



2H Earnings Call

Breakthrough Ultrasound Technology For Non-invasive Skin Tightening

March 2022

Smart Science. Simple Solutions.

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2H Earnings Call

Presenters:

- Lou Scafuri, CEO
- Shimon Eckhouse, Co-Founder and Chairman
- Assaf Korner, CFO



SofWave

Innovative Technology serving an unmet need

Developed devices based on patent protected high intensity low divergence, multiple ultrasound beam technology for non-invasive skin tightening and lifting of the eyebrow, submental (beneath the chin) and neck facial areas

Clinical Validation

Completed first product development including pre-clinical research and clinical trials in the US and Europe with leading aesthetic doctors. FDA and CE mark cleared.

Extensive KOL and Distribution Network

Solid KOL support. Initial direct sales force with strong traction in the US. Major distributor signed up for European and APAC markets.

Disruptive Product

Demonstrated combination of excellent clinical efficacy and safety with minimal down-time to patients.

Superior Business Model

Fast, easy procedure that can be delegated to non-physician staff.

Proven track record-Strong Management Team

Experienced team with track record of aesthetic medical device commercial success and high investor value creating

Fast growing market

In 2021, Global Medical Aesthetic market sales are expected to grow 19% to \$13B

2021 in Numbers

\$21.8M Revenue
+409% YoY Growth

\$8.9M
Q4/2021 Revenue

**\$2.6M Recurring
Revenue**
In 2021

74.3% GM

\$46.2M Cash
As of Dec. 31, 2021

**4 FDA
Clearances**
including “Lifting”

2021 Highlights

- Achieved 409% revenue growth despite global pandemic and supply chain challenges
- Expended FDA clearance with “Lift” indication
- Significant recurring revenue; over 10% of total revenue; over 25,000 treatments
- Significant brand awareness; over 140,000 followers in social media
- Recent regulatory clearances including Korea, Canada and Australia
- Expanded widespread acceptance by global KOLs



Market Condition Update

- COVID Delta Variant impacted both physician buying decisions and patient volume in late Q4 2021
 - Since Feb 2022, COVID concerns are diminishing in NA and Western Europe
- US Inflation and geopolitical risks have not impacted buying decisions to date
- Increased patient demand for treatments- many clinics are overbooked
- Provider confidence necessary for capital equipment purchases continues to improve
- Demand for energy-based skin tightening treatments is a high growth segment

P&L (\$'K)

	For the year		Stock Based Compensation		Excluding Stock Based Compensation	
	2021	2020	2021	2020	2021	2020
Revenues	21,839	4,291			21,839	4,291
COGS	5,603	1,665			5,603	1,665
Gross Profit	16,236	2,626	-	-	16,236	2,626
	74.3%	61.2%			74.3%	61.2%
R&D expenses	8,236	4,588	1,170	986	7,066	3,602
S&M expenses	10,194	3,065	1,543	629	8,651	2,436
G&A expenses	6,808	1,524	2,322	321	4,486	1,203
Other income	(135)	-	-	-	(135)	-
Operating Loss	(8,867)	(6,551)	(5,035)	(1,936)	(3,832)	(4,615)
Financial expenses (income), net	(1,720)	5,136			(1,720)	5,136
Loss Before Tax	(7,147)	(11,687)	(5,035)	(1,936)	(2,112)	(9,751)
Tax income	(321)	-			(321)	-
Net Loss	(6,826)	(11,687)	(5,035)	(1,936)	(1,791)	(9,751)

- GM improved sharply from 61.2% in 2020 to 74.3% in 2021 due to the increase in unit volume as well as significant increase in pulse revenue to \$2.6M

