

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

May 4, 2021

Date of Report (date of earliest event reported)

CUTERA®

Cutera, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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)

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 |

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))

Rule 12b-2 of the Securities Exchange Act of 1934.

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 May 5, 2021, Cutera, Inc. (“Cutera” or the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2021. Cutera hereby incorporates by reference herein the information set forth in its press release dated May 5, 2021, 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 Company will host a conference call for interested parties commencing Wednesday, May 5, 2021 at 1:30 p.m. PDT (4:30 p.m. EDT), during which the Company will discuss the financial results. To participate in the conference call, dial 1-877-705-6003 (domestic) or +1-201-493-6725 (international) and refer to the Conference Code: 13719080. The conference call will be also available to interested parties through a live audio webcast and accessible through the Investor Relations section of the Cutera corporate website at www.cutera.com.

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 last paragraph of 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Resignation of President and Chief Operating Officer

On May 4, 2021, Jason Richey resigned from the position of President and Chief Operating Officer of the Company.

Additional information about his departure is included in the Company’s press release issued on May 5, 2021, which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

Item 8.01. Other Events.

The Company has retained an executive search firm to identify a Chief Commercial Officer to help guide and direct the Company through the next phase of its growth. Chief Executive Officer Dave Mowry will permanently assume the operational responsibilities of the Chief Operating Officer position. It is expected that Mr. Richey will remain with the Company through May 31, 2021 to assist in the transition.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 10.1 | Resignation of President and Chief Operating Officer |
| 99.1 | Press Release of Cutera, Inc. dated as of May 5, 2021. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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: May 5, 2021

CUTERA, INC.

/s/ ROHAN SETH

Rohan Seth
Chief Financial Officer



Cutera, Inc. Announces Departure of Jason Richey

BRISBANE, California, May 5, 2021 — Cutera, Inc. (NASDAQ: [CUTR](#)) (“Cutera” or the “Company”), a leading provider of laser and other energy-based aesthetic systems for practitioners worldwide, today announced that Jason Richey has resigned as President and Chief Operating Officer, effective May 4th, 2021, to pursue other career opportunities. The Company has retained an executive search firm to identify a Chief Commercial Officer to help guide and direct the Company through the next phase of its growth. Chief Executive Officer Dave Mowry will permanently assume the operational responsibilities of the COO position. Mr. Richey will remain with the Company through May 31, 2021 to assist in the transition.

“It has been an honor and a privilege working alongside Jason during the past year and a half. He graciously accepted my arrival after dutifully serving as Interim CEO, and we worked side-by-side to set a new vision, create a playbook to achieve that vision, and marshal the resources and talent necessary to execute it,” commented Mr. Mowry. “Jason’s drive and commitment to excellence are unmatched, and his presence will be missed.”

“Jason provided strong leadership to the Cutera organization as interim CEO and later as President during a time of challenge and transition,” commented J. Daniel Plants, Chairman of the Cutera Board of Directors. “The entire Board, Jason’s colleagues and I personally will always be indebted to him for the steady stewardship and solid results he delivered during that crucial period. We know that Jason will achieve great things in the next step of his career path, and we all wish him the very best.”

“Making the decision to depart an organization in search of a larger role is never easy, and there is never a perfect time; however, as Cutera transitions to the next phase of its development, I am confident that the Company is strong and well-positioned for what lies ahead,” commented Mr. Richey. “I joined Cutera to expand my influence beyond the commercial function, and, after tackling the additional responsibilities of the interim CEO, as well as serving in the capacity of President since Dave’s arrival, I am eager to identify my next role. While working with Dave and the management team has been a great experience, this is the right time to move on. I wish Cutera great success in the future.”

About Cutera, Inc.

Brisbane, California-based Cutera is a leading provider of laser and other energy-based aesthetic systems for practitioners worldwide. Since 1998, Cutera has developed innovative, easy-to-use products that enable physicians and other qualified practitioners to offer safe and effective aesthetic treatments to their patients. For more information, call 1-888-4CUTERA or visit www.cutera.com.

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, the COO senior leadership search and COO transition assistance that 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 a number of 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.



Cutera, Inc. Announces First Quarter 2021 Financial Results

BRISBANE, California, May 5, 2021 — Cutera, Inc. (NASDAQ: CUTR) (“Cutera” or the “Company”), a leading provider of laser and other energy-based aesthetic systems for practitioners worldwide, today reported financial results for the first quarter ended March 31, 2021.

