

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

March 21, 2024

Date of Report (date of earliest event reported)

**CUTERA**<sup>®</sup>

**Cutera, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**000-50644**

(Commission File Number)

**77-0492262**

(I.R.S. Employer  
Identification Number)

**3240 Bayshore Blvd.**

**Brisbane, California 94005**

(Address of principal executive offices)

**(415) 657-5500**

(Registrant's telephone number, including area code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class              | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------------|-------------------|---|
| Common Stock (\$0.001 par value) | CUTR              | The NASDAQ Stock Market, LLC              |

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On March 21, 2024, Cutera, Inc. (“Cutera” or the “Company”) issued a press release announcing its financial results for the fourth quarter and full-year ended December 31, 2023. Cutera hereby incorporates by reference herein the information set forth in its press release dated March 21, 2024, a copy of which is attached hereto as Exhibit 99.1. Except as otherwise provided in the press release, the press release speaks only as of the date of such press release and it shall not create any implication that the affairs of Cutera have continued unchanged since such date.

The information provided pursuant to this Item 2.02 is to be considered “furnished” pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, nor shall it be deemed incorporated by reference into any of Cutera’s reports or filings with the Securities and Exchange Commission, whether made before or after the date hereof, except as expressly set forth by specific reference in such report or filing.

Except for the historical information contained in this report, the statements made by Cutera are forward-looking statements that involve risks and uncertainties. All such statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Cutera’s future financial performance could differ significantly from the expectations of management and from results expressed or implied in the press release. Please refer to the text portion of the press release for further discussion about forward-looking statements. For further information on risk factors, please refer to “Risk Factors” contained in Cutera’s most recently filed Form 10-K and its subsequent filings with the Securities and Exchange Commission, as well as in the press release attached as Exhibit 99.1 hereto. Cutera disclaims any obligation or duty to update or modify these forward-looking statements.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 99.1               | <a href="#">Press Release of Cutera, Inc. dated as of March 21, 2024.</a>   |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 21, 2024

CUTERA, INC.

*/s/ Stuart Drummond*

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Stuart Drummond

Interim Chief Financial Officer

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## Cutera Announces Fourth Quarter and Full-Year 2023 Financial Results along with 2024 Outlook

BRISBANE, California, March 21, 2024 — Cutera, Inc. (Nasdaq: CUTR) (“Cutera” or the “Company”), a leading provider of aesthetic and dermatology solutions, today reported financial results for the fourth quarter and full-year ended December 31, 2023.

- Consolidated revenue for the fourth quarter of 2023 of \$49.5 million
- Full-year 2023 revenue of \$212.4 million, ahead of guidance of approximately \$205 million
- Cash and marketable securities of \$143.6 million as of December 31, 2023, ahead of guidance of approximately \$135 million
- Completion of corporate restructuring program, allowing for both an improved cost structure and better organizational alignment
- Successful execution of the North American limited commercial release of the enhanced AviClear product and business model offering during the fourth quarter of 2023

“Thanks to the hard work of the team, Cutera finished a challenging year with fourth quarter financial performance ahead of our guidance range, and we have also completed the key elements of our corporate restructuring, including a reduction in force, bringing critical manufacturing operations in-house, and a transition of our Skincare business,” commented Taylor Harris, Chief Executive Officer of Cutera, Inc. “We are now squarely focused on our most important priorities, which are operational excellence and building a successful AviClear franchise across the globe.”

### Fourth Quarter 2023 Financial Highlights

Consolidated revenue for the fourth quarter of 2023 was \$49.5 million, a decrease of 26% compared to the fourth quarter of 2022. Revenue related to capital equipment systems declined 32%, while recurring sources of revenue declined 16%. AviClear revenue for the fourth quarter of 2023 was \$3.9 million.

