

Venus Concept (NASDAQ:VERO)

Investor Overview

January 2024



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Investment Highlights



A leader within \$6.2B global medical device aesthetic market with attractive long-term growth projected



New, experienced leadership team with significant healthcare and turnaround experience



Comprehensive, differentiated portfolio with innovative product pipeline emphasizing the Company's unique next-generation robotics platform leveraging AI / IoT technologies in Aesthetics

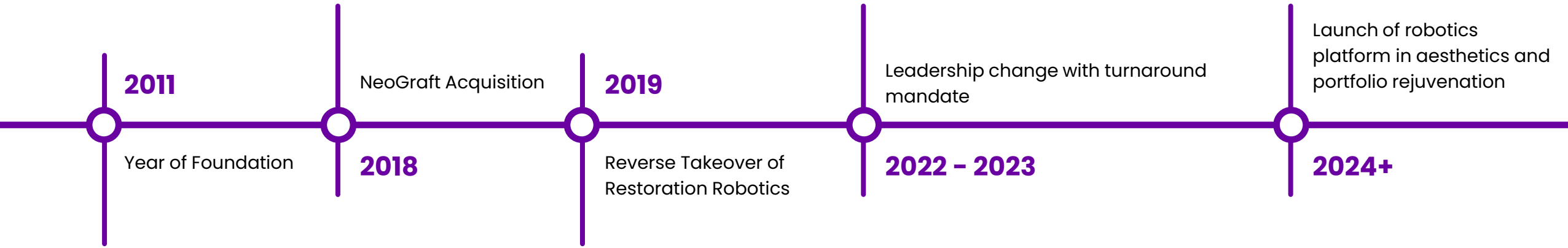


New 5-year strategic plan launched in early 2023 to turn the company around and deliver an accelerated path to profitability while investing in long-term growth



Turnaround efforts showing improving financial profile with anticipated cash flow positive business exiting 2024, and double-digit growth profile 2025+

Company History & Leadership Team



Our Leadership Team



Rajiv De Silva
Chief Executive Officer



Dr. Hemanth Varghese
President &
Chief Operating Officer



Domenic Della Penna
Executive Vice President
& Chief Financial Officer



Michael Mandarello
General Counsel &
Corporate Secretary



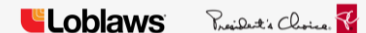
Ross Portaro
Executive Vice President & General
Manager, Sales and Marketing



William McGrail
Senior Vice President, Technical
Operations and Compliance



Anna Georgiadis
Chief Human Resources
Officer



Market Leading Products Across All Key Aesthetic Segments

Core Product Platforms



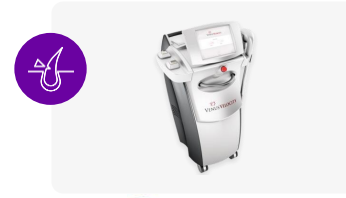
VENUS
VIVA MD

Skin resurfacing device using NanoFractional RF with SmartScan Technology



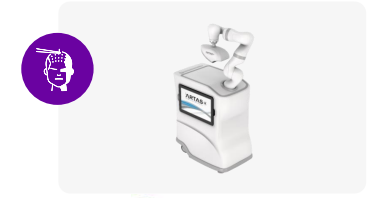
VENUS
BLISS MAX

3-in-1 solution targeting fat, muscle and skin body treatments



VENUS
VELOCITY

Diode laser with gold standard efficacy and safety and IoT technology




VENUS
ARTAS

Hair transplant platform with robotic and AI technology



VENUS
LEGACY

 = New Launch













VENUS
VERSA PRO

Economic and Flexible Platforms



Company Uniquely Positioned in the Aesthetic Industry

	Face & Skin	Body	Hair Restoration	Hair Removal
 VENUS				
				
				
				
				
				
				
				
				
				

