

APyx<sup>TM</sup>  
MEDICAL

November 2021

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## Investment Highlights

**Enhanced growth profile and balance sheet fueled by strategic transaction in 2018**

**\$1.5+ Billion potential market opportunity in U.S. cosmetic surgery**

**Renuvion Cosmetic Technology:  
truly differentiated; unique capabilities in cosmetic surgery procedures**









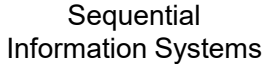











**Strong commercial traction and physician feedback for Renuvion**

**Growth profile benefitting from commercial strategy to drive adoption and utilization  
in the US cosmetic surgery market and key OUS markets**

**Pursuing multiple strategic initiatives to position “Apyx Medical Corporation”<sup>(1)</sup>  
for sustainable, long-term growth in the cosmetic surgery market**

**Experienced management team; enhanced with hires in 2018, '19 and '21**

# Management Team Overview

Mgmt. Team Member	Joined Apyx	Years of Relevant Experience	Representative Previous Experience
<b>Charlie Goodwin</b> <i>Chief Executive Officer</i>	December 2017	25+	 
<b>Tara Semb</b> <i>Chief Financial Officer</i>	December 2018	25+	  
<b>Todd Hornsby</b> <i>Executive Vice President</i>	August 2014	20+	 
<b>Moshe Citronowicz</b> <i>Senior Vice President</i>	October 1993	30+	 
<b>Shawn Roman</b> <i>Vice President of Research and Development</i>	October 2014	20+	 
<b>Lisa Graney</b> <i>Vice President of Quality Assurance &amp; Regulatory Affairs</i>	September 2021	25+	   
<b>Jeff Hoffman</b> <i>Vice President of Marketing</i>	February 2016	20+	    

**Experienced management team; enhanced with hires in 2018, '19 & '21**

# Management Team Overview

Mgmt. Team Member	Joined Apyx	Years of Relevant Experience	Representative Previous Experience
<b>Kari Larson</b> <i>Senior Director of Clinical Affairs</i>	July 2019	15+	
<b>Priscilla Herpai</b> <i>Global Director of Regulatory Affairs</i>	February 2021	10+	
<b>Laura Iversen</b> <i>Director of Global Operations – Advanced Energy</i>	September 2018	20+	
<b>Kim Hanson BSN, RNFA</b> <i>Sr. Global Director of Clinical Operations and Medical Affairs</i>	June 2018	30+	
<b>Scott Goldstein</b> <i>Global Director of Quality Assurance</i>	May 2020	8+	

**Experienced management team; enhanced with hires in 2018, '19 & '21**

# Company Snapshot

- Medical technology company, formerly known as Bovie Medical Corporation
- Two reportable operating segments:
  - **“Advanced Energy”** – commercializing the company’s Helium Plasma Technology
    - A patented technology using helium plasma and proprietary RF waveforms for cutting, coagulation and ablation of soft tissue
      - Sold under the *Renuvion*<sup>®</sup> *Cosmetic Technology* brand in the cosmetic surgery market
      - Sold under the *J-Plasma*<sup>®</sup> brand in the hospital-based surgery markets
  - **“OEM”** – original equipment manufacturer for other medical device manufacturers

<b>Founded:</b>	1978
<b>Locations:</b>	<ul style="list-style-type: none"> <li>• Clearwater, FL</li> <li>• Sofia, Bulgaria</li> </ul>
<b>Full-Time Employees:</b>	283 <sup>(1)</sup>

<b>Year of IPO:</b>	1982
<b>Ticker (Nasdaq) :</b>	APYX
<b>Market Cap :</b>	~\$569M <sup>(2)</sup>
<b>Avg. Daily Vol (LTM):</b>	~82,000 <sup>(3)</sup>

(1) As of 9/30/2021

(2) Market cap. based on common shares outstanding of 34.3M as of 11/9/21 x share price of \$16.56 as of 11/15/21

