



# **CytoSorbents Corporation** (NASDAQ: CTSO)

**A Leader in Critical Care Immunotherapy**

Q4 2018 and Full Year 2018 Earnings Conference Call

March 7, 2019

# Conference Call Participants

Dr. Phillip Chan, MD, PhD

Chief Executive Officer and President

Vincent Capponi, MS

Chief Operating Officer

Kathleen Bloch, MBA, CPA

Chief Financial Officer

Dr. Eric Mortensen, MD, PhD

Chief Medical Officer

Dr. Christian Steiner, MD

Vice President of Sales and Marketing

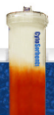
Chris Cramer, MS, MBA

Vice President of Business Development

**Moderator: Jeremy Feffer – LifeSci Advisors**

# Safe Harbor Statement

Statements in this presentation regarding CytoSorbents Corporation and its operating subsidiaries CytoSorbents Medical, Inc and CytoSorbents Europe GmbH that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for our internal projections and expectations to change. Although these expectations may change, we are under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. The following factors, among others, could cause our actual results to differ materially from those described in a forward-looking statement: our history of losses; potential fluctuations in our quarterly and annual results; competition, inability to achieve regulatory approval for our device, technology systems beyond our control and technology-related defects that could affect the companies' products or reputation; risks related to adverse business conditions; our dependence on key employees; competition for qualified personnel; the possible unavailability of financing as and if needed; and risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to a discussion of important risk factors detailed in the Company's Form 10-K filed with the Securities and Exchange Commission on March 7, 2019 and other reports and documents filed from time to time by us, which are available online at [www.sec.gov](http://www.sec.gov).



# Operational Highlights

- 56,000+ CytoSorb treatments delivered, from 35,000 a year ago
- Record annual total revenue of \$22.5M and product sales of \$20.3M with a mix of strong direct and distributor/partner activity in a total of 53 countries
- Blended product gross margins of 74% for 2018, up 300 basis points from 71% in 2017. Expected to rise to 80% on a quarterly basis later this year, propelled by the launch of our new manufacturing facility in June 2018
- Well-capitalized with a healthy cash balance of \$22.4M (12/31/18) providing sufficient working capital into 2020
- Cited by the Deloitte 2018 Fast 500 as one of the fastest growing companies in North America for the second year in a row
- Added to the Russell 2000 Small Cap and Russell 3000 indexes



# Clinical Trial Update

- U.S. REFRESH 2 Pivotal Trial
  - 400 patient RCT PMA multi-center adaptive trial targeting reduction of post-op AKI using CytoSorb during complex cardiac surgery
  - 56 patients now enrolled with recent increase to 21 initiated clinical trial sites, and another 8 undergoing start-up activities
  - Targeting 200 patients enrolled total in the next 12 months and interim analysis
- REMOVE Endocarditis Trial (funded by German government)
  - 250 patient RCT: Safety and efficacy of CytoSorb to improve organ dysfunction when used intraoperatively during valve replacement for infective endocarditis
  - SAB and DSMB recommended continuation of trial following an interim analysis on the first 50 patients focused on inflammatory mediators (e.g. cytokines)
  - Recently passed mid-way point with 130 patients at 13 centers
- HemoDefend Pivotal Trial
  - Point-of-care filter removes non-infectious contaminants from transfused pRBCs
  - Pivotal trial for U.S. FDA approval delayed due to the sale and loss of key technical personnel at main parts supplier. Working diligently with new team at supplier to reprioritize our project and will update on the timing of this trial soon



# 2018 Financial Highlights



**CytoSorbents**

Working to Save Lives Through Blood Purification

# Q4 2018 Comparative Revenue Results

	Quarter Ended Dec. 31, 2018	Quarter Ended Dec. 31, 2017	% Incr.
Product sales	\$ 5,470,784	\$4,296,047	27%
Grant income	610,061	350,664	74%
Total revenue	\$ 6,080,845	\$ 4,646,711	31%

- Q4 2018 CytoSorb<sup>®</sup> sales were \$5.5M, a 27% increase over \$4.3M in Q4 2017
- Total revenue in Q4 2018, which includes both product sales and grant revenue, increased 31% to \$6.1M, compared to \$4.6M in Q4 2017
- Q4 2018 gross profit was approximately \$4.0M, an increase of ~\$600K as compared to gross profit of ~\$3.4M for Q4 2017, an 18% increase
- Gross profit margins on product sales were ~75% for Q4 2018, versus 72% for Q4 2017

