

March 16, 2021



Ra Medical Systems Reports 2020 Fourth Quarter and Full Year Financial Results

Conference call begins at 4:30 p.m. Eastern time today

CARLSBAD, Calif.--(BUSINESS WIRE)-- [Ra Medical Systems, Inc.](#) (NYSE American: RMED), a medical device company focusing on commercializing excimer laser systems to treat vascular and dermatological diseases, reports financial results for the three and 12 months ended December 31, 2020 and provides a business update.

Recent Operational Highlights

- Enrolled 17 subjects in the company's atherectomy pivotal clinical trial since mid-November for a total of 30 subjects enrolled to date
- Completed in-house accelerated aging tests that support shelf life of at least six months for next-generation DABRA catheters
- Received positive feedback on next-generation, guidewire-compatible DABRA catheter prototypes from vascular physicians at a hands-on workshop
- Completed Quality Improvement Plan comprised of 116 items
- Achieved a 44% sequential-quarter increase in revenue from the dermatology segment

"I'm encouraged by our progress in recent months, in particular the uptick in patient enrollment in our atherectomy pivotal trial and our progress on improvements and enhancements to the DABRA catheter," said Will McGuire, Ra Medical Systems CEO. "We are executing well on our engineering, clinical and quality initiatives, and I am confident that we will continue delivering on our timelines and milestones."

Fourth Quarter Financial Highlights

Net revenue for the fourth quarter of 2020 was \$1.2 million, which consisted of product sales of \$0.5 million and service and other revenue of \$0.7 million. This compares with net revenue of \$1.4 million for the fourth quarter of 2019, which consisted of product sales of \$0.6 million and service and other revenue of \$0.8 million.

Net revenue from the vascular segment for the fourth quarter of 2020 was de minimis, compared with \$0.2 million for the fourth quarter of 2019. Net revenue from the dermatology segment was unchanged at \$1.2 million for the fourth quarters of 2020 and 2019.

Total cost of revenue for the fourth quarter of 2020 was \$1.3 million, compared with \$1.8 million for the fourth quarter of 2019.

Selling, general and administrative expenses for the fourth quarter of 2020 were \$6.9 million, which included \$0.8 million in stock-based compensation, compared with \$8.6 million for the

fourth quarter of 2019, which included \$1.1 million in stock-based compensation. Research and development expenses for the fourth quarter of 2020 were \$3.4 million, compared with \$0.8 million for the fourth quarter of 2019. The 2020 quarter included an increase of \$2.3 million in personnel, supplies and consulting expenses related to efforts to remedy the inconsistencies in the company's DABRA catheter performance and expand efforts on the next generation of products. Research and development expenses for the fourth quarters of 2020 and 2019 both included \$0.1 million in stock-based compensation.

The net loss for the fourth quarter of 2020 was \$10.4 million, or \$3.61 per share on 2.9 million weighted average common shares outstanding. This compares with a net loss for the fourth quarter of 2019 of \$9.7 million, or \$18.04 per share on 0.5 million weighted average common shares outstanding. The outstanding share count reflects the 1-for-25 reverse split of common stock effected in November 2020.

Adjusted EBITDA for the fourth quarter of 2020 was negative \$8.8 million, compared with negative \$8.0 million for the fourth quarter of 2019. Adjusted EBITDA is a non-GAAP measure presented as net loss before depreciation and amortization expense, interest income, interest expense, income taxes and stock-based compensation. For additional information regarding the non-GAAP financial measures discussed in this news release, please see "Non-GAAP Reconciliations" below.

Ra Medical reported cash and cash equivalents of \$23.9 million as of December 31, 2020.

2020 Financial Highlights

Net revenue for 2020 was \$4.4 million, which consisted of product sales of \$1.4 million and service and other revenue of \$3.0 million. This compares with net revenue of \$7.2 million for 2019, which consisted of product sales of \$3.9 million and service and other revenue of \$3.3 million.

Net revenue from the vascular segment was \$0.3 million for 2020, compared with \$1.3 million for 2019. Net revenue from the dermatology segment was \$4.1 million for 2020, compared with \$5.9 million for 2019.

Total cost of revenue for 2020 was \$5.5 million, compared with \$8.9 million for 2019.

Selling, general and administrative expenses for 2020 were \$26.0 million, which included \$3.3 million in stock-based compensation, compared with \$51.5 million for 2019, which included \$20.4 million in stock-based compensation. Research and development expenses for 2020 were \$9.0 million, which included \$0.4 million in stock-based compensation, compared with \$4.5 million for 2019, which included \$1.5 million in stock-based compensation.