(3) As market close on 11/15/21

“LTM” = Last Twelve Months

## **“Apyx Medical”<sup>(1)</sup>**

### ***Enhanced Growth Profile & Balance Sheet Fueled by Strategic Transaction***

**August 30, 2018: Completed divestiture and sale of “Core” operating segment and the Bovie brand to Symmetry Surgical, Inc. for \$97M in gross proceeds.**

- Apyx Medical retained Advanced Energy and OEM operating segments and manufacturing facilities
  - Transaction allowed Apyx Medical to focus on most attractive growth opportunity: Advanced Energy operating segment
  - Apyx Medical will be OEM-provider of surgical generators to Symmetry Surgical for at least 10-years under generator manufacturing and supply agreement
- \$69 million in net after tax proceeds from the transaction significantly enhanced balance sheet

(1) Note, company formerly known as Bovie Medical Corporation; rebranded as “Apyx Medical Corporation” on 1/1/19 following the transaction with Symmetry Surgical, Inc. which closed on 8/30/18

***“Apyx Medical”: enhanced growth profile and balance sheet;  
Increased focus on Advanced Energy segment opportunity***

# Apyx Medical: Attractive Market Opportunity

**Primary Market Opportunity: Selling Renuvion (powered by J-Plasma Technology) in the U.S. cosmetic surgery market**

- ~15,000<sup>(1)</sup> plastic surgeons, cosmetic surgeons & dermatologists

**Generators: ~\$1.3 billion potential market opportunity<sup>(2)</sup>**

- Strong annual addressable market opportunity with initial clinical indication
  - Renuvion as a subdermal coagulator following liposuction procedures: ~\$170M<sup>(3)</sup>
- Pursuing additional clinical indications to expand annual addressable market in the U.S.
  - Dermal skin resurfacing procedures: ~\$85M<sup>(4)</sup>

**Handpieces: ~\$255 million potential annual market opportunity**

(1) Source: American Society of Plastic Surgeons (ASPS) database 2018

(2) Assumes 15,000 physicians x ~\$85,000 generator list price

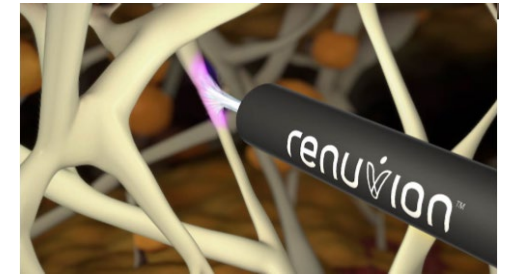
(3) Assumes ~400,000 annual procedures x ~\$425 handpiece list price

(4) Assumes ~200,000 annual procedures x ~\$425 handpiece list price

**\$1.5+ Billion potential market opportunity in U.S. cosmetic surgery**



- Helium plasma and proprietary RF waveform for cutting, coagulating and ablating soft tissue
- Offers ability to deliver heat to tissue in a way never before possible:



### 1. Unique heating with helium plasma and proprietary RF energy and near instantaneous cooling

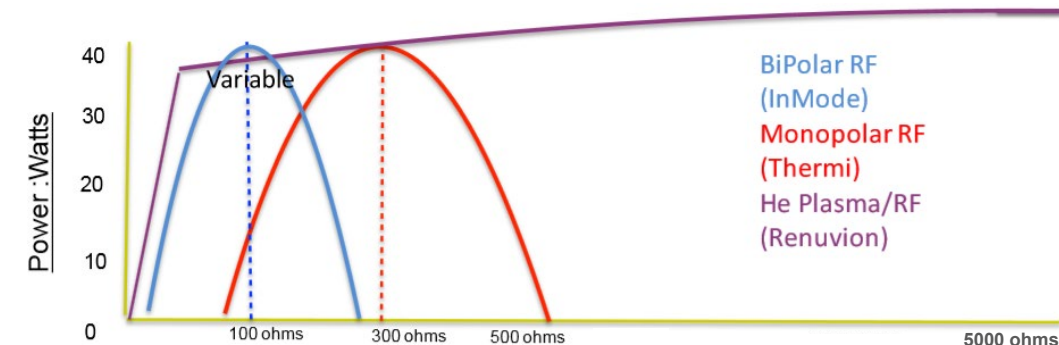
- Allows Renuvion to quickly heat the subdermal tissue to maximum contraction temperatures, while minimizing thermal diffusion to the skin surface