First Quarter 2021 Financial and Operational Highlights

- Revenue was \$49.7 million, an increase of 54.1% from the prior-year period, driven by strong performance across the business, with particular strength in capital equipment and skincare sales.
 - Capital Equipment revenue of \$28.3 million increased 35.1% over the prior-year period.
 - Recurring revenue, defined by the combination of Skincare, Consumable Products, and Service, was \$21.3 million, an increase of 89.2% over the prior-year period:
 - Skincare revenue of \$12.3 million increased 324.4% over the prior-year period;
 - Consumable Product revenue of \$2.9 million grew 15.5% over prior-year period, reflecting the continued recovery of energy-based treatment volumes; and
 - Service revenue of \$6.1 million increased 4.6% over the prior-year period.
 - Gross Margin was 55.8%, compared to 44.5% in the prior-year period, due to ongoing improvements in manufacturing efficiencies, offset by mix shift associated with growth of skincare during the quarter;
 - Operating Expenses were \$26.5 million in the quarter, flat to prior-year period;
 - Adjusted EBITDA was \$4.6 million in the period as compared to \$(8.3) million, a \$12.9 million improvement over prior-year period; and
 - Net loss was (\$0.4) million, or (\$0.02) per fully diluted share, compared to a net loss of (\$12.4) million, or (\$0.86) per fully diluted share, in the prior-year period;
 - Announced pricing of offering of \$138.3 million of convertible senior notes.
-

“I am pleased with our first-quarter results, which reflect the continued progress we have made since the onset of the COVID-19 pandemic,” commented Dave Mowry, Chief Executive Officer of Cutera, Inc. “In the first-quarter, we achieved broad strength across our business, driven by consistent execution from our commercial teams, strength in the skincare business, and a slow but steady improvement in our end markets. Building upon the tremendous work from our team, in 2021 we plan to continue to improve gross margins by reducing manufacturing costs; increase sales and sales productivity with our focus on people and process; and deliver innovative products through our increased R&D investments. As we execute these vital few initiatives, our objective is to deliver strong performance despite the remaining pandemic uncertainties that will likely be headwinds for many of us in this market.

2021 Outlook

Company management remains cautious with the lingering uncertainty related to COVID-19. Global Energy-based Aesthetics end markets continued to improve over the course of the first quarter, but the pace and extent of customer recovery varied by geography. With several geographies still under activity restrictions, management is not issuing full-year guidance at this time.

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 on the call will be Dave Mowry, Chief Executive Officer and Rohan Seth, Chief Financial Officer.

To participate in the conference call, dial 1-877-705-6003 (domestic) or + 1-201-493-6725 (international) and refer to the Conference Code: 13719080.

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 laser and other energy-based aesthetic systems for practitioners worldwide. Since 1998, Cutera has developed innovative, easy-to-use products that enable physicians and other qualified practitioners to offer safe and effective aesthetic treatments to their patients. For more information, call 1-888-4CUTERA or visit www.cutera.com.

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

In this press release, in order 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 the statement of operations and net income (loss) per diluted share. Non-GAAP adjustments include stock-based compensation, depreciation, amortization, executive and other non-recurring separation costs, customer relationship management ("CRM") and enterprise resource planning ("ERP") system costs, non-recurring legal and litigation costs, as well as the net tax impact of excluding these items. From time to time in the future, there may be other items that we 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 has not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential significant variability, limited visibility, unpredictability, or unique non-recurring nature of the items. Forward-looking non-GAAP measures include adjusted EBITDA. The Company defines adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, stock-based compensation, executive and other non-recurring separation costs, customer relationship management and enterprise resource planning system costs, and non-recurring legal and litigation costs.

Company management uses these measurements as aids in monitoring the Company's ongoing financial performance from quarter to quarter, and year to year, on a regular basis 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 diluted share exclude the following:

Non-cash expenses for 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 expense related to grants of options, employee stock purchase plan, and performance and restricted stock. Depending upon the size, timing and the 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;

Depreciation and amortization. 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;

Executive and other non-recurring separation costs. We have excluded costs associated with the resignation of our former Executive Officers in calculating our non-GAAP operating expenses and net income measures. We exclude these and other non-recurring employee separation costs because we believe that these items do not reflect future operating expenses;

Customer Relationship Management. We have excluded CRM system costs related to direct and incremental costs incurred in connection with our multi-phase implementation of a new CRM solution and the related technology infrastructure costs. We exclude these costs because we believe 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 our operating performance;

Enterprise Resource Planning. We have excluded ERP system costs related to direct and incremental costs incurred in connection with our multi-phase implementation of a new ERP solution and the related technology infrastructure costs. We exclude these costs because we believe 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 our operating performance; and

Non-recurring legal and litigation costs. We have excluded costs incurred related to third party litigation and disputes, that are of a non-recurring nature.