Gross profit was \$6.2 million, or 12.6% of revenue, for the fourth quarter of 2023, compared to a gross profit of \$38.7 million, or 57.5% of revenue, for the fourth quarter of 2022. On a non-GAAP basis, gross profit was \$9.9 million, or 20.0% of revenue, for the fourth quarter of 2023, compared to \$40.0 million, or 59.4% of revenue, for the fourth quarter of 2022. Gross profit in the fourth quarter, on both a GAAP and a non-GAAP basis, was negatively affected by approximately \$8.4 million, or 16.9% of revenue, of non-cash expense related to excess and obsolete inventory.

Operating expenses were \$50.6 million for the fourth quarter of 2023, compared to \$44.3 million in the prior year period. On a non-GAAP basis, operating expenses were \$36.0 million for the fourth quarter of 2023, compared to \$39.7 million for the prior year period.

Non-GAAP operating income was a loss of \$26.1 million for the fourth quarter of 2023, compared to a gain of \$0.2 million in the fourth quarter of 2022.

Cash and marketable securities were \$143.6 million as of December 31, 2023, compared to \$317.3 million as of December 31, 2022, and \$179.5 million as of September 30, 2023.

### Full-Year 2023 Financial Highlights

Consolidated revenue for the full-year 2023 was \$212.4 million, a decrease of 16% compared to the full-year 2022. Revenue related to capital equipment systems declined 21%, while recurring sources of revenue declined 7%. Revenue excluding Skincare was \$178.4 million and decreased 15% versus the prior year period.

Gross profit was \$60.4 million or 28.4% of revenue, for the full-year 2023, compared to a gross profit of \$139.8 million, or 55.4% of revenue, for the full-year 2022. On a non-GAAP basis, gross profit was \$71.4 million, or 33.6% of revenue, for the full-year 2023, compared to \$142.8 million, or 56.6% of revenue, for the full-year 2022.

Operating expenses were \$203.4 million for the full-year 2023, compared to \$178.0 million in the prior year period. On a non-GAAP basis, operating expenses were \$157.1 million for the full-year 2023, compared to \$150.0 million for the prior year period.

Non-GAAP operating income was a loss of \$85.7 million for the full-year 2023, compared to a loss of \$7.2 million in the full-year 2022.

### 2024 Outlook

The Company expects 2024 annual revenue in the range of \$160 million to \$170 million, including \$4 million of Skincare revenue recorded through the February transition date, and ending 2024 with cash and marketable securities of approximately \$55 million to \$60 million.

## Conference Call

The Company's management will host a conference call to discuss these results and related matters today at 1:30 p.m. PT (4:30 p.m. ET). Participating in the call will be Taylor Harris, Chief Executive Officer, Stuart Drummond, Interim Chief Financial Officer, and Greg Barker, Vice President of FP&A and Investor Relations.

Participants can register for the conference call at the following [registration link](#). Upon registering, a calendar booking will be provided by email including the dial-in details and a unique PIN to access the call. Using this process will by-pass the operator and avoid the call queue. Registration will remain open until the end of the live conference call.

If participants prefer to dial in and speak with an operator, dial Canada/USA Toll Free: 1-800-319-4610 or +1-631-891-4304. It's recommended that you call in 10 minutes prior to the scheduled start time if you are using one of these operator-assisted phone numbers.

The call will also be webcast and can be accessed from the Investor Relations section of Cutera's website at <http://www.cutera.com/>. The webcast replay of the call will be available at the same site approximately one hour after the end of the call.

## About Cutera, Inc.

Brisbane, California-based Cutera is a leading provider of aesthetic and dermatology solutions for practitioners worldwide. Since 1998, Cutera has been developing innovative, easy-to-use products that harness the power of science and nature to enable medical practitioners to offer safe and effective treatments to their patients. For more information, call +1-415-657-5500 or 1-888-4CUTERA or visit [www.cutera.com](http://www.cutera.com).

