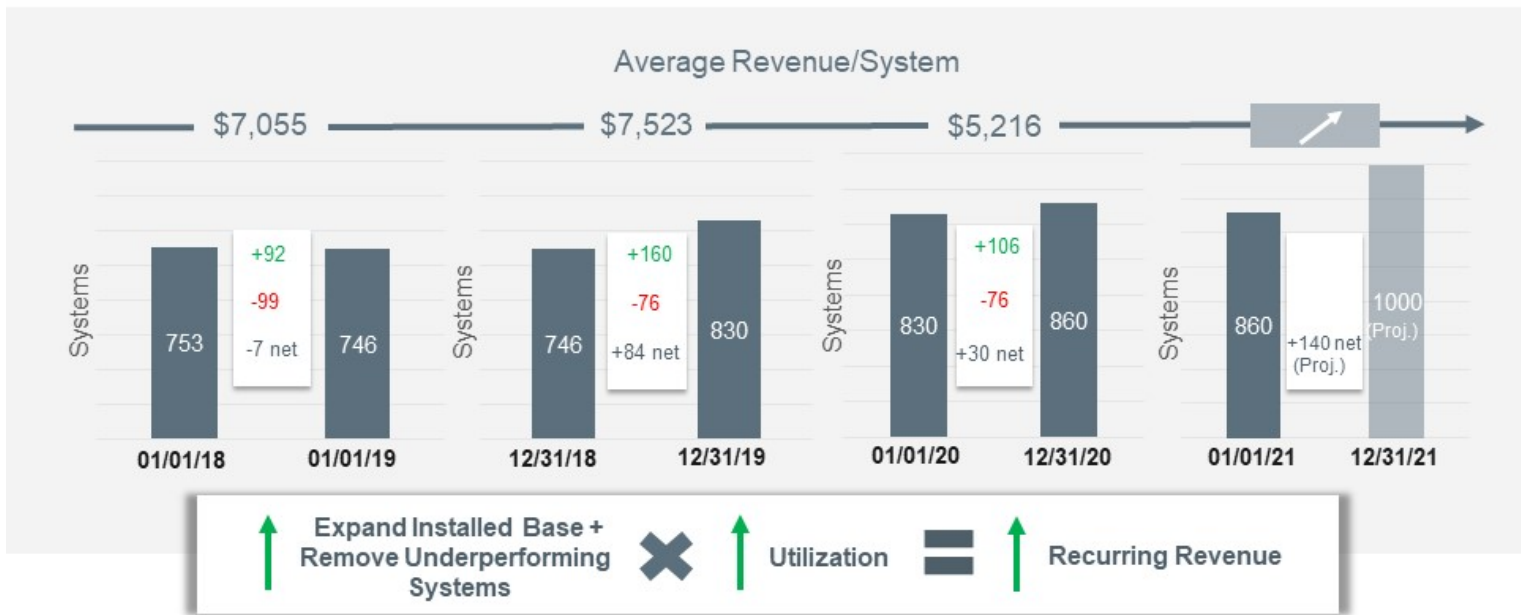
Results in re-pigmentation

Simple, safe, effective + long-lasting

Domestic XTRAC Revenue Funnel

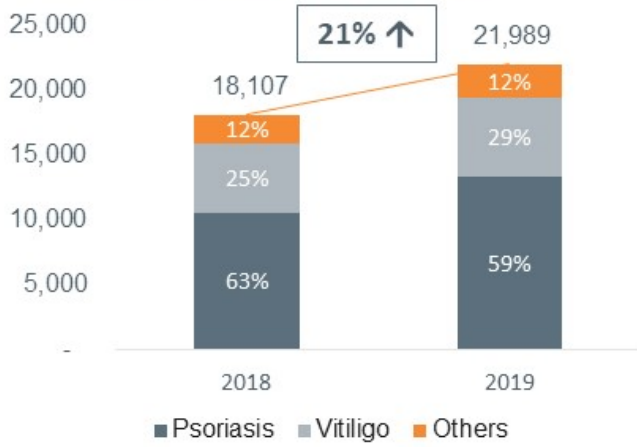


Growing Installed Base Leading to Recurring Revenue Model

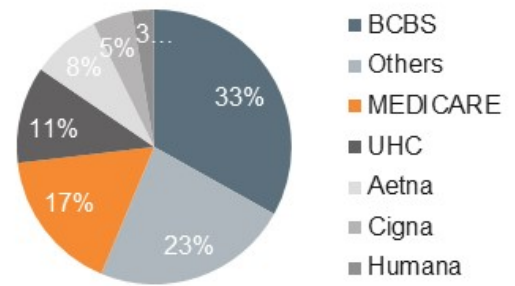


21% New Patient Growth in 2019; 86% Covered by Insurance¹

New Patients² by Diagnosis



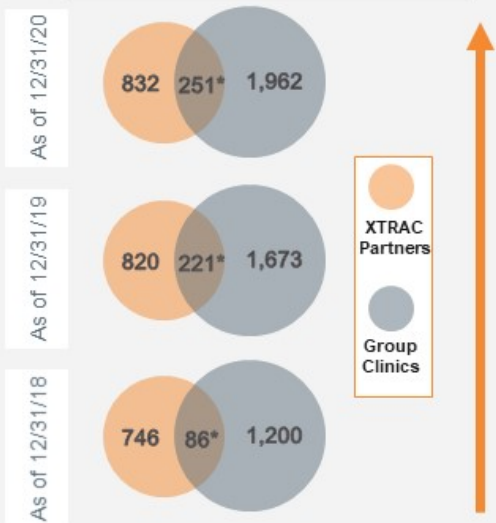
Share by Insurance Payer



¹90% of Psoriasis and 76% of Vitiligo patients had XTRAC as a covered insurance benefit
²New Patients captured in STRATA reimbursement system

Domestic Install Base Growth Drivers

XTRAC Growth in Groups



* Combination of new XTRAC placements and Clinic acquisitions

Expansion into group clinic roll ups

- 1,962 clinics owned by 49 roll-up groups
- 251 (13%) of which are XTRAC partners
- Signed strategic expansion agreements with major groups

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

Domestic Market: Installed Base – Sales and Service Engine



Territories color coded

Overview

- 832 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.

International Market: Installed Base



Strategic Growth Targets

- Major 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 agreement: Executed for South Korea (July 2019)
- Placement recurring revenue model agreement: Executed for Japan (October 2020)
- 28 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.

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.

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.

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).

Home by XTRAC Solution: At-home Treatment Option for Patients



At-home, insurance-reimbursed treatment option for patients with Vitiligo, Psoriasis + Atopic Dermatitis who do not qualify for in-office treatments

- Leverage existing DTC advertising
- Expand with existing leads
- Minimal cost to launch
- Expected to contribute to revenue and profitability in 2021

Providing Comprehensive Services on Patient Journey



- 1 Identify patients with needs
- 2 Refer patients to medical providers for telehealth visits
- 3 Obtain a prescription for Home by XTRAC solution when appropriate
- 4 Confirm DME insurance benefits
- 5 Deliver Home by XTRAC, provide training
- 6 Collect payment from insurance payers