### 2. Ability to deliver full power to all soft tissues

- Allows for faster and more efficient heating of the subdermal tissue

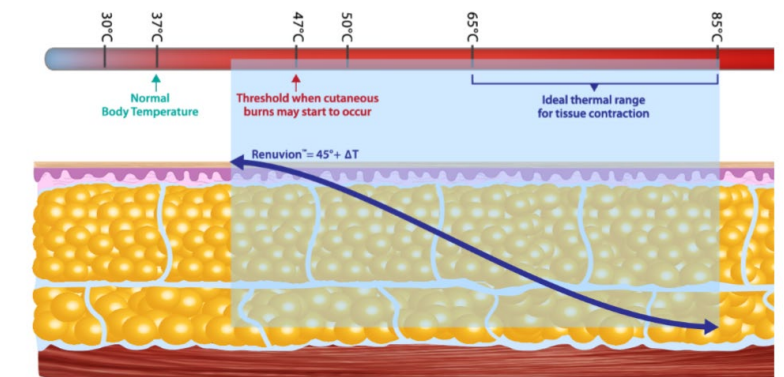
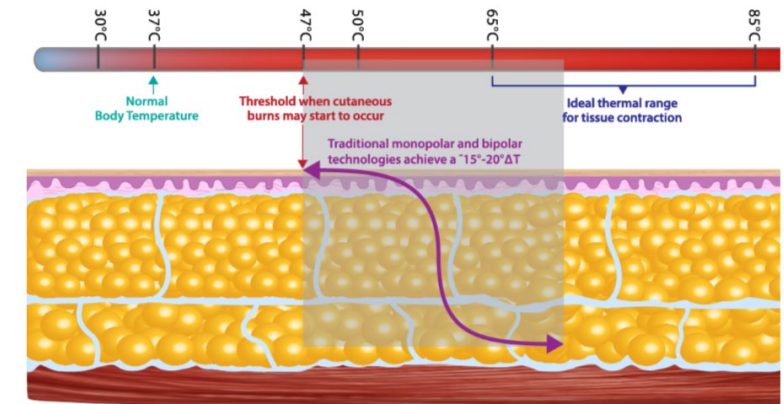
### 3. Non-contact energy delivery

- Allows for 360° energy application to all desired tissues in the subdermal space



***Renuvion's unique ability to manage tissue temperature allows for improved tissue effect & reduced treatment time***

- **Traditional mono- and bipolar RF technologies:**
  - Rely on full thickness heating, which results in inefficient and slow heat delivery
  - Difficult to achieve ideal treatment temperature range for subdermal tissue contraction while maintaining safe skin surface temperature
  - Struggle between desired immediate tissue effect (internal  $>65^{\circ}$  C) and safety (external at  $<\sim 47^{\circ}$  C)
- **Renuvion Cosmetic Technology:**
  - Able to quickly deliver maximum contraction temperatures to subdermal tissue, while maintaining safe skin surface temperature
  - Allows for improved tissue effect and time efficiency