### \*Use of Non-GAAP Financial Measures

*In this press release, to supplement the Company's condensed consolidated financial statements presented in accordance with Generally Accepted Accounting Principles, or GAAP, management has disclosed certain non-GAAP financial measures for gross margin, gross margin rate, and operating income. Non-GAAP adjustments include depreciation and amortization including contract acquisition costs, stock-based compensation, enterprise resource planning ("ERP") implementation costs, certain legal and litigation costs, executive and other non-recurring severance costs, retention plan costs, expenses related to manufacturing agreement termination, and Board of Director legal and advisory fees. From time to time in the future, there may be other items that the Company may exclude if the Company believes that doing so is consistent with the goal of providing useful information to investors and management. The Company has provided a reconciliation of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure.*

*The Company defines non-GAAP financial measure, also commonly known as adjusted EBITDA, as operating income before depreciation and amortization, stock-based compensation, ERP implementation costs, costs related to certain litigation, executive and non-recurring severance costs, retention plan costs, expenses related to manufacturing agreement termination, and legal and advisory fees related to litigation and shareholder activism.*

*Company management uses non-GAAP measures as aids in monitoring the Company's ongoing financial performance from quarter to quarter, and year to year, and for benchmarking against other similar companies. Non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. These non-GAAP financial measures should be considered along with, but not as alternatives to, the operating performance measure as prescribed by GAAP. Non-GAAP financial measures for the statement of operations and net income per share exclude the following:*

**Depreciation and amortization, including contract acquisition costs.** The Company has excluded depreciation and amortization expense in calculating its non-GAAP operating expenses and net income measures. Depreciation and amortization are non-cash charges to current operations;

**Stock-based compensation.** The Company has excluded the effect of stock-based compensation expenses in calculating its non-GAAP operating expenses and net income measures. Although stock-based compensation is a key incentive offered to the Company's employees, the Company continues to evaluate its business performance excluding stock-based compensation expenses. The Company records stock-based compensation expenses related to grants of options, employee stock purchase plans, and performance and restricted stock. Depending upon the size, timing, and terms of the grants, this expense may vary significantly but will recur in future periods. The Company believes that excluding stock-based compensation better allows for comparisons to its peer companies;

**ERP implementation costs.** The Company has excluded ERP system costs related to direct and incremental costs incurred in connection with its multi-phase implementation of a new ERP solution and the related technology infrastructure costs. The Company excludes these costs because it believes that these items do not reflect future operating expenses and will be inconsistent in amounts and frequency making it difficult to contribute to a meaningful evaluation of the Company's operating performance;

**Certain legal and litigation costs.** The Company has excluded costs incurred related to its litigation against Lutronic Aesthetics, which is not part of the Company's ordinary course of business. The Company's complaint against Lutronic alleges misappropriation of trade secrets, violation of the Racketeer Influenced and Corrupt Organizations Act (RICO), interference with contractual relations and other claims. The Company excludes these costs because this litigation is a result of a discrete event that was not part of the Company's business strategy, but

has a significant effect on the results of operations. Its costs are incidental to and do not reflect the efficiencies and effectiveness of the Company's core operations;

**Executive and other non-recurring severance costs.** The Company has excluded costs associated with restructuring activities and the separation of its officers and other executives in calculating its non-GAAP operating expenses and non-GAAP Operating Income. The Company has excluded restructuring costs because a restructuring represents a discrete event that signifies a change in the Company's strategy, but its costs are not indicative of the ongoing financial performance of the business. The Company excludes executive separation costs because executive separations are unpredictable and not part of the Company's business strategy but could have a significant impact on the results of operation;

**Retention plan costs.** The Company has excluded the expense related to a retention plan implemented in April 2023. Approximately \$11 million was made available to sales personnel and key employees and will be paid in quarterly installments through October 2024. The Company has excluded expense related to this retention plan as such costs are not considered part of ongoing operations;

**Expenses related to manufacturing agreement termination.** The Company has excluded expenses related to a manufacturing agreement termination incurred as part of a settlement agreement related to the non-renewal of a manufacturing service agreement with Jabil Inc., a third-party manufacturing provider that manufactured excel V+ and AviClear devices for the Company. The Company excluded these costs because it believes that these items do not reflect future operating expenses and will be inconsistent in amounts and frequency making it difficult to contribute to a meaningful evaluation of the Company's operating performance; and

**Board of Director legal and advisory fees.** The Company has excluded costs associated with the litigation and shareholder activism related to its 2023 annual meeting of shareholders. The Company excluded these costs as the costs do not relate to ongoing operations.