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 and outlook, CFO and other senior leadership searches, 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 a number of 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, the Registration Statement on Form S-8 and other documents filed from time to time with the United States Securities and Exchange Commission by Cutera.

All information in this press release is as of the date of its release. Accordingly, undue reliance should not be placed on forward-looking statements. Cutera undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events. If the Company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Cutera's financial performance for the first quarter ended March 31, 2021, as discussed in this release, is preliminary and unaudited, and subject to adjustment.

Cutera, Inc.

Anne Werdan

Director, Investor Relations

415-657-5500

awerdan@cutera.com

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

| Reporting Unit Balance Sheet | March 31 2021 | December 31, 2020 |
|--|--------------------------|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 164,932 | \$ 47,047 |
| Accounts receivable, net | 24,151 | 21,962 |
| Inventories | 34,578 | 28,508 |
| Other current assets and prepaid expenses | 10,339 | 8,779 |
| Total current assets | 234,000 | 106,296 |
| Property and equipment, net | 2,373 | 2,299 |
| Deferred tax asset | 598 | 643 |
| Goodwill | 1,339 | 1,339 |
| Operating lease right-of-use assets | 16,570 | 17,076 |
| Other long-term assets | 4,853 | 5,080 |
| Total assets | \$ 259,733 | \$ 132,733 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,031 | \$ 6,684 |
| Accrued liabilities | 41,329 | 31,079 |
| Operating leases liabilities | 2,351 | 2,260 |
| PPP Loan Payable | 6,352 | 3,630 |
| Extended warranty liabilities | 1,039 | 1,216 |
| Deferred revenue | 10,019 | 9,489 |
| Total current liabilities | 66,121 | 54,358 |
| Deferred revenue, net of current portion | 1,718 | 1,748 |
| PPP Loan payable, net of current portion | 851 | 3,555 |
| Operating lease liabilities, net of current portion | 15,394 | 15,950 |
| Convertible notes, net of unamortized debt issuance costs of \$4,665 | 133,585 | - |
| Other long-term liabilities | 434 | 242 |
| Total liabilities | 218,103 | 75,853 |
| Stockholders' equity: | | |
| Common stock | 18 | 18 |
| Additional paid-in capital | 102,206 | 117,097 |
| Accumulated deficit | (60,594) | (60,235) |
| Total stockholders' equity | 41,630 | 56,880 |
| Total liabilities and stockholders' equity | \$ 259,733 | \$ 132,733 |

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

| | Three Months Ended | |
|---|--------------------|-------------------|
| | March 31, 2021 | March 31, 2020 |
| Products | \$ 43,551 | \$ 26,391 |
| Service | 6,117 | 5,848 |
| Total net revenue | 49,668 | 32,239 |
| Products | 18,331 | 14,103 |
| Service | 3,627 | 3,800 |
| Total cost of revenue | 21,958 | 17,903 |
| Gross profit | 27,710 | 14,336 |
| Gross margin % | 56% | 44% |
| Operating expenses: | | |
| Sales and marketing | 15,068 | 14,789 |
| Research and development | 4,112 | 3,870 |
| General and administrative | 7,365 | 7,806 |
| Total operating expenses | 26,545 | 26,465 |
| Income (loss) from operations | 1,165 | (12,129) |
| Interest and other expense, net | | |
| Amortization of debt issuance costs | (52) | - |
| Interest on convertible notes | (191) | - |
| Interest and other expense, net | (1,023) | (207) |
| Total interest and other expense, net | (1,266) | (207) |
| Loss before income taxes | (101) | (12,336) |
| Income tax expense | 258 | 78 |
| Net loss | \$ (359) | \$ (12,414) |
| Net loss per share: | | |
| Basic | \$ (0.02) | \$ (0.86) |
| Diluted | \$ (0.02) | \$ (0.86) |
| Weighted-average number of shares used in per share calculations: | | |
| Basic | 17,768 | 14,433 |
| Diluted | 17,768 | 14,433 |