**2019 - 40,000+
XTRAC DTC leads
identified suitable
for in-home
treatment**

Financial Metrics

	2018	Q1 '19	Q2 '19	Q3 '19	Q4 '19	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20
Dermatology recurring revenue	\$21,053	\$5,312	\$5,839	\$5,991	\$6,571	\$23,713	\$5,701	\$2,796	\$3,835	~\$5,100
Dermatology equipment revenue	\$8,802	\$2,171	\$1,886	\$1,489	\$2,327	\$7,873	\$1,029	\$1,234	\$1,778	~\$1,600
Total revenue	\$29,855	\$7,483	\$7,725	\$7,480	\$8,898	\$31,586	\$6,730	\$4,030	\$5,613	~\$6,700
Domestic partner installed base	746	754	764	784	820	820	822	789	813	832
International installed base	-	-	-	2	10	12	16	17	24	28
Average recurring revenue/device*	\$7,055	\$7,045	\$7,643	\$7,622	\$7,916	\$7,571	\$6,803	\$3,469	\$4,582	~\$5,900
Dermatology recurring revenue margin	65.00%	66.20%	70.30%	67.20%	76.50%	70.30%	68.40%	51.20%	64.30%	**
Total Company margin	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)

Unaudited quarterly results

* Total recurring revenue over total installed base

** Company estimates not provided

Double-digit revenue growth achieved through:

- Renewed focus on initiatives to drive WW recurring revenue
- 2018 to 2019 Double-digit recurring revenue growth
- Migrated international capital equipment customers to recurring model
- Eliminated unprofitable U.S. capital equipment revenue
- Growing margins and generating cash flow from operations

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

Recent Highlights

Q4 2020

- **Preliminary, unaudited total revenue expected \$6.6M to \$6.8M, compared to \$5.6M in third quarter 2020**
- **Gross domestic recurring billings***
 - Q2 2020: 30% Q/Q
 - Q3 2020: 70% Q/Q
 - Q4 2020: ~ 78% Q/Q
- **Global recurring installed base 860 XTRAC devices**
 - Domestic recurring installed base: 832 (up 19 from Q3 2020)
 - International recurring installed base: 28 (up 4 from Q3 2020)
- **Cash management – lower cost structure**
 - Managing costs, inventory and vendors
 - Cash balance \$18.0 million
- **Cigna now insuring vitiligo treatments – 20M 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**

* Gross domestic billings: Unaudited and preliminary – see quarterly press releases for reconciliation of non-GAAP measurements

STRATA Key Investment Takeaways



**Differentiated Therapy
providing a Win-Win-Win for
Patients + Clinics + Payers**



**Addressing a Large
Unmet Need +
Growing Market**



**Proven Business Model to
Expand + Achieve
Sustainable Growth**



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

Cap Table - Shares and Share Equivalents

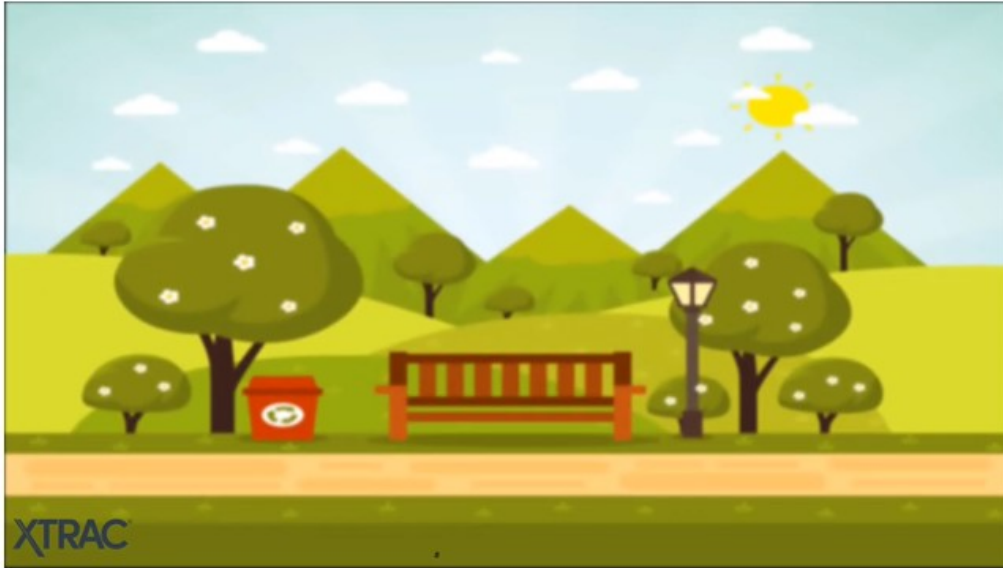
(As of November 10, 2020)