The Company believes that excluding all of the items above allows users of its financial statements to better review and assess both current and historical results of operations.

#### Safe Harbor Statement

Certain statements in this press release, other than purely historical information, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include but are not limited to, Cutera's plans, objectives, strategies, financial performance, guidance and outlook, product launches and performance, trends, prospects, or future events and involve known and unknown risks that are difficult to predict. As a result, the Company's actual financial results, performance, achievements, or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "seek," "guidance," "predict," "potential," "likely," "believe," "will," "should," "expect," "anticipate," "estimate," "plan," "intend," "forecast," "foresee" or variations of these terms and similar expressions or the negative of these terms or similar expressions. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties, which may cause Cutera's actual results to differ materially from the statements contained herein. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are several risks, uncertainties, and other important factors, many of which are beyond the Company's control, that could cause its actual results to differ materially from the forward-looking statements contained in this press release, including those described in the "Risk Factors" section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other documents filed from time to time with the United States Securities and Exchange Commission by Cutera.

All statements made in this release are made only as of the date set forth at the beginning of this release. We undertake no obligation to update the information made in this release in the event facts or circumstances subsequently change after the date of this release. Our audited consolidated financial statements for the year ended December 31, 2023 are not yet available. As a result, all financial results described in this earnings release should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time we file our Form 10-K.

**Cutera, Inc.**  
Greg Barker  
VP, Corporate FP&A and Investor Relations  
415-657-5500  
IR@cutera.com

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(unaudited)

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents                                 | \$ 143,612           | \$ 145,924           |
| Marketable investments                                    | —                    | 171,390              |
| Accounts receivable, net                                  | 43,371               | 45,562               |
| Inventories, net  | 61,725               | 63,628               |
| Other current assets and prepaid expenses                 | 19,627               | 24,036               |
| Restricted cash   | —                    | 700                  |
| Total current assets                                      | <u>268,335</u>       | <u>451,240</u>       |
| Long-term inventories, net                                | 26,011               | —                    |
| Property and equipment, net                               | 37,275               | 40,368               |
| Deferred tax assets                                       | 579                  | 590                  |
| Goodwill  | 1,339                | 1,339                |
| Operating lease right-of-use assets                       | 10,055               | 12,831               |
| Other long-term assets                                    | 11,575               | 14,620               |
| Total assets  | <u>\$ 355,169</u>    | <u>\$ 520,988</u>    |
| <b>Liabilities and Stockholders' Deficit</b>              |                      |                      |
| Current liabilities:                                      |                      |                      |
| Accounts payable  | \$ 19,829            | \$ 33,736            |
| Accrued liabilities                                       | 51,930               | 57,452               |
| Operating leases liabilities                              | 2,441                | 2,810                |
| Deferred revenue  | 10,422               | 11,841               |
| Total current liabilities                                 | <u>84,622</u>        | <u>105,839</u>       |
| Deferred revenue, net of current portion                  | 1,494                | 1,657                |
| Operating lease liabilities, net of current portion       | 8,887                | 11,352               |
| Convertible notes, net of unamortized debt issuance costs | 418,695              | 416,459              |
| Other long-term liabilities                               | 1,298                | 862                  |
| Total liabilities   | <u>514,996</u>       | <u>536,169</u>       |
| Stockholders' deficit:                                    |                      |                      |
| Common stock  | 20                   | 20                   |
| Additional paid-in capital                                | 131,496              | 125,406              |
| Accumulated other comprehensive loss                      | —                    | (94)                 |
| Accumulated deficit                                       | (291,343)            | (140,513)            |
| Total stockholders' deficit                               | <u>(159,827)</u>     | <u>(15,181)</u>      |
| Total liabilities and stockholders' deficit               | <u>\$ 355,169</u>    | <u>\$ 520,988</u>    |