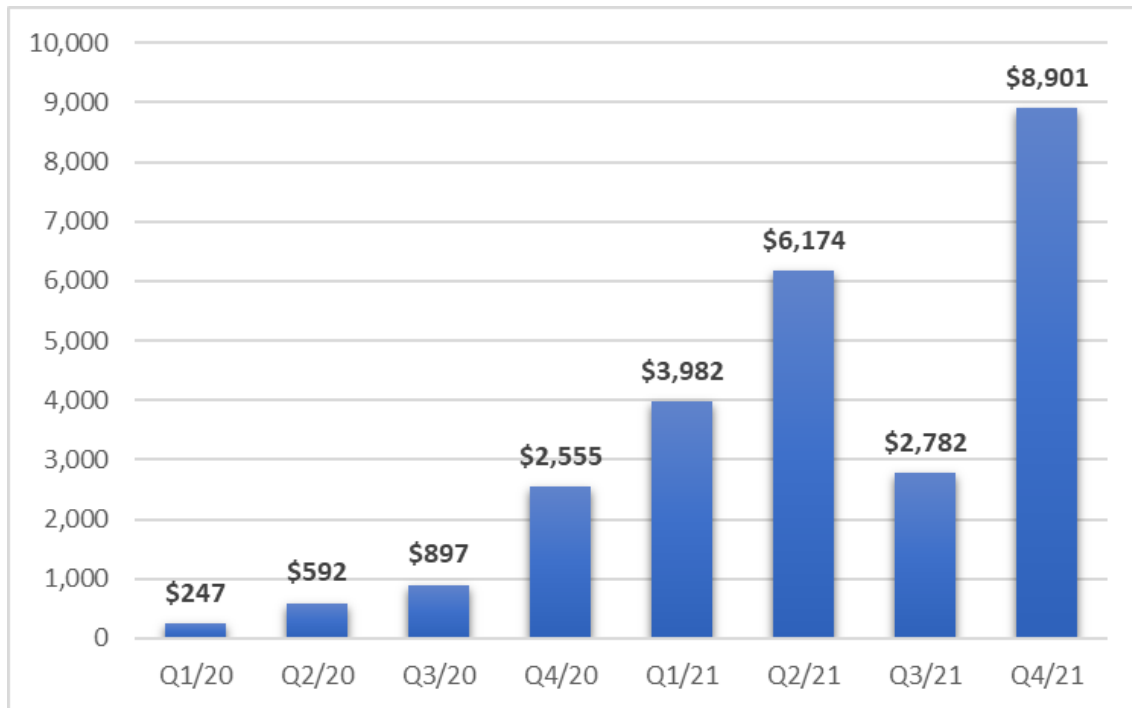
- Operating loss *excluding stock-based compensation* decreased to \$3.8 million vs. \$4.6M in 2020

BS (\$'K)

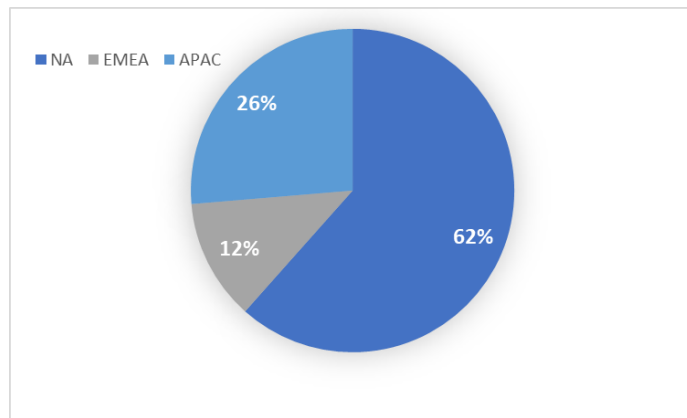
	December 31,	
	2021	2020
<u>Current assets:</u>		
Cash and cash equivalents	46,209	2,644
Trade receivables	6,319	1,468
Other receivables	2,579	282
Inventory	2,018	117
Total current assets	57,125	4,511
Total non-current assets	3,644	309
Total assets	60,769	4,820
Total current liabilities	11,895	2,203
Total non-current liabilities	2,172	1,084
Shareholders' equity	46,702	1,533
Total liabilities and shareholders' equity	60,769	4,820

- Well capitalized with \$46.2M in cash as of December 31, 2021
- Major investment in inventory including raw material to address the global supply chain challenges

Quarterly Revenue Growth (K'\$)



Continued strong directional growth in 2021 with a record revenue of \$8.9M in Q4 offsetting Q3/2021 which was negatively affected by low inventory due to global supply chain challenges

