

## RITA Medical Systems Announces First Quarter Results

### U.S. Sales Up 101 Percent Over Year-Earlier Period; 21 Percent Over 2001 Fourth Quarter

MOUNTAIN VIEW, Calif., April 23 /PRNewswire-FirstCall/ -- RITA Medical Systems, Inc. (Nasdaq: RITA) today announced results for its first quarter ended March 31, 2002. U.S. sales for this year's first quarter continued to show strong growth, increasing 101 percent when compared to the year earlier period and 21 percent over the 2001 fourth quarter, while worldwide sales increased 34 percent and 10 percent, respectively.

Sales for the first quarter of 2002 increased to \$4.4 million with a net loss of \$4.0 million, or a loss per share of \$0.27, compared to sales in the prior year's first quarter of \$3.3 million with a net loss of \$3.1 million, or a loss per share of \$0.22. U.S. sales for the first quarter climbed to 72 percent of total sales, up from 48 percent of sales for the same period in 2001 and 65 percent of sales for the 2001 fourth quarter. Disposable sales for the first quarter of this year represented 73 percent of total sales, flat from the year earlier period and down from 81 percent in the 2001 fourth quarter.

Barry Cheskin, President and Chief Executive Officer, said the increase in U.S. sales during the first quarter of this year was due to the successful launch in November of the StarBurst XLi, the Company's newest radiofrequency ablation device, as well as the Company's continued investment in its direct sales force and physician education and training programs.

Gross margin in the first quarter of 2002 increased to 55 percent from 46 percent in the same period last year. This increase was principally due to higher margin U.S. sales, higher average selling prices of the Company's disposable devices and manufacturing efficiencies attained through higher volume production of the Company's disposable devices. As expected, gross margin declined as compared to the fourth quarter of last year as a result of increased sales and promotional activities related to the Company's second generation generator family, which carries lower margins than its disposable devices. Margin was also adversely affected by the write-off of inventory of older generation disposable devices caused by the faster than expected acceptance of the StarBurst (5 centimeter) and StarBurst XLi (5 and 7 centimeter) families of devices.

Cheskin continued, "We remain very optimistic about the remainder of the year. We continue to experience strong growth in our core liver cancer business and remain on-track for sales this year in both bone and lung cancer applications. During the quarter, we reported on significant new data in both applications and expect to report on continued progress in these areas during this year. The reception to our new product, the StarBurst XLi, has been extremely strong. In addition, in March, we presented positive data from a feasibility study on the effectiveness of our technology in destroying breast tumors and received regulatory approval for the sale of our Model 1500 series generator in Japan."

The balance sheet at March 31, 2002, showed cash, equivalents, and marketable securities of \$19.4 million, a current ratio of 9.6:1, total assets of \$31.8 million, shareholders' equity of \$28.8 million and no long term debt.

#### Forward Looking Guidance

The following statements are based on the Company's expectations as of the date of this release. Actual results may differ materially from the Company's expectations. The Company undertakes no obligation to provide updates to these expectations.

The Company believes that sales for the second quarter of 2002 will be between \$4.5 million and \$4.8 million with a loss per share of between \$0.25 and \$0.27.

The Company's guidance for the year is unchanged. The Company believes that sales for 2002 will be between \$21 and \$23 million with a loss per share of between \$0.65 and \$0.75. The Company expects strong domestic sales, which it expects will continue to represent more than 50 percent of total sales. International sales are expected to grow more slowly due to reimbursement and product approval issues in certain international markets, as previously reported. The Company expects to receive revenues from the sales of its products for non-liver applications in the fourth quarter of the year due to anticipated use of RITA products for patients with metastatic bone tumors. The Company expects nominal revenue at the very end of 2002 due to the international use of RITA products for patients with unresectable lung tumors. The Company expects to achieve its first profitable quarter in the fourth quarter of 2002.

#### Webcast Information

Management will host a conference call to be broadcast live on the Internet today at 11:30 a.m. EDT (Eastern). Those interested in listening to the live webcast may do so by going to the Investors/Calendar of Events section of the Company's

website at <http://www.ritamedical.com/> or at <http://www.viavid.com/> .