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

| | Three Months Ended | |
|---|--------------------|-------------------|
| | March 31, 2021 | March 31, 2020 |
| Cash flows from operating activities: | | |
| Net loss | \$ (359) | \$ (12,414) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Stock-based compensation | 1,846 | 1,980 |
| Depreciation of tangible assets | 361 | 360 |
| Amortization of contract acquisition costs | 545 | 717 |
| Amortization of debt issuance costs | 52 | - |
| Impairment of capitalized cloud computing costs | 182 | - |
| Change in deferred tax asset | 45 | 15 |
| Provision for credit losses | 218 | 590 |
| Gain on sale of property and equipment | (59) | - |
| Change in right-of-use asset | 604 | 645 |
| Other | - | 35 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (2,407) | 5,306 |
| Inventories | (6,021) | (3,020) |
| Other current assets and prepaid expenses | (1,560) | 807 |
| Other long-term assets | (500) | (207) |
| Accounts payable | (1,653) | 1,919 |
| Accrued liabilities | 10,199 | (6,567) |
| Extended warranty liabilities | (177) | (234) |
| Operating lease liabilities | (563) | (645) |
| Deferred revenue | 500 | (1,253) |
| Net cash provided by (used in) operating activities | <u>1,253</u> | <u>(11,966)</u> |
| Cash flows from investing activities: | | |
| Acquisition of property, equipment and software | (101) | (230) |
| Proceeds from disposal of property and equipment | 52 | - |
| Proceeds from sales of marketable investments | - | 6,800 |
| Purchase of marketable investments | - | (3,930) |
| Net cash provided by (used in) investing activities | <u>(49)</u> | <u>2,640</u> |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options and employee stock purchase plan | 396 | 201 |
| Purchase of capped call | (16,134) | - |
| Proceeds from issuance of convertible notes | 138,250 | - |
| Payment of issuance costs of convertible notes | (4,717) | - |
| Taxes paid related to net share settlement of equity awards | (999) | (2,234) |
| Payments on finance lease obligations | (115) | (183) |
| Net cash provided by (used in) financing activities | <u>116,681</u> | <u>(2,216)</u> |
| Net increase (decrease) in cash and cash equivalents | 117,885 | (11,542) |
| Cash and cash equivalents at beginning of period | 47,047 | 26,316 |
| Cash and cash equivalents at end of period | <u>\$ 164,932</u> | <u>\$ 14,774</u> |

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

| | Three Months Ended | | % Change 2021 Vs 2020 |
|---|--------------------|-------------------|-----------------------------|
| | March 31, 2021 | March 31, 2020 | |
| Revenue By Geography: | | | |
| North America | \$ 22,396 | \$ 15,373 | +46% |
| Japan | 16,555 | 7,162 | +131% |
| Rest of World | 10,717 | 9,704 | +10% |
| <i>Total Net Revenue</i> | <u>\$ 49,668</u> | <u>\$ 32,239</u> | <u>+54%</u> |
| <i>Rest of World (including Japan) as a percentage of total revenue</i> | 55% | 52% | |
| Revenue By Product Category: | | | |
| Systems | | | |
| - North America | \$ 16,785 | \$ 10,382 | +62% |
| - Rest of World (including Japan) | 11,536 | 10,576 | +9% |
| <i>Total Systems</i> | 28,321 | 20,958 | +35% |
| Consumables | 2,925 | 2,533 | +15% |
| Skincare | 12,306 | 2,900 | +324% |
| <i>Total Products</i> | 43,552 | 26,391 | +65% |
| Service | 6,116 | 5,848 | +5% |
| <i>Total Net Revenue</i> | <u>\$ 49,668</u> | <u>\$ 32,239</u> | <u>+54%</u> |

| | Three Months Ended | |
|--|--------------------|-------------------|
| | March 31, 2021 | March 31, 2020 |
| Pre-tax Stock-Based Compensation Expense: | | |
| Cost of revenue | \$ 144 | \$ 290 |
| Sales and marketing | 721 | 719 |
| Research and development | 301 | 321 |
| General and administrative | 680 | 650 |
| | <u>\$ 1,846</u> | <u>\$ 1,980</u> |