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

|   | Three Months Ended   |                      | Twelve Months Ended  |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2023 | December 31,<br>2022 |
| Products  | \$ 43,528            | \$ 61,601            | \$ 189,813           | \$ 228,796           |
| Service   | 6,012                | 5,752                | 22,556               | 23,603               |
| Total net revenue   | <u>49,540</u>        | <u>67,353</u>        | <u>212,369</u>       | <u>252,399</u>       |
| Products  | 40,684               | 26,188               | 139,380              | 100,254              |
| Service   | 2,615                | 2,416                | 12,576               | 12,316               |
| Total cost of revenue   | <u>43,299</u>        | <u>28,604</u>        | <u>151,956</u>       | <u>112,570</u>       |
| Gross profit  | 6,241                | 38,749               | 60,413               | 139,829              |
| Gross margin %  | 12.6 %               | 57.5 %               | 45.6 %               | 55.4 %               |
| Operating expenses:   |                      |                      |                      |                      |
| Sales and marketing   | 24,412               | 28,514               | 113,003              | 106,947              |
| Research and development  | 4,564                | 5,408                | 21,408               | 25,155               |
| General and administrative  | 21,581               | 10,363               | 69,029               | 45,917               |
| Total operating expenses  | <u>50,557</u>        | <u>44,285</u>        | <u>203,440</u>       | <u>178,019</u>       |
| Loss from operations  | (44,316)             | (5,536)              | (143,027)            | (38,190)             |
| Interest and other income (expense), net:                         |                      |                      |                      |                      |
| Amortization of debt issuance costs                               | (566)                | (438)                | (2,236)              | (1,355)              |
| Interest on convertible notes                                     | (2,944)              | (1,992)              | (11,780)             | (5,658)              |
| Loss on extinguishment of convertible notes                       | —                    | —                    | —                    | (34,423)             |
| Interest income, net  | 1,761                | 1,535                | 8,707                | 2,914                |
| Other income (expense), net                                       | 1,604                | (593)                | (960)                | (3,990)              |
| Total interest and other income (expense), net                    | <u>(145)</u>         | <u>(1,488)</u>       | <u>(6,269)</u>       | <u>(42,512)</u>      |
| Loss before income taxes  | (44,461)             | (7,024)              | (149,296)            | (80,702)             |
| Income tax expense  | 769                  | 764                  | 1,534                | 1,638                |
| Net loss  | <u>\$ (45,230)</u>   | <u>\$ (7,788)</u>    | <u>\$ (150,830)</u>  | <u>\$ (82,340)</u>   |
| Net loss per share:   |                      |                      |                      |                      |
| Basic   | <u>\$ (2.27)</u>     | <u>\$ (0.40)</u>     | <u>\$ (7.59)</u>     | <u>\$ (4.39)</u>     |
| Diluted   | <u>\$ (2.27)</u>     | <u>\$ (0.40)</u>     | <u>\$ (7.59)</u>     | <u>\$ (4.39)</u>     |
| Weighted-average number of shares used in per share calculations: |                      |                      |                      |                      |
| Basic   | <u>19,958</u>        | <u>19,642</u>        | <u>19,885</u>        | <u>18,747</u>        |
| Diluted   | <u>19,958</u>        | <u>19,642</u>        | <u>19,885</u>        | <u>18,747</u>        |