Common stock outstanding*	33.8M
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* Does not include 150K warrants that have a weighted average exercise price of \$5.60 as of September 30, 2020 of which 130K expired December 2020

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

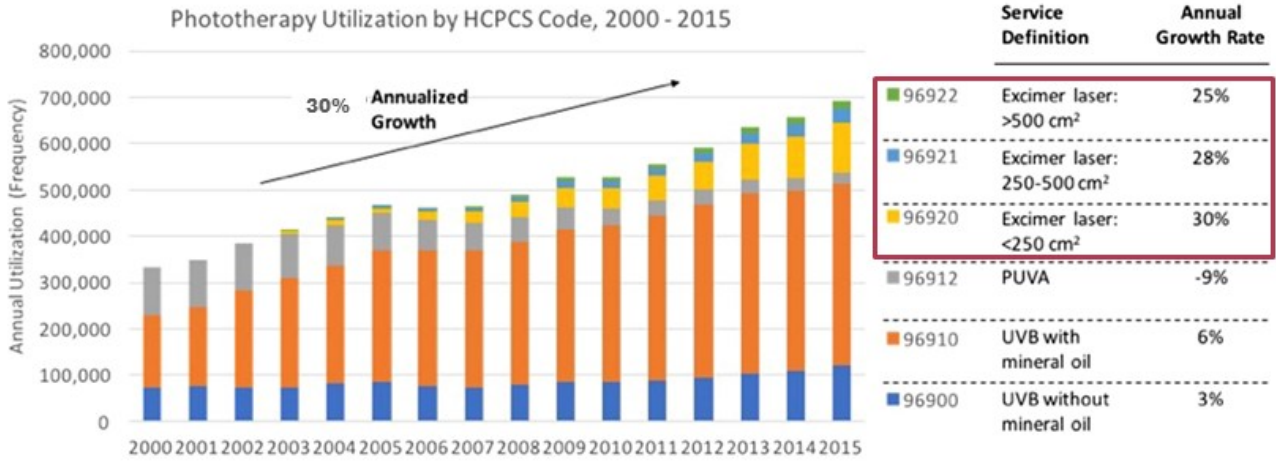
Additional Creative



STRATA
SKIN SCIENCES

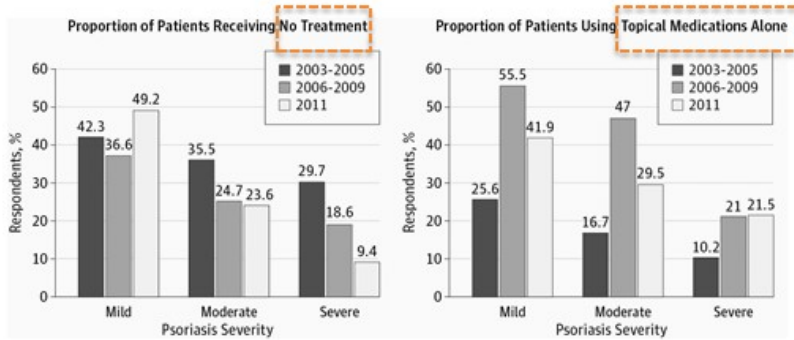
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30% Annual Growth in Excimer Laser Utilization in the U.S.