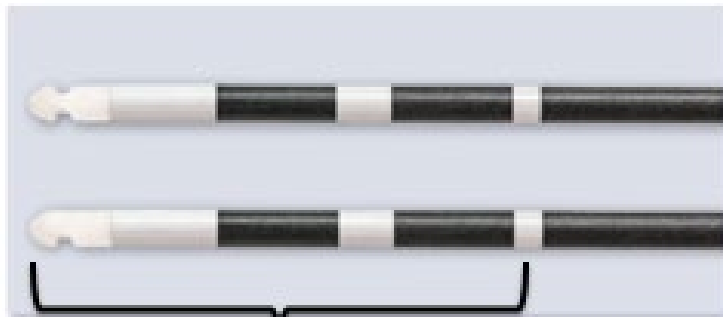
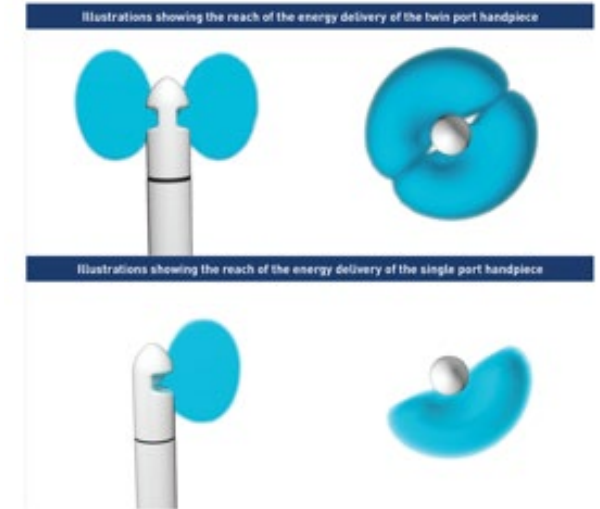


***Renuvion's unique ability to manage heat solves the internal-external tissue temperature dilemma***

## New Renuvion APR Handpieces (“Apyx Plasma/RF Handpiece”)

### *Designed by Physicians, for Physicians*

- Launched 15cm handpiece in Q1’20 and 27cm handpiece in Q2’20
- **Key Benefits:**
  - Designed specifically for percutaneous use
  - Smaller diameter (3mm vs 5mm) with rounded tip
  - Improved ergonomics
  - Improved safety



4cm



## Physician Feedback

*“Renuvion has already made such an impact on my business that patients are coming in the door and asking for it by name.”*

**-Paul Ruff, MD  
Plastic Surgeon**

*“Renuvion is one of the best investments in my practice that I’ve ever made. I’m expanding my usage with it every day and I’ve even purchased another system for my second office.”*

**-Kyle Song, MD  
Plastic Surgeon**

*“I had one of the bipolar systems previously and upgraded to Renuvion because I found it to be faster, and it allows me to give my patients better results.”*

**-Richard Hodnett, MD  
Plastic Surgeon**

***Strong feedback from physicians in the cosmetic surgery market***

# Commercial Strategy

## U.S. Commercial Strategy:

- Marketing and selling Renuvion to “early adopters” in the U.S. cosmetic surgery market
- Employing a hybrid selling model comprised of<sup>(1)</sup>:
  - 31 field-based selling professionals
  - 5 sales managers
  - 2 independent sales agencies
- Driving growth by expanding customer base and increasing utilization from existing accounts

## International Commercial Strategy:

- Utilizing a network of distributors, who market and sell into physician’s offices and the hospital surgical suite
  - Products sold in >60 countries via distributor network<sup>(1)</sup>
- Growth fueled by penetrating existing markets and expanding distributor relationships

*(1) As of 9/30/2021*

**Growth profile benefitting from commercial strategy to drive adoption and utilization in the US cosmetic surgery market and key OUS markets**

## Establishing Foundation for Long-term Growth

**Focused on building support to facilitate broad-based adoption of Renuvion by:**

1. Enhancing physician and practice support for cosmetic surgery customers
2. Expanding clinical support for Renuvion in cosmetic surgery procedures
3. Formulating regulatory strategy in the cosmetic surgery market
4. Improving manufacturing capabilities and efficiencies

***Pursuing multiple strategic initiatives to position Apyx Medical for sustainable, long-term growth in the cosmetic surgery market***

## ***Establishing Foundation for Long-term Growth***

### **1. Enhancing physician and practice support for cosmetic surgery customers**

#### **Establishing “Renuvion Cosmetic Technology” brand:**

- Channel-specific branding for the cosmetic surgery market
- Created for physicians, with their input
- Designed to:
  - Enhance physician practice-based marketing
  - Provide a more patient friendly brand for the technology
  - Leverage the increasing awareness of Renuvion in the cosmetic surgery market