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

|   | Three Months Ended |                   | Twelve Months Ended |                   |
|---|--------------------|-------------------|---------------------|-------------------|
|   | December 31, 2023  | December 31, 2022 | December 31, 2023   | December 31, 2022 |
| <b>Cash flows from operating activities:</b>                                |                    |                   |                     |                   |
| Net loss  | \$ (45,230)        | \$ (7,788)        | \$ (150,830)        | \$ (82,340)       |
| Adjustments to reconcile net loss to net cash used in operating activities: |                    |                   |                     |                   |
| Stock-based compensation  | 1,512              | 1,379             | 8,064               | 14,400            |
| Depreciation and amortization   | 3,350              | 1,018             | 8,575               | 2,621             |
| Amortization of contract acquisition costs                                  | 1,762              | 1,385             | 8,847               | 3,200             |
| Amortization of debt issuance costs   | 566                | 438               | 2,236               | 1,355             |
| Deferred tax assets   | (51)               | 36                | 11                  | 188               |
| Provision for credit losses   | 1,893              | 1,110             | 7,381               | 1,787             |
| Loss on sale of property and equipment                                      | —                  | 82                | —                   | 168               |
| Loss on extinguishment of convertible notes                                 | —                  | —                 | —                   | 34,423            |
| Accretion of discount on investment securities and investment income, net   | —                  | —                 | 1,048               | —                 |
| Changes in assets and liabilities:  |                    |                   |                     |                   |
| Accounts receivable   | 4,565              | (10,796)          | (5,190)             | (15,900)          |
| Inventories, net  | 5,171              | (7,690)           | 6,952               | (36,305)          |
| Other current assets and prepaid expenses                                   | 10                 | (364)             | 4,362               | (9,491)           |
| Other long-term assets  | (601)              | (4,447)           | (6,243)             | (8,091)           |
| Accounts payable  | (10,131)           | 537               | (14,866)            | 20,979            |
| Accrued liabilities   | 4,617              | 6,966             | (6,346)             | 3,282             |
| Operating leases, net   | (14)               | 10                | (58)                | 56                |
| Deferred revenue  | (1,192)            | 1,097             | (1,582)             | 2,673             |
| Net cash used in operating activities                                       | <u>(33,773)</u>    | <u>(17,027)</u>   | <u>(137,639)</u>    | <u>(66,995)</u>   |
| <b>Cash flows from investing activities:</b>                                |                    |                   |                     |                   |
| Acquisition of property and equipment                                       | (2,599)            | (8,591)           | (33,241)            | (22,698)          |
| Proceeds from maturities of marketable investments                          | —                  | 111,000           | 193,903             | 62,027            |
| Purchase of marketable investments  | —                  | (77,202)          | (23,467)            | (233,511)         |
| Net cash provided by (used in) investing activities                         | <u>(2,599)</u>     | <u>25,207</u>     | <u>137,195</u>      | <u>(194,182)</u>  |
| <b>Cash flows from financing activities:</b>                                |                    |                   |                     |                   |
| Proceeds from exercise of stock options and employee stock purchase plan    | —                  | 1,036             | 1,323               | 2,723             |
| Purchase of capped call   | —                  | —                 | —                   | (31,671)          |
| Payment of issuance costs of capped call                                    | —                  | (25,009)          | —                   | (11,202)          |
| Proceeds from issuance of convertible notes                                 | —                  | 120,000           | —                   | 360,000           |
| Payment of issuance costs of convertible notes                              | —                  | (3,600)           | —                   | (25,362)          |
| Extinguishment of convertible notes   | —                  | —                 | —                   | (45,777)          |
| Taxes paid related to net share settlement of equity awards                 | (24)               | (436)             | (3,297)             | (5,256)           |
| Payments on finance lease obligations                                       | (208)              | (127)             | (594)               | (518)             |
| Net cash provided by (used in) financing activities                         | <u>(232)</u>       | <u>91,864</u>     | <u>(2,568)</u>      | <u>242,937</u>    |
| Net increase (decrease) in cash, cash equivalents and restricted cash       | (36,604)           | 100,044           | (3,012)             | (18,240)          |
| Cash, cash equivalents, and restricted cash at beginning of period          | 180,216            | 46,580            | 146,624             | 164,864           |
| Cash, cash equivalents, and restricted cash at end of period                | <u>\$ 143,612</u>  | <u>\$ 146,624</u> | <u>\$ 143,612</u>   | <u>\$ 146,624</u> |