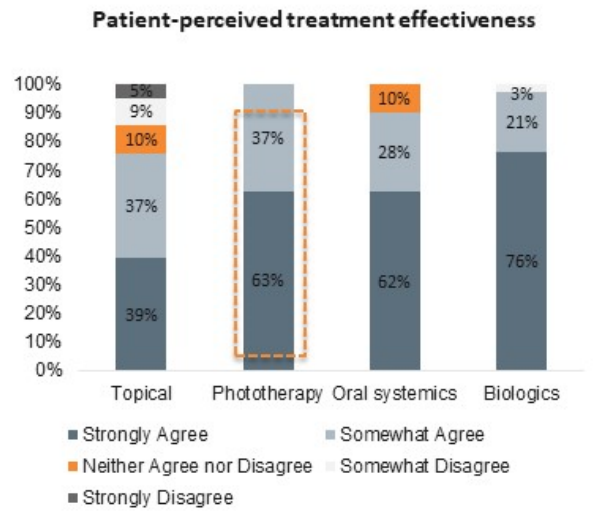


Historical phototherapy utilization. Trend in phototherapy utilization among Medicare beneficiaries by billing code across all providers, 2000 to 2015. HCPCS, Healthcare Common Procedure Coding System; PUVA, psoralen plus ultraviolet A; UVB, ultraviolet B.

Phototherapy has Highest Patient Perceived Treatment Effectiveness

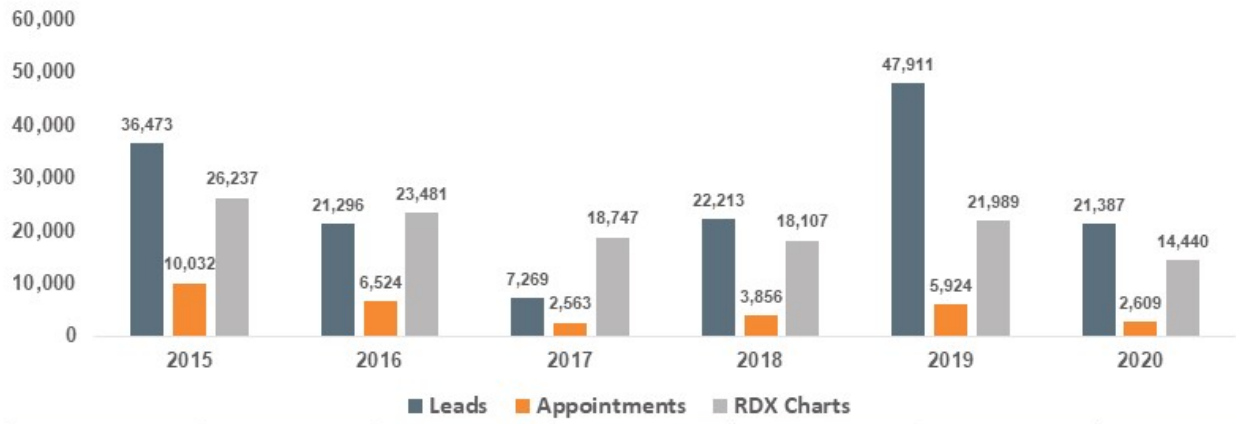


Source: Findings From the National Psoriasis Foundation Surveys, 2003-2011 (n=5604)