The net loss for 2020 was \$36.0 million, or \$21.22 per share on 1.7 million weighted average shares outstanding. This compares with a net loss for 2019 of \$57.0 million, or \$108.28 per share on 0.5 million weighted average shares outstanding. The share count reflects the 1-for-25 reverse split of common stock effected in November 2020.

Adjusted EBITDA for the 2020 was negative \$29.6 million, compared with negative \$32.4 million for 2019. The improvement in adjusted EBITDA is the result of cost reduction

initiatives.

Conference Call and Webcast

Ra Medical will hold a conference call and audio webcast to discuss this announcement and answer questions at 4:30 p.m. Eastern time today. The conference call dial-in numbers are 866-777-2509 for domestic callers and 412-317-5413 for international callers, and the passcode is 10152763. A live webcast of the call will be available on the Investor Relations section of www.ramed.com.

A recording of the call will be available for 48 hours beginning approximately two hours after the completion of the call by dialing 877-344-7529 for domestic callers, 855-669-9658 for Canadian callers or 412-317-0088 for international callers. Please use the passcode 10152763. A webcast replay will be available on the Investor Relations section of www.ramed.com for 30 days, beginning approximately two hours after the completion of the call.

Non-GAAP Financial Measures

Ra Medical has presented certain financial information in accordance with U.S. GAAP and also on a non-GAAP basis for the three months and years ended December 31, 2020 and December 31, 2019. EBITDA and Adjusted EBITDA are performance measures that provide supplemental information management believes is useful to analysts and investors to evaluate Ra Medical's ongoing results of operations, when considered alongside other GAAP measures. These measures are intended to aid investors in better understanding Ra Medical's current financial performance and prospects for the future as seen through management. Management uses non-GAAP measures to compare the company's performance relative to forecasts and strategic plans and to benchmark the company's performance externally against competitors. Management believes that these non-GAAP financial measures facilitate comparisons with Ra Medical's historical results and with the results of peer companies who present similar measures (although other companies may define non-GAAP measures differently than we define them, even when similar terms are used to identify such measures). Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of the company's operating results as reported under U.S. GAAP. Ra Medical encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP operating results are presented in the accompanying tables of this release.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. Ra Medical defines EBITDA as our GAAP net loss as adjusted to exclude depreciation and amortization, interest income, interest expense and income tax expense. Ra Medical defines Adjusted EBITDA as our GAAP net loss as adjusted to exclude depreciation and amortization, interest income, interest expense, income tax expense and stock-based compensation.

About Ra Medical Systems

Ra Medical Systems commercializes excimer lasers and catheters for the treatment of vascular and dermatological diseases. In May 2017, the DABRA excimer laser system received FDA 510(k) clearance in the U.S. for crossing chronic total occlusions, or CTOs, in patients with symptomatic infrainguinal lower extremity vascular disease with an intended use for ablating a channel in occlusive peripheral vascular disease. The Pharos excimer laser system is FDA-cleared and is used as a tool in the treatment of psoriasis, vitiligo, atopic dermatitis and leukoderma. DABRA and Pharos are both based on Ra Medical's core excimer laser technology platform and deploy similar mechanisms of action. Ra Medical manufactures DABRA and Pharos excimer lasers and catheters in a 32,000-square-foot facility located in Carlsbad, Calif. The vertically integrated facility is ISO 13485 certified and is licensed by the State of California to manufacture sterile, single-use catheters in controlled environments.

Cautionary Note Regarding Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or Ra Medical's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern Ra Medical's future expectations, strategy, plans or intentions. Forward-looking statements in this press release include, but are not limited to, statements regarding Ra Medical's business strategy. Ra Medical's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected or implied by such forward-looking statements. The potential risks and uncertainties which contribute to the uncertain nature of these statements include, among others, challenges inherent in developing, manufacturing, launching, marketing, and selling new products; risks associated with acceptance of DABRA and Pharos and procedures performed using such devices by physicians, payors, and other third parties; development and acceptance of new products or product enhancements; clinical and statistical verification of the benefits achieved via the use of Ra Medical's products; the results from our clinical trials, which may not support intended indications or may require Ra Medical to conduct additional clinical trials or modify ongoing clinical trials; challenges related to commencement, patient enrollment, completion, an analysis of clinical trials; Ra Medical's ability to manage operating expenses; Ra Medical's ability to effectively manage inventory; Ra Medical's ability to recruit and retain management and key personnel; Ra Medical's need to comply with complex and evolving laws and regulations; intense and increasing competition and consolidation in Ra Medical's industry; the impact of rapid technological change; costs and adverse results in any ongoing or future legal proceedings; adverse outcome of regulatory inspections; and the other risks and uncertainties described in Ra Medical's news releases and filings with the Securities and Exchange Commission. Information on these and additional risks, uncertainties, and other information affecting Ra Medical's business and operating results is contained in Ra Medical's Annual Report on Form 10-K for the year ended December 31, 2019 and in its other filings with the Securities and Exchange Commission. Additional information will also be set forth in Ra Medical's Annual Report on Form 10-K for the year ended December 31, 2020 to be filed with the Securities and Exchange Commission. The forward-looking statements in this press release

are based on information available to Ra Medical as of the date hereof, and Ra Medical disclaims any obligation to update any forward-looking statements, except as required by law.