#### About RITA Medical Systems, Inc.

RITA Medical Systems develops, manufactures and markets innovative products for patients with solid cancerous or benign tumors. The proprietary RITA system uses radiofrequency energy to heat tissue to a high enough temperature to ablate it or cause cell death. While the Company's current focus is on liver cancer, the Company believes that its minimally invasive technology may in the future be applied to other types of tumors, including tumors of the lung, bone, breast, uterus, prostate and kidney. The Company has received regulatory clearance in major markets worldwide, including the United States. In March 2000, RITA became the first radiofrequency ablation company to receive specific FDA clearance for unresectable liver lesions in addition to its previous general FDA clearance for the ablation of soft tissue. The Company has sold over 35,000 of its disposable devices throughout the world.

The statements in this news release related to the Company's sales and earnings guidance for 2002, including the Company's expectation that it will have sales from non-liver applications in 2002, international sales expectations, as well as statements related to the Company's plan to extend the technology to applications beyond the liver are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties could include, but are not limited to, the Company's dependence on timely market acceptance of the RITA system, the outcome of current patent actions, the Company's history of operating losses and expectation that it will continue to incur significant operating expenses over the next several years, significant competition in the Company's industry, alternative therapies which could prove to be superior to the RITA system, the Company's lack of long-term clinical data, the Company's inability to protect its intellectual property, potential intellectual property lawsuits, the company's dependence on international revenues, the Company's dependence on third-party distributors including two primary international distributors, relationships with third-party distributors that could negatively affect the Company's sales and the need to establish reimbursement from payors in the United States and internationally. Further information regarding these and other risks is included in the Company's filings with the Securities and Exchange Commission. RITA and StarBurst are trademarks of RITA Medical Systems, Inc.

For further information, please contact Matt Clawson (investors), [matt@allencaron.com](mailto:matt@allencaron.com), or Len Hall (media), [len@allencaron.com](mailto:len@allencaron.com), both of Allen & Caron Inc, +1-949-474-4300, for RITA Medical Systems, Inc.; or Don Stewart, Chief Financial Officer of RITA Medical Systems, Inc., +1-650-314-3400, [dstewart@ritamed.com](mailto:dstewart@ritamed.com).

RITA MEDICAL SYSTEMS, INC.  
CONDENSED STATEMENTS OF OPERATIONS  
(In thousands, except per share data, unaudited)

	Three Months Ended	
	March 31,	
	2002	2001
Sales	\$4,418	\$3,304
Cost of goods sold	2,003	1,769
Gross profit	2,415	1,535
Operating expenses		
Research and development	1,335	1,466
Selling, general and administrative	5,222	3,747
Total operating expenses	6,557	5,213
Loss from operations	(4,142)	(3,678)
Interest income and other expense, net	149	556
Net loss	\$(3,993)	\$(3,122)
Net loss per share, basic and diluted	\$(0.27)	\$(0.22)
Shares used in computing basic and diluted net loss per share	14,614	14,167
Financial data exclusive of amortization of deferred stock-based compensation:		
Sales	\$4,418	\$3,304

Gross Profit	2,451	1,765
Net Loss	(3,826)	(2,626)

RITA MEDICAL SYSTEMS, INC.  
CONDENSED BALANCE SHEETS  
(In thousands, unaudited)

	March 31, 2002	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$5,494	\$7,297
Marketable securities	13,939	11,887
Accounts receivable, net	5,362	5,056
Inventories, net	3,622	3,645
Prepaid assets and other current assets	729	1,282
Total current assets	29,146	29,167
Investments	--	4,353
Property and equipment, net	2,012	1,934
Other assets	665	380
Total Assets	\$31,823	\$35,834
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$2,926	\$3,497
Current portion of long term obligations	120	192
Total current liabilities	3,046	3,689
Long term obligations	--	--
Stockholders' equity	28,777	32,145
Total liabilities and stockholders' equity	\$31,823	\$35,834

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Web site: <http://www.ritamedical.com>

CONTACT: investors, Matt Clawson, [matt@allencaron.com](mailto:matt@allencaron.com), or media, Len Hall, [len@allencaron.com](mailto:len@allencaron.com), both of Allen & Caron Inc, +1-949-474-4300, for RITA Medical Systems, Inc.; or Don Stewart, Chief Financial Officer of RITA Medical Systems, Inc., +1-650-314-3400, [dstewart@ritamed.com](mailto:dstewart@ritamed.com)