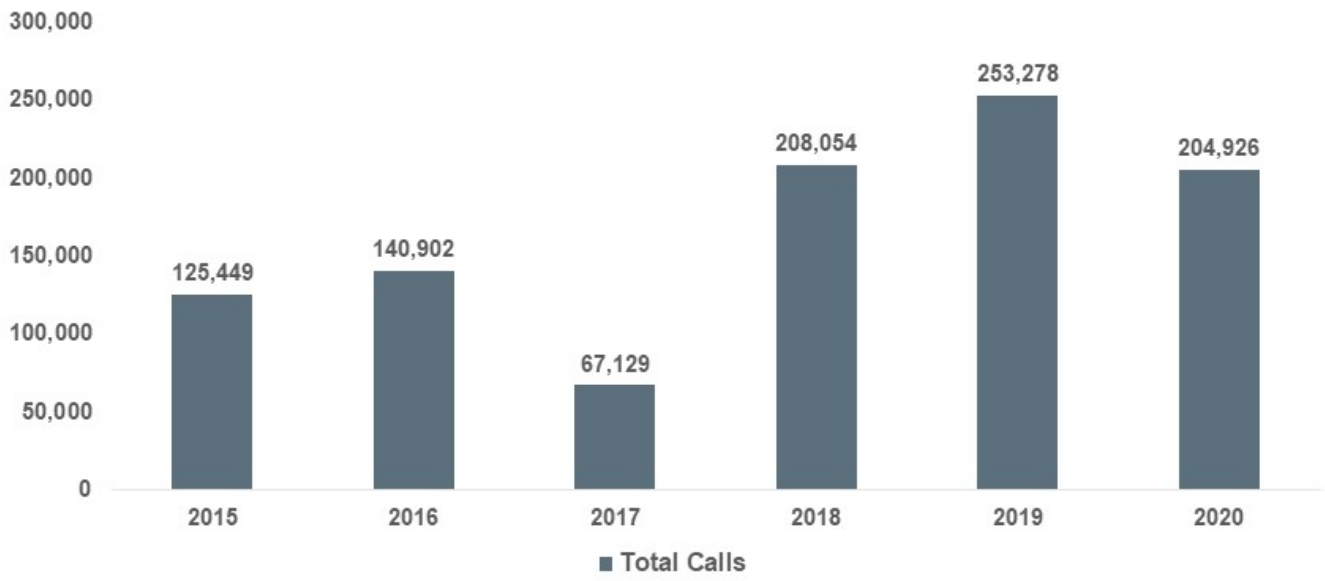
Source: Real-world health outcomes study sponsored by Eli Lilly (n=2200)

Leads, Appointments, RDX Charts



	2015	2016	2017	2018	2019	2020
Leads	36,473	21,296	7,269	22,213	47,911	21,387
Appointments	10,032	6,524	2,563	3,856	5,924	2,609
RDX Charts	26,237	23,481	18,747	18,107	21,989	14,440

Total Calls in Call Center



XTRAC Adds (Delegated) Recurring Revenue Driver for its Partners

CPT CODE	Description	2019 National Average Medicare Payment Rate
96920	Laser treatment for inflammatory skin diseases, (psoriasis); total area less than 250 sq cm	\$167.22
96921	Laser treatment for inflammatory skin diseases, (psoriasis); total area between 250 – 500 sq cm	\$183.44
96922	Laser treatment for inflammatory skin diseases, (psoriasis); total area greater than 500 sq cm	\$249.03

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 cm² National Average Medicare Rate \$249.03
BSA >2.6% Local Medicare Rate \$ _____