#### **Developed a field based team of clinical specialists**

- Providing case support, training and staff education

#### **Hosting Virtual Physician Mentor Programs (PMPs)**

- Educational events where current Renuvion users educate new users on the proper safe and effective techniques and guidelines

#### **Hosting Annual Users Meeting**

- Initial event in April 2021 featured presentations and discussions hosted by 22 key opinion leaders and top surgeon users from around the world



## ***Establishing Foundation for Long-term Growth***

### **2. Expanding clinical support for Renuvion in cosmetic surgery procedures**

- **Total Clinical Publications –**
  - 17 published manuscripts and book chapters supporting the use of Renuvion in subdermal procedures
  - 11 published manuscripts supporting the use of Renuvion in dermal resurfacing procedures
- **2021 Clinical Highlights –**
  - Announced the publication of an independent, peer-reviewed article in the *American Journal of Cosmetic Surgery* supporting Renuvion's efficacy in managing skin laxity when used in combination with liposuction vs. liposuction alone
  - Announced the publication of a peer-reviewed article supporting the use of Renuvion in dermal resurfacing procedures in the *Journal of Cosmetic Dermatology*
- **2020 Clinical Highlights –**
  - Published results of first U.S. IDE study evaluating the use of Renuvion in dermal skin resurfacing in the peer-reviewed journal, *Lasers in Surgery & Medicine*
  - Announced the publication of two separate peer-reviewed articles supporting the use of Renuvion in the journal, *Dermatological Reviews*



## *Establishing Foundation for Long-term Growth*

### **3. Formulizing regulatory strategy in the cosmetic surgery market**

- Current focus areas:
  - **US: Pursue specific clinical indications for the use of Renuvion in target procedures**
    - Initial U.S. target: dermal resurfacing procedures
      - May, 2021: submitted 510(k) premarket notification for the use of Renuvion in dermal resurfacing procedures
    - Next U.S. target: skin laxity procedures
      - August, 2021: Completed patient enrollment in Phase II of U.S. IDE clinical study evaluating the use of Renuvion technology skin laxity procedures in the neck and submental region
        - Anticipate submitting 510(k) premarket notification in Q2'22
  - **OUS: Obtain regulatory approval in new countries outside the U.S. with large, growing cosmetic surgery markets**
    - 2021: Regulatory approval in 5 new countries as of 9/30/21
    - 2020: Regulatory approval in 11 new countries, including Brazil
    - 2022: Focus on key Asia Pacific markets, including China, S. Korea and Japan
- Longer-term focus: Continue to develop and execute multi-year strategy to secure additional clinical indications for target cosmetic surgery procedures

# Establishing Foundation for Long-term Growth

## 4. Improving manufacturing capabilities and efficiencies

- Focused on identifying new ways to improve manufacturing capabilities and implement lean initiatives
  - Appointed Craig Swandal to the Board of Directors and Laura Iversen as Director of Global Operations - Advanced Energy to identify and pursue improvements
  - Strategy includes implementing new process improvements to reduce per unit manufacturing costs of Advanced Energy products

Manufacturing Overview:			
<b>Facility location:</b>	Clearwater, FL	Sofia, Bulgaria	China
<b>Size:</b>	60,000 sq. ft.	22,000 sq. ft.	70,000 sq. ft.
<b>Owned / Contracted:</b>	Owned	Owned	Contracted
<b>Capabilities:</b>	<ul style="list-style-type: none"> <li>• Assembly</li> <li>• Integration</li> <li>• Final Testing</li> <li>• Service and Repair</li> <li>• Packaging</li> <li>• Sterilization Management</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Complex Component Assembly</li> <li>• Final Assembly and Testing</li> <li>• Service and Repair</li> <li>• Packaging and Sterilization Management</li> </ul>	<ul style="list-style-type: none"> <li>• Component Manufacturing</li> <li>• Sub-Assemblies</li> <li>• Finished Medical Devices (Electrodes)</li> <li>• Start up phase of local JV for manufacturing for China market</li> </ul>