 Offer products in the segment



Offer advanced robotics capability in the space



Future robotic offering



Only company with advanced robotics & AI/ML capabilities



End-to-end technology and portfolio



Market leader in hair restoration/men's health



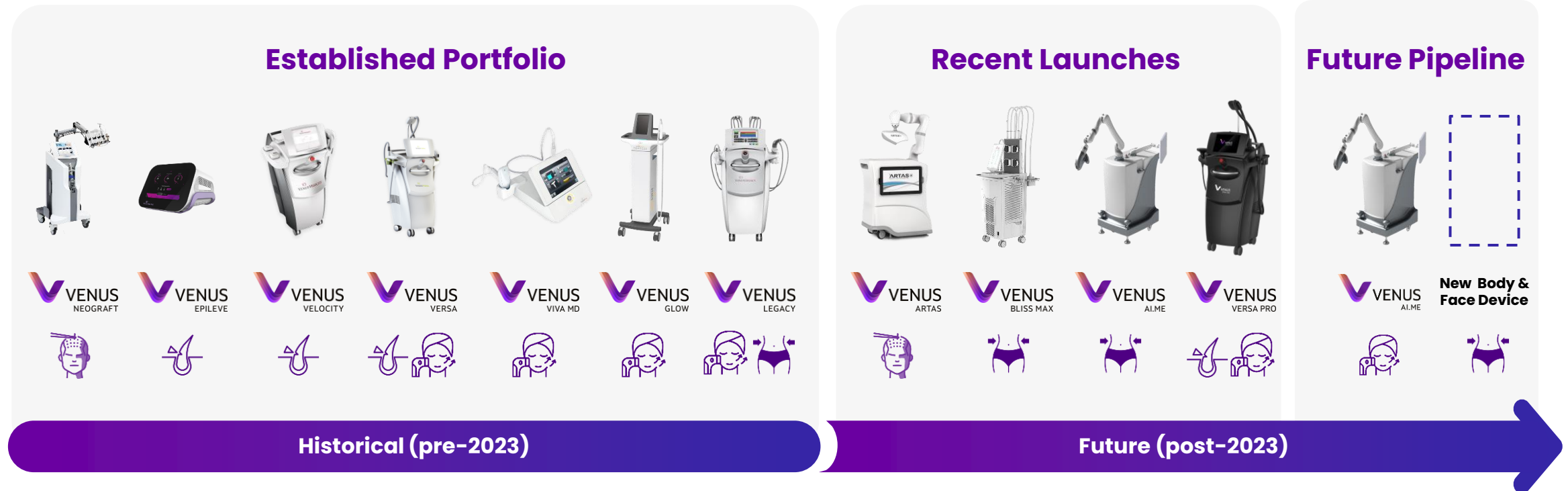
Medical Robotics CoE



Targeted and diversified global presence



A Company in Evolution



- **High quality energy-based** aesthetic device portfolio
- **Uniquely positioned** among competitors in **hair restoration**
- Emphasis on **subscription sales (internal financing) model**
- Global direct presence (**peak of 26 direct offices**)

- Expected launch of **industry first robotics platform in aesthetics**
- **Rejuvenation** of **energy-based** device portfolio
- Emphasis on **higher quality cash sales model**
- **Focused** geographic model (<10 direct offices)

Broad Portfolio Offering Across Modalities & Key Segments

Product	Segment				Technology						
					Laser	Light (IPL, LED, LHE)	Radio-Frequency (Monopolar, Multipolar)	Electro magnetic Energy (PEMF / HIEF)	Electrical Muscle Stimulation	Robotics or AI / IoT	Mechanical
● Viva MD							✓	✓			
● Versa / Versa Pro						✓	✓	✓			
● Velocity					✓					✓	
● Legacy							✓	✓			
● Bliss Max					✓		✓	✓	✓	✓	
● NeoGraft										✓	✓
● ARTAS										✓	✓
● Epileve					✓					✓	
● Fiore							✓	✓			
● Glow											✓
● Freeze Plus							✓	✓			
● Heal							✓	✓		✓	
● New Body & Face Device							✓	✓	✓	✓	
● AI.ME Platform										✓	✓

● = Available in US based on FY22 sales data and Venus Concept US website

● = Under Development

= Face & Skin

= Body

= Hair Restoration

= Hair Removal

= Robotics

Source: Company Analysis



Viva MD

Fractional RF & MP(2) Tech for Skin Rejuvenation



Our fractional ablative / coagulative techniques improve the appearance of skin surfaces by micro-injuring the skin in a fractional manner to trigger a healing response in the treated area. This both tightens the skin and elicits collagen formation, resulting in a rejuvenated skin surface. Our fractional RF technology is highly versatile and can be used on patients of all skin tones