CUTERA, INC.
RECONCILIATION OF GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
TO NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | Three Months Ended March 31, 2021 | | | | | | Three Months Ended March 31, 2020 | | | | | | |
|---|-----------------------------------|-------------------------------|--------------------------|--------------------------------------|------------------|-----------------------------|-----------------------------------|-------------|-------------------------------|--------------------------|--------------------------------------|-----------------------------|------------|
| | GAAP | Depreciation and Amortization | Stock-Based Compensation | CRM and ERP Implementation/write-off | Legal - Lutronic | Taxes and Other Adjustments | Non-GAAP | GAAP | Depreciation and Amortization | Stock-Based Compensation | CRM and ERP Implementation/write-off | Taxes and Other Adjustments | Non-GAAP |
| Net revenue | \$ 49,668 | - | - | - | - | - | \$ 49,668 | \$ 32,239 | - | - | - | - | \$ 32,239 |
| Cost of revenue | 21,958 | (162) | (144) | - | - | - | 21,652 | 17,903 | (140) | (290) | - | - | 17,473 |
| Gross profit | 27,710 | 162 | 144 | - | - | - | 28,016 | 14,336 | 140 | 290 | - | - | 14,766 |
| Gross margin % | 56% | | | | | | 56% | 44% | | | | | 46% |
| Operating expenses: | | | | | | | | | | | | | |
| Sales and marketing | 15,068 | (678) | (721) | (182) | - | - | 13,487 | 14,789 | (871) | (718) | (165) | - | 13,035 |
| Research and development | 4,112 | (39) | (301) | - | - | - | 3,772 | 3,870 | (38) | (321) | - | - | 3,511 |
| General and administrative | 7,365 | (27) | (680) | (70) | (401) | - | 6,187 | 7,806 | (28) | (651) | (244) | (324) | 6,559 |
| Total operating expenses | 26,545 | (744) | (1,702) | (252) | (401) | - | 23,446 | 26,465 | (937) | (1,690) | (409) | (324) | 23,105 |
| Income (loss) from operations | 1,165 | 906 | 1,846 | 252 | 401 | - | 4,570 | (12,129) | 1,077 | 1,980 | 409 | 324 | (8,339) |
| Interest and other expense, net | | | | | | | | | | | | | |
| Amortization of debt issuance costs | (52) | - | - | - | - | - | (52) | - | - | - | - | - | - |
| Interest on convertible notes | (191) | - | - | - | - | - | (191) | - | - | - | - | - | - |
| Other expense, net | (1,023) | - | - | - | - | - | (1,023) | (207) | - | - | - | - | (207) |
| Total interest and other expense, net | (1,266) | - | - | - | - | - | (1,266) | (207) | - | - | - | - | (207) |
| Income (loss) before income taxes | (101) | 906 | 1,846 | 252 | 401 | - | 3,304 | (12,336) | 1,077 | 1,980 | 409 | 324 | (8,546) |
| Provision (benefit) for income taxes | 258 | - | - | - | - | - | 258 | 78 | - | - | - | 5 | 83 |
| Net income (loss) | \$ (359) | \$ 906 | \$ 1,846 | \$ 252 | \$ 401 | \$ - | \$ 3,046 | \$ (12,414) | \$ 1,077 | \$ 1,980 | \$ 409 | \$ 319 | \$ (8,629) |
| Net income (loss) per share: | | | | | | | | | | | | | |
| Basic | \$ (0.02) | | | | | | \$ 0.17 | \$ (0.86) | | | | | \$ (0.60) |
| Diluted | \$ (0.02) | | | | | | \$ 0.15 | \$ (0.86) | | | | | \$ (0.60) |
| Weighted-average number of shares used in per share calculations: | | | | | | | | | | | | | |
| Basic | 17,768 | | | | | | 17,768 | 14,433 | | | | | 14,433 |
| Diluted | 17,768 | | | | | | 22,266 | 14,433 | | | | | 14,433 |
| Operating expenses as a % of net revenue | | | | | | | | | | | | | |
| | GAAP | | | | | | Non-GAAP | GAAP | | | | | Non-GAAP |
| Sales and marketing | 30.3% | | | | | | 27.2% | 45.9% | | | | | 40.4% |
| Research and development | 8.3% | | | | | | 7.6% | 12.0% | | | | | 10.9% |
| General and administrative | 14.8% | | | | | | 12.5% | 24.2% | | | | | 20.3% |
| | 53.4% | | | | | | 47.2% | 82.1% | | | | | 71.7% |

CUTERA, INC.
RECONCILIATION OF LOSS TO ADJUSTED EBITDA
(in thousands)
(unaudited)

| | Three Months Ended |
|---------------------------------------|-------------------------------|
| | March 31, 2021 |
| Net loss | \$ (359) |
| Adjustments: | |
| Stock-based compensation | 1,846 |
| Depreciation and amortization | 906 |
| CRM and ERP implementation/ write off | 252 |
| Legal - Lutronic | 401 |
| Interest and other expense, net | 1,266 |
| Provision for income taxes | 258 |
| Total adjustments | \$ 4,929 |
| Adjusted EBITDA | \$ 4,570 |