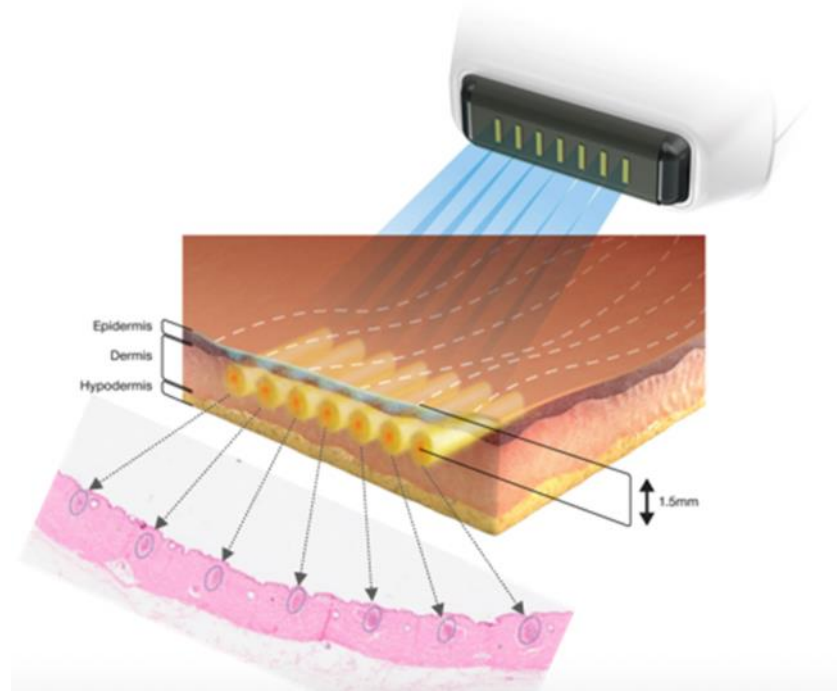


* Quarterly numbers unaudited

Smart Science: Unique Technology and Mode of Action

Why is it better?

- **Excellent safety and comfort** due to proprietary transducer array cooling technology and epidermal protection
- **Excellent efficiency** due to a unique array of volumetric, cylindrical-shaped thermal zones parallel to the skin surface.
- **Significantly larger coagulation zone volume and skin area coverage** than any other energy-based method
- The only ablative technology that tightens the skin in the “right direction” , **parallel to the skin surface**
 - **Excellent effectiveness,**
 - **Excellent safety**
 - **Shorter treatment time**
 - **Better patient comfort**



Our Science: Demonstrating our unique Collagen and elastin growth in humans

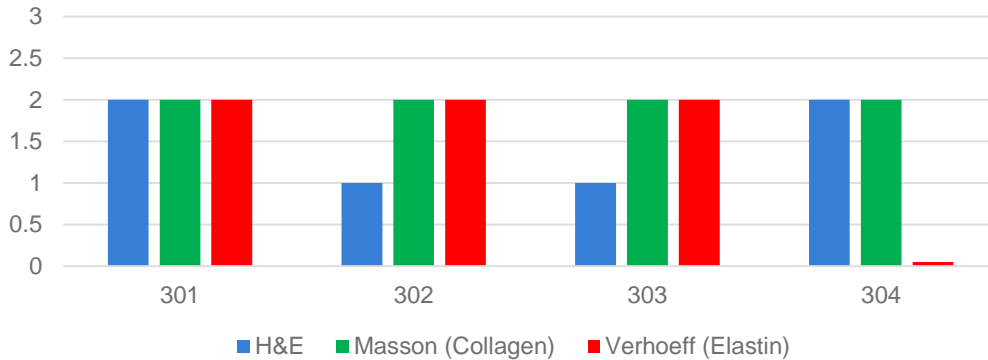
- **Performing human biopsies and histology**
- **Show short-term and long-term growth of Collagen and Elastin**

Short term connective tissue growth induced by Sofwave

Expert Grading of Baseline Vs. 1 Month Post Treatment

Submental Punch Biopsies

(0= No change from Baseline, 1= Minimal increase from Baseline, 2=Moderate increase from Baseline, 3=Strong increase from Baseline)



