

SOFWAVE RECEIVES THE 2023 TECHNOLOGY INNOVATION LEADERSHIP AWARD

*Identified as best in class in the North American
non-invasive skin tightening industry*



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Sofwave excels in many of the criteria in the North American non-invasive skin tightening space.

AWARD CRITERIA	
<i>Technology Leverage</i>	<i>Business Impact</i>
Commitment to Innovation	Financial Performance
Commitment to Creativity	Customer Acquisition
Stage Gate Efficiency	Operational Efficiency
Commercialization Success	Growth Potential
Application Diversity	Human Capital

Breakthrough Non-invasive Skin Tightening Technology

Skin laxity, fine lines, and wrinkles are some of the leading concerns in the aesthetic industry. There have been several invasive and non-invasive technology innovations that address these concerns. Invasive

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Industry Principal

aesthetic procedures require the use of local or general anesthetics and are associated with downtime that can last several weeks. Surgical procedures are also associated with significant procedural risks, as well as long hospitalization and recovery times. Consequently, there is a rising demand for non-invasive innovations for aesthetic applications. There are several energy-based, non-invasive, and minimally invasive skin tightening treatments available, such as

ablative lasers, which are effective using a single treatment procedure but have a longer downtime that can span between two to four weeks. Non-ablative lasers provide a shorter downtime but are associated with modest tightening outcomes when compared to ablative lasers. There are also radiofrequency (RF)-based skin-tightening techniques that may or may not use microneedles but are not as effective as ablative lasers for skin-tightening outcomes. However, RF-based techniques do provide better patient comfort and a lower downtime of about a few days. Ultrasound-based skin tightening technologies have also emerged as another promising option as they are able to heat the dermal skin layers and promote

collagen and elastin production to tighten it, and the technology exhibited a lower post-treatment downtime. However, all these technologies are associated with epidermal damage, leading to skin inflammation and redness. Even high-intensity focused ultrasound (HIFU) can cause significant damage to the epidermis. As a result, the aesthetic industry needs to develop an effective non-invasive skin tightening technology that does not cause epidermal injury and patient discomfort.

Sofwave, a leading aesthetic device company, developed the next-generation Synchronous Ultrasound Parallel Beam (SUPERB) technology to address the rising industry need for an effective and non-invasive skin tightening application. Sofwave's device uses high-intensity parallel beam ultrasound, which can generate heat in the dermal tissue to stimulate collagen, elastin, and hyaluronic acid production without causing any injury to the epidermis. Sofwave's SUPERB technology was as effective as ablative lasers for skin tightening applications in a single treatment. This SUPERB technology is associated with little or no downtime as the epidermal layer is simultaneously cooled using Sofwave's Sofcool patented technology, which prevents epidermal injury, scarring, and pigmentation. Clinical research revealed that Sofwave's technology reduced fine lines and wrinkles within a month after a single treatment and was not associated with any side effects. The study also reported that patients found the procedure comfortable with the use of topical anesthetics.

In conclusion, Sofwave is the only aesthetic non-invasive skin-tightening device company to offer a high-intensity parallel beam ultrasound device that can effectively treat skin laxity and lifting without injuring the epidermis while causing only minimal patient discomfort. This ground-breaking SUPERB technology is suitably poised to address the rising market needs of the aesthetic industry and retain a significant competitive edge over other contemporary non-invasive skin tightening techniques.

Leading the Energy-based Aesthetic Solution Industry with the SUPERB Technology

The SUPERB technology is patented and offers unmatched consumer benefits. The technology uses seven synchronous high-frequency ultrasound beams that are parallel to the skin surface and heat the mid-dermal tissue between 60 degrees Celsius and 70 degrees Celsius while Sofcool simultaneously cools the upper epidermal skin layer. This prevents epidermal injury and reduces or eliminates post-procedural downtime. This technology using parallel ultrasound beams mimics the natural skin tightening process, which enhances treatment efficacy. A single full face and neck treatment process lasts about 30 to 45 minutes, and results are visible within a month of the treatment. The technology comprises a simple, non-invasive process that can be easily delegated to clinical staff. The device features a unique "pay for pulse" business model which makes it cost efficient compared to its competitors. In July 2023, the company received patent protection for additional features of SUPERB's ultrasound and cooling technologies. It is the company's second patent grant in the United States, apart from previous patents issued in Israel, Australia, China, and Hong Kong.