**CUTERA, INC.**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**  
(in thousands, except percentage data)  
(unaudited)

|   | Three Months Ended |                   | % Change       | Twelve Months Ended |                   | % Change       |
|---|--------------------|-------------------|----------------|---------------------|-------------------|----------------|
|   | December 31, 2023  | December 31, 2022 | 2023 Vs 2022   | December 31, 2023   | December 31, 2022 | 2023 Vs 2022   |
| <b>Revenue By Geography:</b>                          |                    |                   |                |                     |                   |                |
| North America   | \$ 22,292          | \$ 34,076         | -34.6 %        | \$ 106,786          | \$ 128,426        | -16.9 %        |
| Japan   | 14,887             | 16,980            | -12.3 %        | 52,134              | 64,920            | -19.7 %        |
| Rest of World   | 12,361             | 16,297            | -24.2 %        | 53,449              | 59,053            | -9.5 %         |
| <i>Total Net Revenue</i>                              | <u>\$ 49,540</u>   | <u>\$ 67,353</u>  | <u>-26.4 %</u> | <u>\$ 212,369</u>   | <u>\$ 252,399</u> | <u>-15.9 %</u> |
| <i>International as a percentage of total revenue</i> | 55.0 %             | 49.4 %            |                | 49.7 %              | 49.1 %            |                |

**Revenue By Product Category:**

|                                   |                  |                  |                |                   |                   |                |
|-----------------------------------|------------------|------------------|----------------|-------------------|-------------------|----------------|
| <b>Systems</b>                    |                  |                  |                |                   |                   |                |
| – North America                   | \$ 15,456        | \$ 25,684        | -39.8 %        | \$ 75,206         | \$ 99,267         | -24.2 %        |
| – Rest of World (including Japan) | 13,668           | 17,438           | -21.6 %        | 55,322            | 65,292            | -15.3 %        |
| <i>Total Systems</i>              | 29,124           | 43,122           | -32.5 %        | 130,528           | 164,559           | -20.7 %        |
| Consumables                       | 5,116            | 6,702            | -23.7 %        | 25,302            | 21,737            | +16.4 %        |
| Skincare                          | 9,288            | 11,777           | -21.1 %        | 33,983            | 42,500            | -20.0 %        |
| <i>Total Products</i>             | 43,528           | 61,601           | -29.3 %        | 189,813           | 228,796           | -17.0 %        |
| Service                           | 6,012            | 5,752            | +4.5 %         | 22,556            | 23,603            | -4.4 %         |
| <i>Total Net Revenue</i>          | <u>\$ 49,540</u> | <u>\$ 67,353</u> | <u>-26.4 %</u> | <u>\$ 212,369</u> | <u>\$ 252,399</u> | <u>-15.9 %</u> |

|  | Three Months Ended |                   | Twelve Months Ended |                   |
|--|--------------------|-------------------|---------------------|-------------------|
|  | December 31, 2023  | December 31, 2022 | December 31, 2023   | December 31, 2022 |
| <b>Pre-tax Stock-Based Compensation Expense:</b> |                    |                   |                     |                   |
| Cost of revenue                                  | \$ 45              | \$ 235            | \$ 751              | \$ 1,665          |
| Sales and marketing                              | 363                | 1,143             | 3,388               | 4,998             |
| Research and development                         | 152                | (108)             | 1,082               | 2,405             |
| General and administrative                       | 952                | 109               | 2,843               | 5,332             |
|  | <u>\$ 1,512</u>    | <u>\$ 1,379</u>   | <u>\$ 8,064</u>     | <u>\$ 14,400</u>  |

**CUTERA, INC.**  
**RECONCILIATION OF GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
**TO NON-GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
(in thousands)  
(unaudited)

|  | Three Months Ended December 31, 2023 |              |                  |
|--|--------------------------------------|--------------|------------------|
|  | Gross Profit                         | Gross Margin | Operating Income |
| Reported   | \$ 6,241                             | 12.6 %       | \$ (44,316)      |
| Adjustments:   |                                      |              |                  |
| Depreciation and amortization including contract acquisition costs | 3,237                                | 6.5 %        | 5,112            |
| Stock-based compensation   | 45                                   | 0.1 %        | 1,512            |
| ERP implementation costs   | —                                    | —            | 780              |
| Legal  | —                                    | —            | 864              |
| Severance  | 337                                  | 0.7 %        | 1,132            |
| Retention plan costs   | 34                                   | 0.1 %        | 1,029            |
| Expenses related to manufacturing agreement termination            | —                                    | —            | 5,724            |
| Board of Director legal and advisory fees                          | —                                    | —            | 1,827            |
| Other adjustments  | —                                    | —            | 227              |
| Total adjustments  | 3,653                                | 7.4 %        | 18,207           |
| Adjusted   | \$ 9,894                             | 20.0 %       | \$ (26,109)      |