Viva's Unique FRF Technology is Protected by 12 Patents Granted Globally, Three of which are US Patents

- Up to 750 microns of ablation
- Customizable energy delivery for different indications

Ablation / Coagulation Control

- Homogeneous and consistent energy delivery
- SW control over energy density for darker skin types
- Comfortable procedure

SmartScan Technology

- Autoclavable
- Cost effective to manufacture
- Two configurations – 160 pins, 80 pins
- Supports SmartScan SW control

Unique Tip Design



Our Viva FRF technology is different in the way it enables a wide variety of skin treatments due to the variability in ablation / coagulation ratio controlled by the SW and the depth of ablation and coagulation which can reach up to 750 microns without the use of mechanical microneedles. It can treat a variety of skin conditions such as: enlarged pores, wrinkles, acne scars, and surgical scars, achieving compelling results while maintaining high comfort levels

Bliss Max

Multi-modal Premium Body Shaping



Bliss Max Overview



Four **1,064 nm diode lasers** for non-invasive lipolysis with hands-free operation

Laser Lipolysis



Four **FlexMAX EMS** applicators for hands-free muscle definition and toning

EMS



Proprietary **(MP)² tech** with VariPulse vacuum massage for skin tightening and cellulite reduction

Skin and Cellulite



Bliss Max is the only device in the market with three modalities each dedicated to treat a specific layer and designed ideally to target a specific type of tissue. Bliss Max's ability to treat fat, muscle and skin makes it an all-in-one body contouring platform

Velocity

State-of-the-Art Technology for Hair Removal



Velocity's diode laser technology is a gold-standard technology for hair removal. It employs the 810 nm laser energy to the treatment area through a chilled sapphire light guide that conductively cools the skin surface maintaining a lower temperature in the epidermis to enhance the comfort of the procedure and its safety. The Velocity is cleared for all skin types

Velocity Overview

- Very powerful in treating fine hair
- Allows high pulse repetition rate for effective slide mode
- Delivers high energy in short pulses

2,400W Peak Power 810 nm Diode

- Accommodates various treatment areas more efficiently
- Enables faster treatments for improved ROI
- Larger spot size enables better energy delivery

3 Spot Sizes – Up to 7cm²

- Allows operation in Slide mode, maintaining high comfort with great efficacy
- Enables faster treatments for improved ROI

Speed up to 10Hz Repetition Rate



Velocity is considered an incredibly powerful diode laser, allowing it to support several techniques of operation (standard and slide mode) with high efficacy and safety, so that results are not compromised to achieve speed and comfort. The mechanism allowing three spot sizes on one handpiece is unique to Venus and maximizes performance on every area treated regardless of its size. The 7cm² spot size is one of the largest spot sizes available in the market, enabling a very fast treatment.

ARTAS

Industry Leader in Minimally Invasive Robotic Solutions



ARTAS Overview

Dynamic **HD vision** system having **44-micron** resolution with AI integration provides precise and intelligent follicular tracking



State-of-the-art **six-degree robotic arm** increases operational efficiency, consistency and repeatability



Advanced AI consistently analyzes, monitors and tracks each hair follicle's characteristics and adjusts for patient movement



2022 Update Significantly Improved Implantation Speed



Use Cases

Harvesting

Implantation

Site Making

ARTAS is the only robotic solution that is available in the market today, it leverages the advantages of a robotic system: vision, processing (supported by AI / ML) and automation to offer a new category within the FUE hair restoration category

New Product Introduction (Q4 2023): Versa Pro

New Energy Based Device Product Update



An upgrade opportunity with a potential install base of 2,200+ systems globally, 1,300+ in the US, in addition to new device sales



An improved look & feel, with the addition of the Viva MD applicator



New system will include:

- New color of the main console
- 10 handpieces, like before, with the addition of Viva MD applicator to replace the Viva applicator
- New 80 pin tips for a deeper ablation and coagulation effect (up to 750nm)
- New branded procedure to leverage combination treatment
- Launch kit including marketing materials & education program