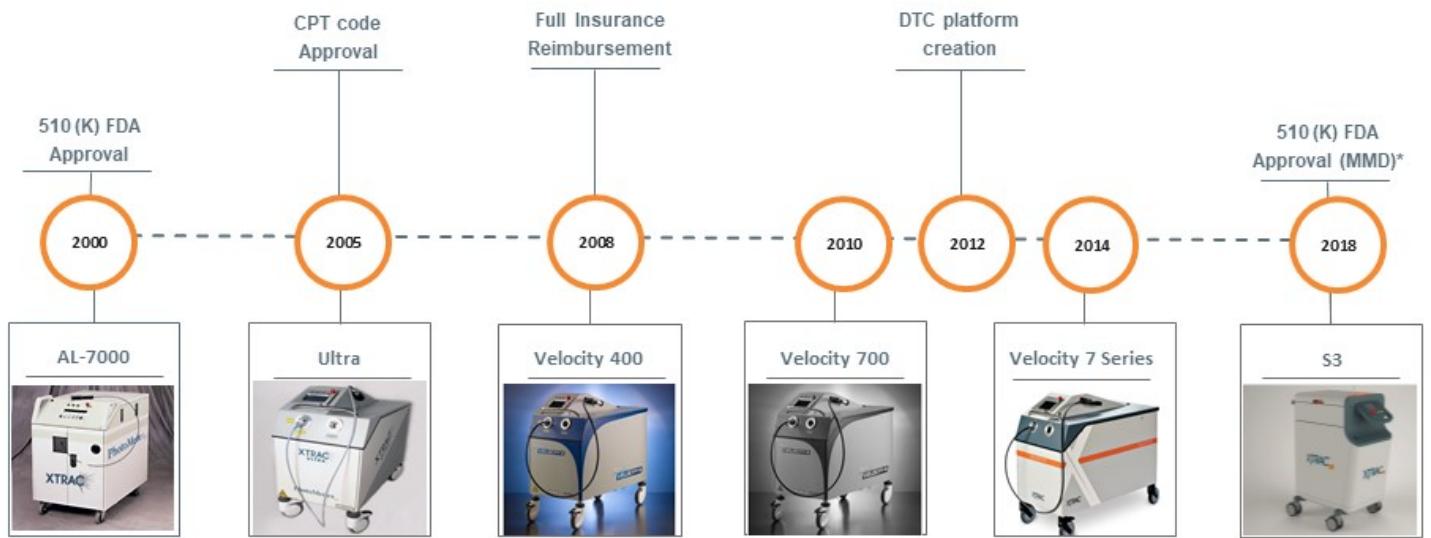
C2
96921 Area 250-500 cm² National Average Medicare Rate \$183.44
BSA - 1.3-2.6% Local Medicare Rate \$ _____

C1
96920 Area <250 cm² National Average Medicare Rate \$167.22
BSA <1.3% Local Medicare Rate \$ _____

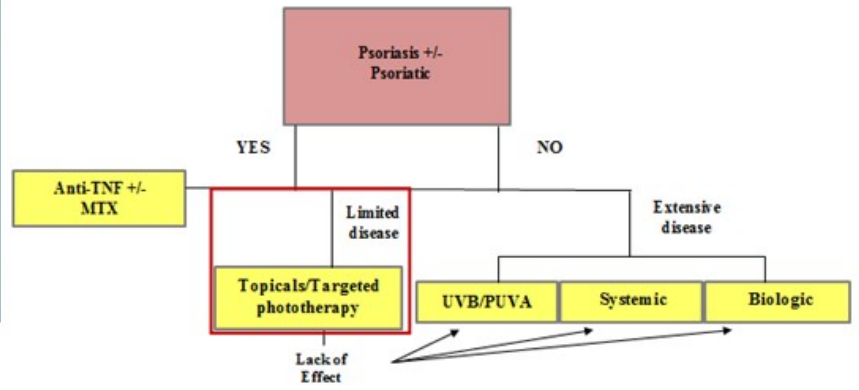
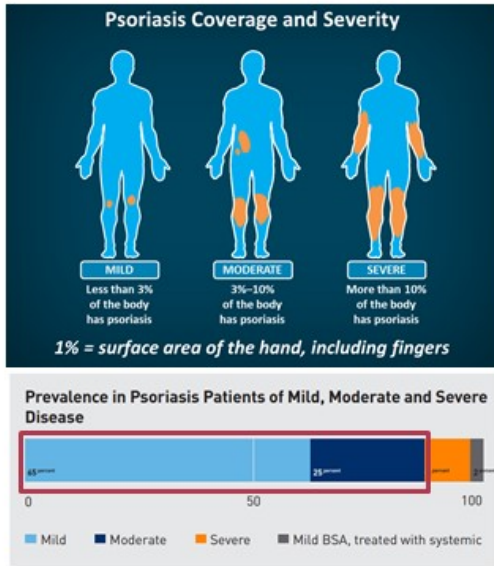
Treatment Time is the period of time from collimating the hand piece to the end of the treatment process.

0:00
0:01
0:58
0:59

Continuous Technology Investment and Business Growth



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



American Academy of Dermatology Psoriasis Clinical Guideline