# Comparative Annual Revenue Results

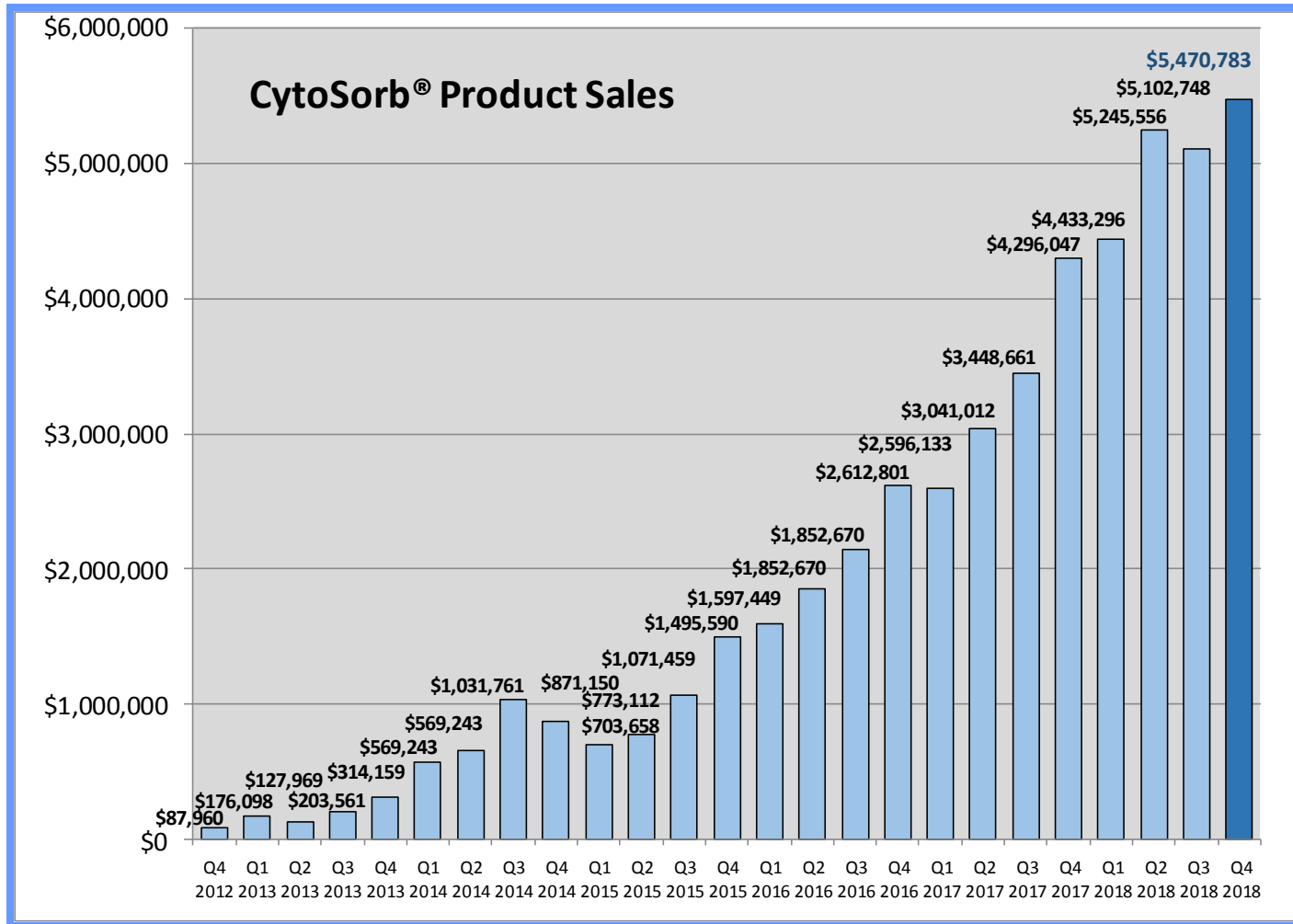
	Year Ended Dec. 31, 2018		Year Ended Dec. 31, 2017		% Incr.
Product sales	\$20,252,383		\$13,381,853		51%
Grant income	\$2,251,525		\$1,768,901		27%
Total revenue	\$22,503,908		\$ 15,150,754		49%