Ra Medical investors and others should note that we announce material information to the public about the company through a variety of means, including our website (www.ramed.com), our investor relations website (<https://ir.ramed.com/>), press releases, SEC filings and public conference calls in order to achieve broad, non-exclusionary distribution of information to the public and to comply with our disclosure obligations under Regulation FD. We encourage our investors and others to monitor and review the information we make public in these locations as such information could be deemed to be material information. Please note that this list may be updated from time to time.

Ra Medical Systems, Inc.
Condensed Balance Sheets
(Unaudited)
(in thousands)

	December 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 23,906	\$ 14,584
Short-term investments	—	15,993
Accounts receivable, net	238	786
Inventories	2,218	2,777
Prepaid expenses and other current assets	1,258	1,860
Total current assets	27,620	36,000
Property and equipment, net	3,211	5,050
Operating lease right-of-use-assets	2,484	2,835
Other non-current assets	123	196
TOTAL ASSETS	\$ 33,438	\$ 44,081
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 571	\$ 1,532
Accrued expenses	4,348	2,642
Current portion of deferred revenue	1,801	2,029
Current portion of equipment financing	265	293
Current portion of promissory note	421	—
Current portion of operating lease liabilities	356	318
Total current liabilities	7,762	6,814
Deferred revenue	686	1,232
Promissory note	1,579	—

Operating lease liabilities	2,264	2,620
Equipment financing	—	265
Total liabilities	<u>12,291</u>	<u>10,931</u>
Total stockholders' equity	<u>21,147</u>	<u>33,150</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 33,438</u>	<u>\$ 44,081</u>

Ra Medical Systems, Inc.
Condensed Statements of Operations
(Unaudited)
(in thousands, except per share data)

	Three Months Ended		Year Ended December	
	December 31,		31,	
	2020	2019	2020	2019
Net revenue				
Product sales	\$ 484	\$ 603	\$ 1,407	\$ 3,859
Service and other	733	787	2,998	3,340
Total net revenue	<u>1,217</u>	<u>1,390</u>	<u>4,405</u>	<u>7,199</u>
Cost of revenue				
Product sales	632	1,008	2,890	5,856
Service and other	681	742	2,592	2,994
Total cost of revenue	<u>1,313</u>	<u>1,750</u>	<u>5,482</u>	<u>8,850</u>
Gross loss	(96)	(360)	(1,077)	(1,651)
Operating expenses				
Selling, general and administrative	6,860	8,642	25,974	51,549
Research and development	3,428	838	9,008	4,530
Total operating expenses	<u>10,288</u>	<u>9,480</u>	<u>34,982</u>	<u>56,079</u>
Operating loss	(10,384)	(9,840)	(36,059)	(57,730)
Other income (expense), net	(53)	104	21	788
Loss before income tax expense	(10,437)	(9,736)	(36,038)	(56,942)
Income tax expense	7	7	7	15
Net loss	<u>\$(10,444)</u>	<u>\$ (9,743)</u>	<u>\$(36,045)</u>	<u>\$(56,957)</u>
Basic and diluted net loss per share	<u>\$ (3.61)</u>	<u>\$ (18.04)</u>	<u>\$ (21.22)</u>	<u>\$(108.28)</u>
Basic and diluted weighted average common shares outstanding	<u>2,895</u>	<u>540</u>	<u>1,699</u>	<u>526</u>

Ra Medical Systems, Inc.
Non-GAAP Reconciliations
(Unaudited)
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Statements of Operations Data:				
Net loss	\$(10,444)	\$ (9,743)	\$(36,045)	\$(56,957)
Depreciation and amortization	520	459	2,365	1,750
Interest income	(1)	(168)	(129)	(1,038)
Interest expense	54	64	108	250
Income tax expense	7	7	7	15
EBITDA	(9,864)	(9,381)	(33,694)	(55,980)
Stock-based compensation	1,038	1,389	4,082	23,543
Adjusted EBITDA	\$ (8,826)	\$ (7,992)	\$(29,612)	\$(32,437)

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