# Financial Results Summary

(\$ in 000's)

	Q3		FY	
	2021	2020	2020	2019
<b>Revenue</b>	<b>\$11,831</b>	<b>\$6,954</b>	<b>\$27,711</b>	<b>\$28,235</b>
<i>Revenue Growth (Y/Y)</i>	<i>70.1%</i>		<i>-1.9%</i>	
Cost of Goods Sold	3,766	2,229	10,207	9,141
<b>Gross Profit</b>	<b>\$8,065</b>	<b>\$4,725</b>	<b>\$17,504</b>	<b>\$19,094</b>
<i>Gross Margin</i>	<i>68.2%</i>	<i>67.9%</i>	<i>63.2%</i>	<i>67.6%</i>
Total Other Costs and Expenses	12,024	9,096	37,587	39,963
<b>Loss from Operations</b>	<b>(\$3,959)</b>	<b>(\$4,371)</b>	<b>(\$20,083)</b>	<b>(\$20,869)</b>
Adjusted EBITDA	(\$2,721)	(\$3,142)	(\$14,497)	(\$16,885)

- Total revenue results in 2020 reflect the impact of COVID-19 on the Advanced Energy business
- In Q3'21, global Advanced Energy sales grew 88% year-over-year, driven by strong global growth in sales of handpieces and generators, which increased by >100% and >70% year-over-year, respectively

## FY'21 Financial Guidance

*On November 11, 2021, the Company updated its fiscal year 2021 financial guidance:*

- **Total revenue in the range of \$44 million to \$45 million, representing growth of 59% to 62% year-over-year.** The Company's prior guidance range for total revenue was \$40.6 million to \$42.6 million, representing growth of 46% to 54% year-over-year.
  - Total revenue guidance assumes:
    - Advanced Energy revenue of \$39.0 million to \$40.0 million, representing growth of 76% to 80% year-over-year. The Company's prior guidance range was \$36.0 million to \$38.0 million, representing growth of 62% to 71% year-over-year.
    - OEM revenue of approximately \$5.0 million, representing a decrease of approximately 9% year-over-year.
- **Net loss attributable to stockholders in the range of \$17.8 million to \$17.2 million.** The Company's prior guidance range was \$19.3 million to \$18.0 million.
- **Adjusted EBITDA loss in the range of \$11.6 million to \$10.7 million.** The Company's prior guidance range for Adjusted EBITDA loss was \$13.1 million to \$11.5 million.

***FY'21 revenue growth and long-term path to profitability  
fueled by strong growth in high-margin AE segment***



# Appendix

# Balance Sheet (Slide 1 of 2)

(In thousands)



	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 30,898	\$ 41,915
Trade accounts receivable, net of allowance of \$360 and \$300	11,444	8,399
Income tax receivables	7,654	7,654
Other receivables	873	1,275
Inventories, net of provision for obsolescence of \$303 and \$388	6,040	4,051
Prepaid expenses and other current assets	2,967	2,795
<b>Total current assets</b>	<b>59,876</b>	<b>66,089</b>
Property and equipment, net	6,412	6,541
Operating lease right-of-use assets	152	237
Finance lease right-of-use assets	274	437
Other assets	1,055	807
<b>Total assets</b>	<b>\$ 67,769</b>	<b>\$ 74,111</b>

# Balance Sheet (Slide 2 of 2)

(In thousands)



## LIABILITIES AND EQUITY

### Current liabilities:

Accounts payable

\$ 3,044 \$ 1,511

Accrued expenses and other liabilities

8,324 7,278

Current portion of operating lease liabilities

125 126

Current portion of finance lease liabilities

218 238

### Total current liabilities

11,711 9,153

Long-term operating lease liabilities

30 129

Long-term finance lease liabilities

22 183

Contract liabilities

1,200 621

Other liabilities

146 166

### Total liabilities

13,109 10,252

## EQUITY

Common stock, \$0.001 par value; 75,000,000 shares authorized; 34,339,533 issued and outstanding as of September 30, 2021, and 34,289,222 outstanding as of December 31, 2020