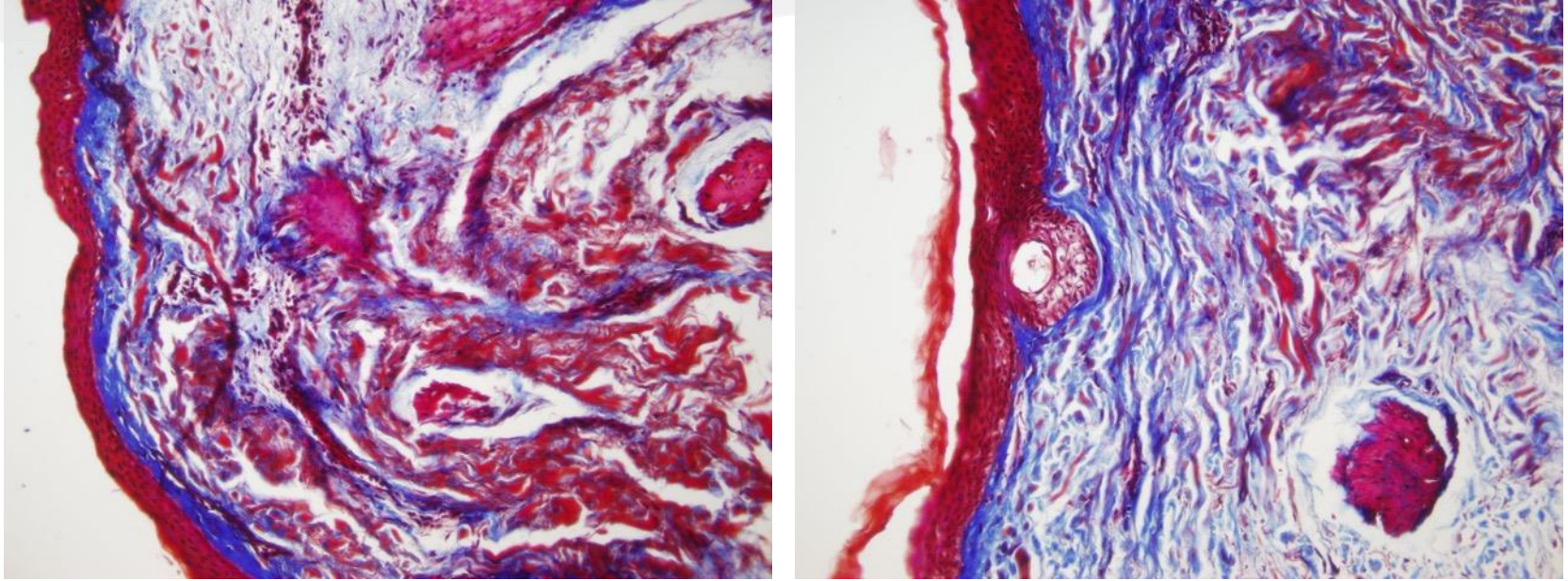
Pre treatment



6 months post TX



Before & 10 months after one treatment; Masson's trichrome staining

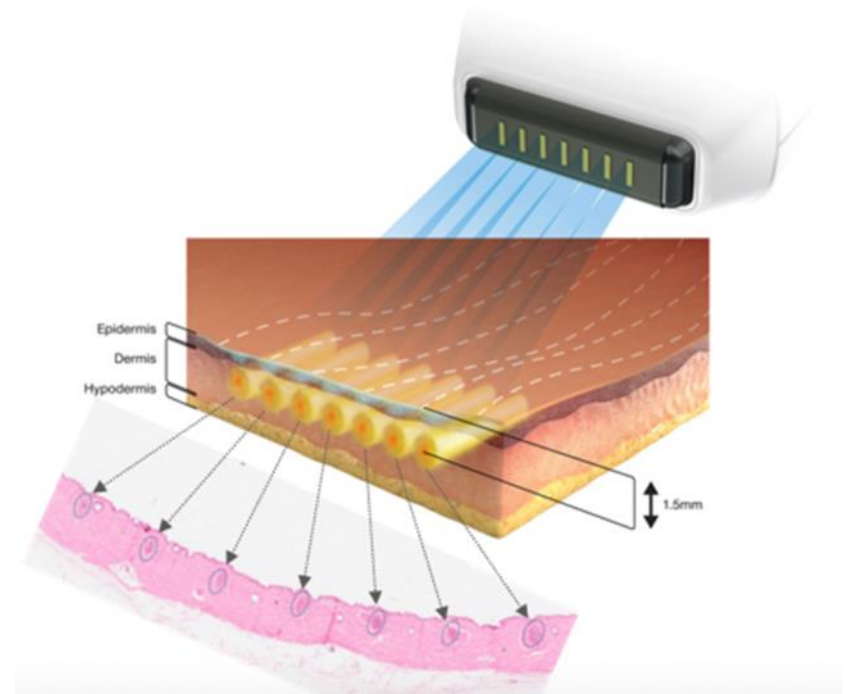


Connective tissue (elastin, collagen and HA) are stained blue. Significant increase in connective tissue density and structured order

Softwave pipeline:

Extending our science, and product line technology beyond Face and Neck

- **Dedicated Handpieces for various applications using current platform**
 - Treatment of loose skin on body, hands, legs, knees
 - Cellulite
 - Acne scars
- **New body platform**



Treating loose skin on hands, single treatment 6 weeks follow up

Pre treatment

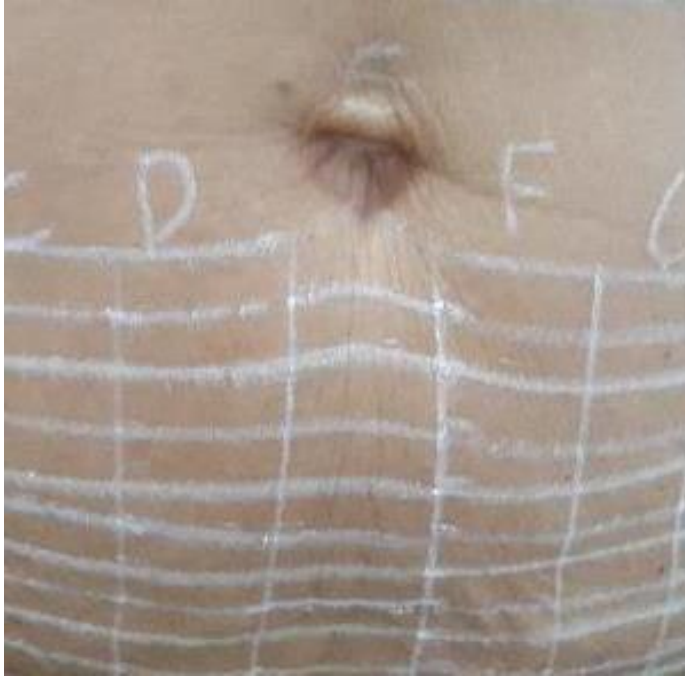


6 weeks post TX



Skin Tightening Results-Single Treatment, Abdomen

Before



5 Weeks Post TX



Opportunities

- Recent “Lift” indication FDA Clearance has generated increased interest in Sofwave
- Brand Awareness is accelerating and demonstrated by >50K/month website visits and >140K social media followers
- KOLs are eager to work with Sofwave: Early Adopters are the best target
 - Sales of multi-units to chains are in process
 - The non-core business (Medispa) is flourishing- expanding our marketing efforts in this segment
- Rapidly expanding direct sales effort in US to increase market coverage
 - Strong presence planned at upcoming “live” tradeshows
 - Concluding pending distributor agreements in key EMEA markets to accelerate EMEA market penetration

Investment Summary

- Highly differentiated technology platform with a strong pipeline, answering a large unmet need for non-invasive skin tightening served by sub-optimal solutions in a \$1.8B market growing at 15% annually
- Strong efficacy and safety profile validated in extensive clinical trials and solid global KOL support
- High patient satisfaction – fast and comfortable treatment with minimal to zero down-time
- Attractive physician business model, great ROI, fast procedure, can be delegated to staff
- Very fast growth in revenue , ~\$4.3M in 2020, \$21.8M in 2021
- Expanded widespread acceptance by global KOLs
- Continuing to build the foundation to capture ~4% market shares with estimated 2023 revenue of >\$90M and GM >80%