- 2018 Product sales were \$20.3M, a 51% increase over 2017 product sales of \$13.4M
- 2018 Grant revenue was ~\$2.3M, 27% higher than 2017 grant revenue of \$1.8M
- Total 2018 revenue, which includes both product sales and grant revenue, was \$22.5M as compared to \$15.2M in 2017, an increase of 49%
- Gross profit was \$15.0M for 2018 versus \$9.6M for 2017, an increase of 56%
- Gross profit margins on product sales were 74% in 2018, as compared to 71% for 2017



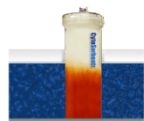
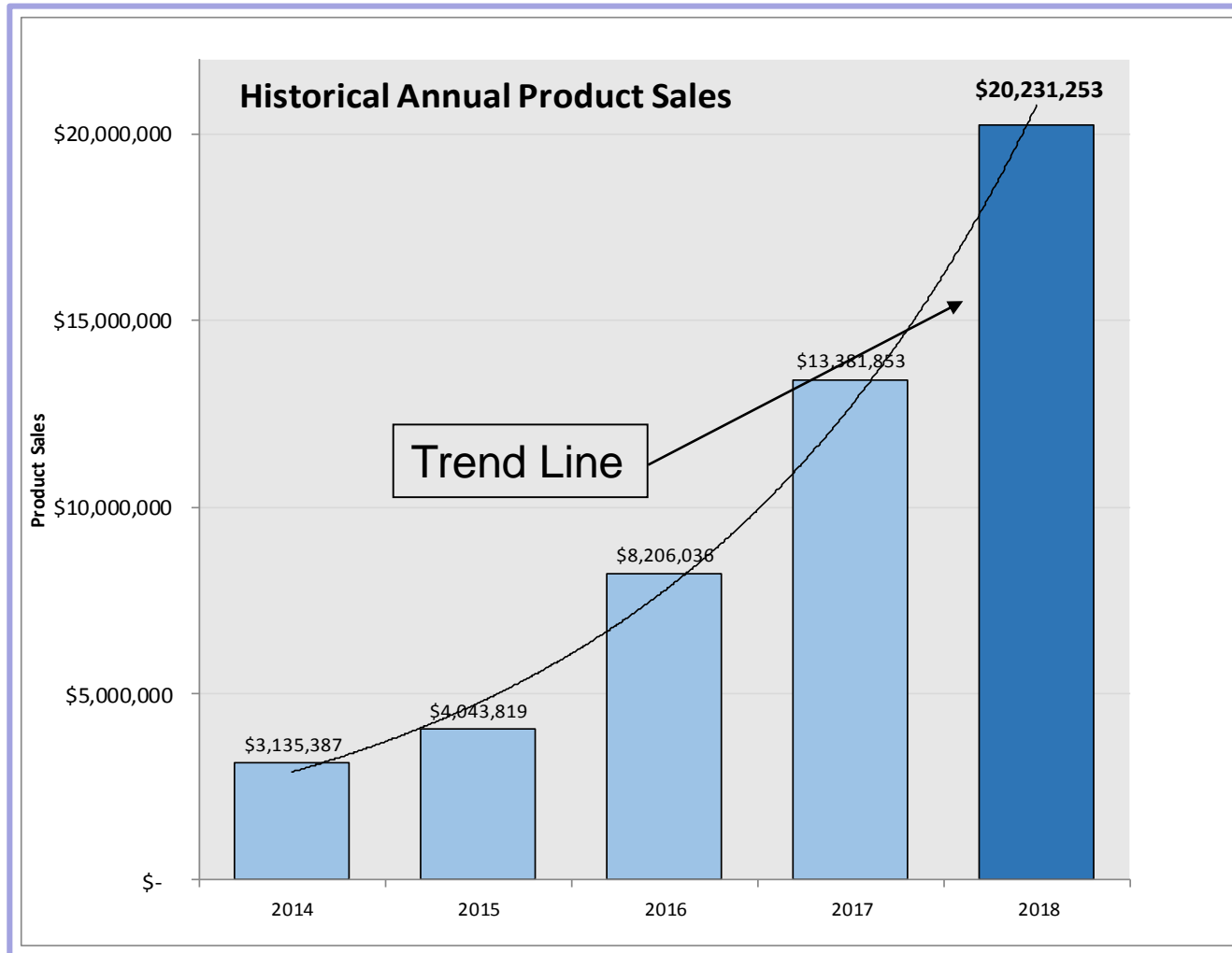
# Quarterly Product Sales