Sofwave has conducted over 155,000 treatments to date, reflecting a strong customer adoption history. Over 20% of the company's annual revenue is recurring, which highlights customer loyalty and satisfaction. The company is set to lead the non-invasive skin tightening industry as its annual revenue grew from \$4.3 million in 2020 to \$35.6 million in 2022 at an annual CAGR of 102.3%. Sofwave also exhibited a strong year-on-year (YoY) revenue increase, with 52% growth in Q2/2023 and a 66% increase

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in H1 2023. As of June 2023, the company has \$25.3 million in cash and cash equivalents, which is also reflective of its strong financial health.

The company’s ultrasound device is United States Food and Drug Administration (US FDA) cleared for eyebrow, neck, and submental lifting and wrinkle treatment. The device also received the US FDA clearance for cellulite reduction in December 2022, and in March 2023, the company’s “Precise” SUPERB applicator received it as well. This modular applicator head can be used on smaller curved surfaces, such as around the eyes and

mouth. In August 2023, the device also received an FDA clearance for the treatment of acne scars. Sofwave has also received new regulatory approvals in Israel, South Korea, Taiwan, Mexico, and Brazil.

Sofwave’s unmatched technology benefits, shorter treatment duration, competitive cost advantages, impressive commercialization success, strong financial performance, and expanding regulatory clearances will transform the energy-based aesthetics industry in the next 5 to 10 years.

Enabling Unprecedented Growth in the Non-invasive Skin Tightening Industry

Sofwave continuously invests in clinical studies, which has enabled multiple FDA clearances for wrinkle and fine line and lift treatments across eyebrows, chin, and neck, as well as for cellulite reduction. Some of the other key upcoming application areas for the company include the treatment of loose skin on arms, hands, legs, and knees. Additionally, Sofwave completed a multi-center study on acne scar reduction which enabled the recent FDA clearance for acne scar reduction. Sofwave also intends to focus on body contouring applications in the future. It recently completed a large multi-center clinical study for arm lift, which will fuel the way forward for more regulatory clearances in new application areas.

The company is on a steady growth path, having expanded its direct US sales team to increase market coverage, apart from opening a new subsidiary in the United Kingdom. It is also expanding its global footprint in the EMEA and APAC regions through distribution networks and additional regulatory clearances. The company’s management team has leaders with over a decade of industry experience in the aesthetic device space, which will fuel its future growth path. Sofwave’s razor-sharp vision toward treatment efficacy, safety, patient comfort, application diversity, market success, and expansion will fuel unprecedented growth in the non-invasive skin tightening industry.

Conclusion

Sofwave offers the best-in-class ultrasound-based, clinically effective, and safe skin tightening device that is associated with little or no post-procedure downtime or patient discomfort. The device's SUPERB platform can optimally heat the dermal tissue while simultaneously cooling the epidermis with its unique Sofcool patented technology, which prevents epidermal injury. The device itself is easy to use or delegate a unique "pay for pulse" business model enabling a competitive pricing advantage. The company's strong commercialization success, robust financial YoY performance, growing regulatory clearances, increasing application diversity, and expanding market outreach will help transform the global landscape for the energy-based aesthetics industry.

For its strong overall performance, Sofwave earns Frost & Sullivan's 2023 North American Technology Innovation Leadership Award in the non-invasive skin tightening industry.

What You Need to Know about the Technology Innovation Leadership Recognition

Frost & Sullivan's Technology Innovation Leadership Award recognizes the company that has introduced the best underlying technology for achieving remarkable product and customer success while driving future business value.

Best Practices Award Analysis

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