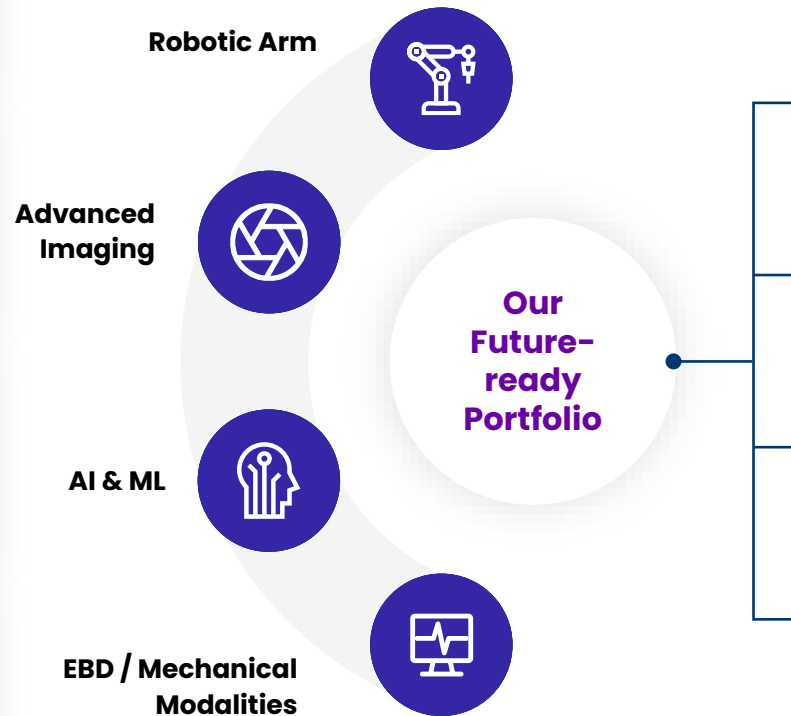
Opportunity to Lead Introduction of Medical Robotics in Aesthetics

Consistent and predictable treatment delivery, removing concerns around fatigue and experience to reduce error

Advanced imaging to aid treatment and assess potential treatment outcomes

Use AI to customize treatment and optimize outcomes, on an ongoing basis

Multi-application platform supporting varied handpieces on a single system
Guiding energy-based devices when treating various skin lesions/conditions



Potential to address market unmet needs

Reduce Human Error



Lower Downtime



Reduce Pain/Discomfort



Lower Procedure Time



New Product Introduction (2H 2024): Venus AI.ME: Our Next-Generation Aesthetic Platform



Current Platform

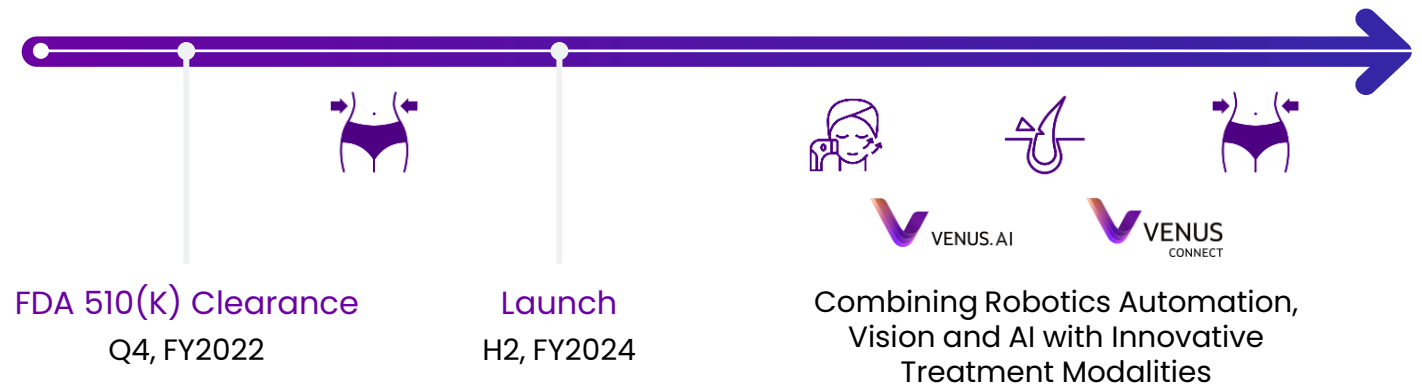
Robotic micro-coring application for skin tightening, treatment of scars, stria, etc.