26 Consecutive Quarters of Year-over-Year Sales Growth



# Historical Annual Product Sales

Over the past three years, the compound growth rate of return (“CAGR”) on product sales was 71%



# Working Capital and Cap Table

Working Capital as of							
	12/31/2018	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12
<b>Current Assets:</b>							
Cash and short-term investments	\$22,369	\$ 17,322	\$ 5,245	\$ 7,509	\$ 5,550	\$ 2,183	\$ 1,729
Grants and accounts receivable, net	3,943	2,206	1,433	649	819	453	51
Inventories	833	796	834	1,191	538	245	682
Prepaid expenses and other current assets	1,119	415	316	512	700	605	476
<b>Total current assets</b>	<b>28,264</b>	<b>20,739</b>	<b>7,828</b>	<b>9,861</b>	<b>7,607</b>	<b>3,486</b>	<b>2,938</b>
<b>Current Liabilities:</b>							
Accounts payable	1,486	1,244	1,330	685	698	787	801
Accrued expenses and other current liabilities	4,386	2,604	2,115	723	825	362	350
Current maturities of long-term debt	667	4,000	833				
Deferred revenue	-	-	-	-	1	272	-
<b>Total current liabilities</b>	<b>6,539</b>	<b>7,848</b>	<b>4,278</b>	<b>1,408</b>	<b>1,524</b>	<b>1,421</b>	<b>1,151</b>
<b>Net Working Capital</b>	<b>\$ 21,725</b>	<b>\$ 12,891</b>	<b>\$ 3,550</b>	<b>\$ 8,453</b>	<b>\$ 6,083</b>	<b>\$ 2,065</b>	<b>\$ 1,787</b>

## Cap Table 12/31/2018

	Fully Diluted Common Shares
Common Stock	31,774,139
Options	3,658,462
Warrants	430,358
Restricted Stock Unit Awards	139,138
	36,002,097

# Guidance

- In the short-term, we expect that Q1 2019 product sales will exceed Q1 2018 product sales
- In 2019, we expect to achieve blended product gross margins of 80% on a quarterly basis
- Longer-term, we are targeting significant and sustained sales growth and GAAP profitability
- We believe that we are in the right place, with the right therapy, at the right time to make this happen

# Q&A Session

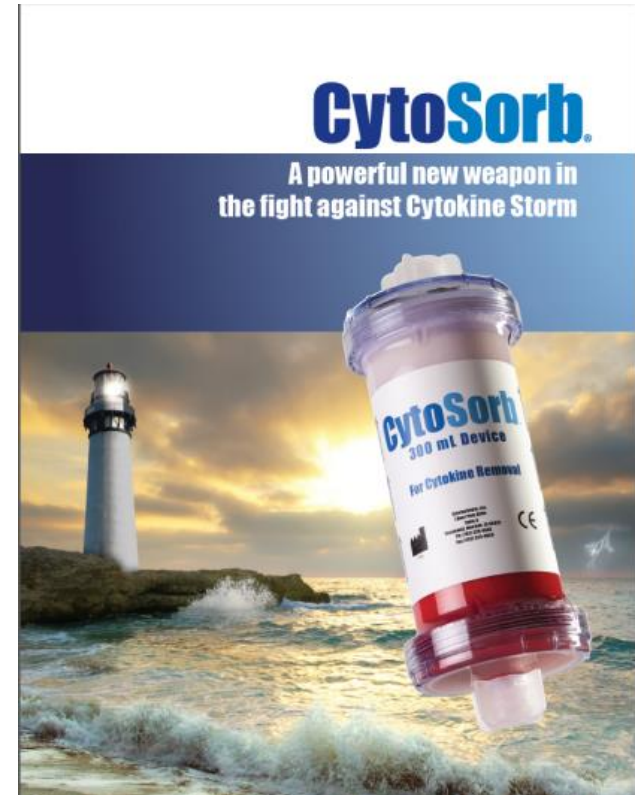
## CytoSorbents Corporation

NASDAQ: CTSO

Investor Relations:



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