34 34

Additional paid-in capital

64,862 61,066

(Accumulated deficit) retained earnings

(10,548) 2,621

### Total stockholders' equity

54,348 63,721

Non-controlling interest

312 138

### Total equity

54,660 63,859

### Total liabilities and equity

\$ 67,769 \$ 74,111

# Income Statement

(In thousands)



	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Sales	\$ 11,831	\$ 6,954	\$ 31,693	\$ 16,247
Cost of sales	3,775	2,229	10,243	6,444
<b>Gross profit</b>	8,056	4,725	21,450	9,803
Other costs and expenses:				
Research and development	1,175	1,047	3,374	3,002
Professional services	2,032	1,835	5,442	5,882
Salaries and related costs	4,206	3,508	12,794	10,258
Selling, general and administrative	4,611	2,706	12,596	8,691
<b>Total other costs and expenses</b>	12,024	9,096	34,206	27,833
<b>Loss from operations</b>	(3,968)	(4,371)	(12,756)	(18,030)
Interest income	2	10	9	233
Interest expense	(3)	(25)	(9)	(39)
Other (loss) income, net	(192)	(63)	(188)	349
<b>Total other (loss) income, net</b>	(193)	(78)	(188)	543
<b>Loss before income taxes</b>	(4,161)	(4,449)	(12,944)	(17,487)
Income tax expense (benefit)	73	(715)	246	(7,112)
<b>Net loss</b>	(4,234)	(3,734)	(13,190)	(10,375)
<b>Net loss attributable to non-controlling interest</b>	(12)	(6)	(21)	(6)
<b>Net loss attributable to stockholders</b>	<u>\$ (4,222)</u>	<u>\$ (3,728)</u>	<u>\$ (13,169)</u>	<u>\$ (10,369)</u>
<b>Loss per share</b>				
Basic and Diluted	\$ (0.12)	\$ (0.11)	\$ (0.38)	\$ (0.30)
Weighted average number of shares outstanding - basic and diluted	34,330	34,216	34,318	34,193



# GAAP to Non-GAAP Reconciliation: Net Loss to Adjusted EBITDA



*(Unaudited) (In thousands)*

*(In thousands)*

	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net loss attributable to stockholders	\$ (4,222)	\$ (3,728)	\$ (13,169)	\$ (10,369)
Interest income	(2)	(10)	(9)	(233)
Interest expense	3	25	9	39
Income tax expense (benefit)	73	(715)	246	(7,112)
Depreciation and amortization	234	223	674	662
Stock based compensation	1,184	1,063	3,747	3,209
Adjusted EBITDA	<u>\$ (2,730)</u>	<u>\$ (3,142)</u>	<u>\$ (8,502)</u>	<u>\$ (13,804)</u>

# GAAP to Non-GAAP Reconciliation: FY'21 Financial Guidance



*(Unaudited) (In thousands)*

The following unaudited table presents a reconciliation of net loss to Adjusted EBITDA for the Company's 2021 guidance:

	<b>Year Ending</b>	
<i>(In millions)</i>	<b>December 31, 2021</b>	
Net loss attributable to stockholders	\$	(17.5)
Interest income		—
Interest expense		—
Income tax expense		0.3
Depreciation and amortization		0.9
Stock based compensation		5.2
Adjusted EBITDA	\$	(11.2)

*Note: figures may not sum to totals due to rounding*

The reconciliation assumes the mid-point of the Adjusted EBITDA loss range and the midpoint of each component of the reconciliation, corresponding to guidance for net loss attributable to stockholders of \$17.8 million to \$17.2 million for 2021.

**Apyx**<sup>TM</sup>  
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