Future Pipeline

Modular Applications

Multi-modal EBD integration



New Strategic Plan Aimed at Business Turnaround

01

Right sizing the business by rationalizing our international infrastructure, reducing costs and simplifying the organization.

02

Changing business model to focus on cash sales and reduce reliance on subscription sales model.

03

Focusing on the US as our primary market while maintaining an optimal mix of direct presence and distributors in international.

04

Maintaining a broad portfolio focus on energy-based devices and robotics, but with better customer segmentation and a more robust customer-centric approach to support market building.

05

Investing in R&D with a primary focus on robotics as the future growth driver with targeted efforts to rejuvenate our energy-based product portfolio and to build a sustainable consumables revenue base to complement device sales.

06

Pursuing business development opportunities to accelerate growth and pipeline progress.

Significant Progress in FY23

On-going

Right Sizing & Resetting the Business Well Underway

Rationalizing the Cost Base	✓✓	<u>9M Q3 2022</u> Cash Opex \$66M	<u>9M Q3 2023</u> Cash Opex \$55M	<ul style="list-style-type: none"> • Reduction of 16% in cash opex and 20% in GAAP opex period over period • Projected annualized reduction in FY24 of 20% in cash opex vs FY22
Shifting to Higher Quality Revenues	✓✓	Cash vs Subscription 53% : 47%	Cash vs Subscription 70% : 30%	<ul style="list-style-type: none"> • Successful re-balancing of business model • US cash system sales of 76% vs 44% in prior year period • Remaining subscription sales under new credit model
Refocus on the US and Optimize International Markets	✓	Direct Offices 15	Direct Offices 11	<ul style="list-style-type: none"> • Reduction of 4 offices • Estimated direct offices <10 by early 2024
Reduction in Cash Burn	✓✓	Cash Flow from Ops: \$(24M) Cash Flow¹ \$(21M)	Cash Flow from Ops \$(12M) Cash Flow¹ \$(9M)	<ul style="list-style-type: none"> • 49% and 58% reduction in Cash Flow from Ops and Cash Flow, respectively • Expected 50%+ reduction in both metrics FY23 vs FY22

1. Cash Flow is defined as Cash Flow from Operations excluding Finance Expenses. Figures sourced from the Company's most recently filed quarterly report on Form 10-Q and annual report on Form 10-K.



Debt & Restructuring Update (Oct'23)

Term Loan



- **Term:** 5-years (Dec'20 – Dec'25)
- **Principal:** \$51.3M¹ (\$3.9M amortization in Dec'24 and outstanding balance due in Dec'25)
- **Interest Rate:** 1-month SOFR + 3.25%

Convertible Debt



- **Term:** 5-years (Dec'20 – Dec'25)
- **Principal:** \$22.8M² (no amortization payments and outstanding balance due in Dec'25)
- **Interest Rate:** 3-month adjusted term SOFR + 8.5% (PIK)

October 2023 Restructuring

- On October 5th, 2023, the Company announced that CNB restructured the loan to provide relief and flexibility
- Per the agreement, 100% (\$7.7M) of the 2023 annual payment of principal plus accrued interest is deferred to end of term, and 50% (\$3.9M) of the 2024 annual payment of principal plus accrued interest is deferred to end of term (represents ~\$11.6M in total deferred payment)
- Agreement includes a \$3.0M minimum cash covenant and interest rate reset to 1-month SOFR + 3.25%

- On October 5th, 2023, the Company announced that Madryn restructured its convertible notes to provide relief and flexibility
- Per the agreement, \$5.0M of the original convertible debt was exchanged for new senior convertible preferred stock, which pays a 12.5% dividend-in-kind on a quarterly basis
- The remaining outstanding balance of the notes bear an interest rate of 3-month adjusted SOFR+ 8.5% per annum; interest payments are PIK'd and the notes carry a new conversion price of \$24.

1. As of 9/30/23. Includes interest.

2. As of 10/5/23.

Longer-Term Aspirations

Growth Aspirations

Revenue: Double Digit Growth
Operating Cash Flow: Break-even in 2H 2024, Positive in 2025
EBITDA Margin: Positive in 2025, Industry Standard 2025+

2023

Right size business, re-focus business model and rejuvenate R&D

2024

Growth with key pipeline launches

2025+

Accelerate pipeline / inorganic growth