**CUTERA, INC.**  
**RECONCILIATION OF GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
**TO NON-GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
(in thousands)  
(unaudited)

|  | Three Months Ended December 31, 2022 |              |                  |
|--|--------------------------------------|--------------|------------------|
|  | Gross Profit                         | Gross Margin | Operating Income |
| Reported   | \$ 38,749                            | 57.5 %       | \$ (5,536)       |
| Adjustments:   |                                      |              |                  |
| Depreciation and amortization including contract acquisition costs | 997                                  | 1.5 %        | 2,479            |
| Stock-based compensation   | 235                                  | 0.3 %        | 1,379            |
| ERP implementation costs   | —                                    | —            | 1,498            |
| Legal  | —                                    | —            | 222              |
| Severance  | —                                    | —            | 200              |
| Total adjustments  | 1,232                                | 1.8 %        | 5,778            |
| Adjusted   | \$ 39,981                            | 59.4 %       | \$ 242           |

**CUTERA, INC.**  
**RECONCILIATION OF GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
**TO NON-GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
(in thousands)  
(unaudited)

|  | <b>Twelve Months Ended December 31, 2023</b> |                     |                         |
|--|--|---------------------|-------------------------|
|  | <b>Gross Profit</b>                          | <b>Gross Margin</b> | <b>Operating Income</b> |
| Reported   | \$ 60,413                                    | 28.4 %              | \$ (143,027)            |
| Adjustments:   |  |                     |                         |
| Depreciation and amortization including contract acquisition costs | 9,205  | 4.3 %               | 17,422                  |
| Stock-based compensation   | 751  | 0.4 %               | 8,064                   |
| ERP implementation costs   | —  | —                   | 3,525                   |
| Legal  | —  | —                   | 2,472                   |
| Severance  | 607  | 0.3 %               | 2,023                   |
| Retention plan costs   | 129  | 0.1 %               | 5,367                   |
| Expenses related to manufacturing agreement termination            | —  | —                   | 5,724                   |
| Board of Director legal and advisory fees                          | —  | —                   | 11,566                  |
| Other adjustments  | 307  | 0.1 %               | 1,213                   |
| Total adjustments  | 10,999                                       | 5.2 %               | 57,376                  |
| Adjusted   | \$ 71,412                                    | 33.6 %              | \$ (85,651)             |

**CUTERA, INC.**  
**RECONCILIATION OF GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
**TO NON-GAAP GROSS PROFIT, GROSS MARGIN AND OPERATING INCOME**  
(in thousands)  
(unaudited)

|  | <b>Twelve Months Ended December 31, 2022</b> |                     |                         |
|--|--|---------------------|-------------------------|
|  | <b>Gross Profit</b>                          | <b>Gross Margin</b> | <b>Operating Income</b> |
| Reported   | \$ 139,829                                   | 55.4 %              | \$ (38,190)             |
| Adjustments:   |  |                     |                         |
| Depreciation and amortization including contract acquisition costs | 1,593  | 0.6 %               | 5,821                   |
| Stock-based compensation   | 1,665  | 0.7 %               | 14,400                  |
| ERP implementation costs   | —  | —                   | 9,210                   |
| Legal  | —  | —                   | 1,284                   |
| Severance  | 26   | —                   | 615                     |
| Other adjustments  | (290)  | (0.1)%              | (290)                   |
| Total adjustments  | 2,994  | 1.2 %               | 31,040                  |
| Adjusted   | \$ 142,823                                   | 56.6 %              | \$ (7,150)              |