

**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 9, 2023

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.

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

On May 9, 2023, Cutera, Inc. (“Cutera” or the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2023. Cutera hereby incorporates by reference herein the information set forth in its press release dated May 9, 2023, 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.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated May 9, 2023</a>

**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 9, 2023

**CUTERA, INC.**

By: /s/ VIKRAM VARMA

Vikram Varma

Senior Vice President, General Counsel and  
Compliance Officer



## Cutera Announces First Quarter 2023 Financial Results

May 9, 2023

*Placed more than 350 AviClear devices during Q1 2023, and generated \$4.4M in AviClear revenue in the quarter*

BRISBANE, Calif.-(BUSINESS WIRE)—May 9, 2023—Cutera, Inc. (Nasdaq: CUTR) ("Cutera" or the "Company"), a leading provider of aesthetic and dermatology solutions, today reported financial results for the first quarter ended March 31, 2023.

### First Quarter 2023 Financial and Operational Highlights

- Consolidated revenue of \$55.0 million, a decrease of 5% as reported and a decrease of 1% in constant currency from the prior-year period.
- During Q1 2023, the Company generated \$4.4 million in AviClear revenue, consisting of treatment revenue and device license fees.
- AviClear placements exceeded 350 during Q1 2023, bringing cumulative placements to over 950 units.
- GAAP Gross margin of 45.3% in the quarter, compared to 54.8% in the prior-year period.
  - In constant currency terms, Q1 2023 GAAP Gross Margin was 47.4%, and non-GAAP Gross Margin was 51.0%
- GAAP Operating expenses were \$48.5 million in the quarter, compared to \$44.9 million in the prior-year period. Operating expenses during the period included \$10.1 million in AviClear spending.
- GAAP Net loss was \$25.0 million, compared to a Net loss of \$15.1 million in the prior-year period.
- Adjusted EBITDA was a loss of \$14.5 million, compared to a loss of \$3.8 million in the prior-year period.
  - Core adjusted EBITDA was a loss of \$8.5 million as reported and a loss of \$6.8 million in constant currency.
  - AviClear adjusted EBITDA was a loss of \$6.0 million.

Key Revenue Metrics	Three Months Ended March 31, 2023	% Change vs Three Months Ended March 31, 2022		Key Profit Metrics	Three Months Ended March 31, 2023	
		Reported	Constant Currency		Reported	Constant Currency
Capital Equipment	\$33.3	-9%	-6%	GAAP Margin %	45.3%	47.4%
Skincare	\$8.1	-30%	-19%	Non-GAAP Margin %	49.1%	51.0%
Consumables	\$3.7	-4%	-1%	Adjusted EBITDA - Core	(\$8.5)	(\$6.8)
Service	\$5.4	-9%	-6%	Adjusted EBITDA - AviClear	(\$6.0)	(\$6.0)
AviClear	\$4.4	N/A	N/A	Adjusted EBITDA - Total	(\$14.5)	(\$12.8)
Recurring	\$21.7	1%	8%	Adjusted EBITDA Margin %	-26.4%	-22.1%
Total Revenue	\$55.0	-5%	-1%			

*"First quarter performance was below expectations due to execution challenges in the business and certain operational events including an undue focus on AviClear placements that diverted attention from North America core capital sales, as well as an extended plant shutdown that affected sales and margin. However, even though it's been only a few weeks since I stepped into the Interim CEO role, it is clear to me that Cutera has great potential and that we can overcome our execution and operational challenges. I believe our core business continues to have great potential and I am especially encouraged by the placement of over 350 AviClear devices during Q1 2023, bringing cumulative placements to nearly 1,000 and highlighting the strong market acceptance of this revolutionary new offering for the treatment of acne," commented Sheila Hopkins, Interim Chief Executive Officer of Cutera, Inc.*

*Hopkins continued, "I remain excited about the future of Cutera and confident in our ability to improve our performance. We have technology and products that are excellent, differentiated, and well-liked by our customers, and we have a talented team that shares a strong commitment to our mission and a belief in the long-term vision for the business. As we look ahead, we believe our focus on improving execution will allow us to increase adoption and utilization of AviClear while driving growth in our core business."*

### CFO Transition

Cutera also announced the appointment of Stuart Drummond as Interim Chief Financial Officer, succeeding Rohan Seth, who has stepped down from the Company. Mr. Drummond brings over 20 years of experience leading and developing finance teams in the technology and manufacturing sectors. He joined

Cutera in 2021 as Vice President and Corporate Controller and has been a senior leader of the finance team.

Hopkins added, "We appreciate Stuart's willingness to step up as Interim CFO and ensure continuity of leadership at such a critical time for our Company. Stuart knows our Company well, and we are fortunate to have someone of his caliber lead the finance team during this transitional period. A CFO search process has been underway as part of ongoing leadership planning and is being overseen by the Audit Committee of the Board and with the assistance of a leading executive search firm. We look forward to identifying the right candidate for the role."

#### 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 Sheila Hopkins, Interim Chief Executive Officer, Stuart Drummond, Interim Chief Financial Officer, and Greg Barker, Vice President of FP&A and Investor Relations.

To participate in the conference call, dial 1-800-319-4610 (domestic) or +1-631-891-4304 (international).

The call will also be a 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 stock-based compensation, depreciation and amortization including contract acquisition costs, executive and other non-recurring severance costs, enterprise resource planning (ERP) implementation costs, and certain legal and litigation costs. 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 defines adjusted EBITDA as operating income before depreciation and amortization, stock-based compensation, executive and non-recurring severance costs, ERP implementation costs, and costs related to a specific litigation.*

*Company management uses non-GAAP measurements 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:*

***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;*

***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;*

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

***ERP implementation costs.** 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*

***Certain legal and litigation costs.** We have excluded costs incurred related to our litigation against Lutronic Aesthetics, which is not part of our ordinary course of business. Our 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. We exclude these costs because this litigation is a result of a discrete event that was not part of our 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 our core 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 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, 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 concerning those or other forward-looking statements. Cutera's financial performance for the first quarter ended March 31, 2023, as discussed in this release, is preliminary and unaudited, and subject to adjustment.

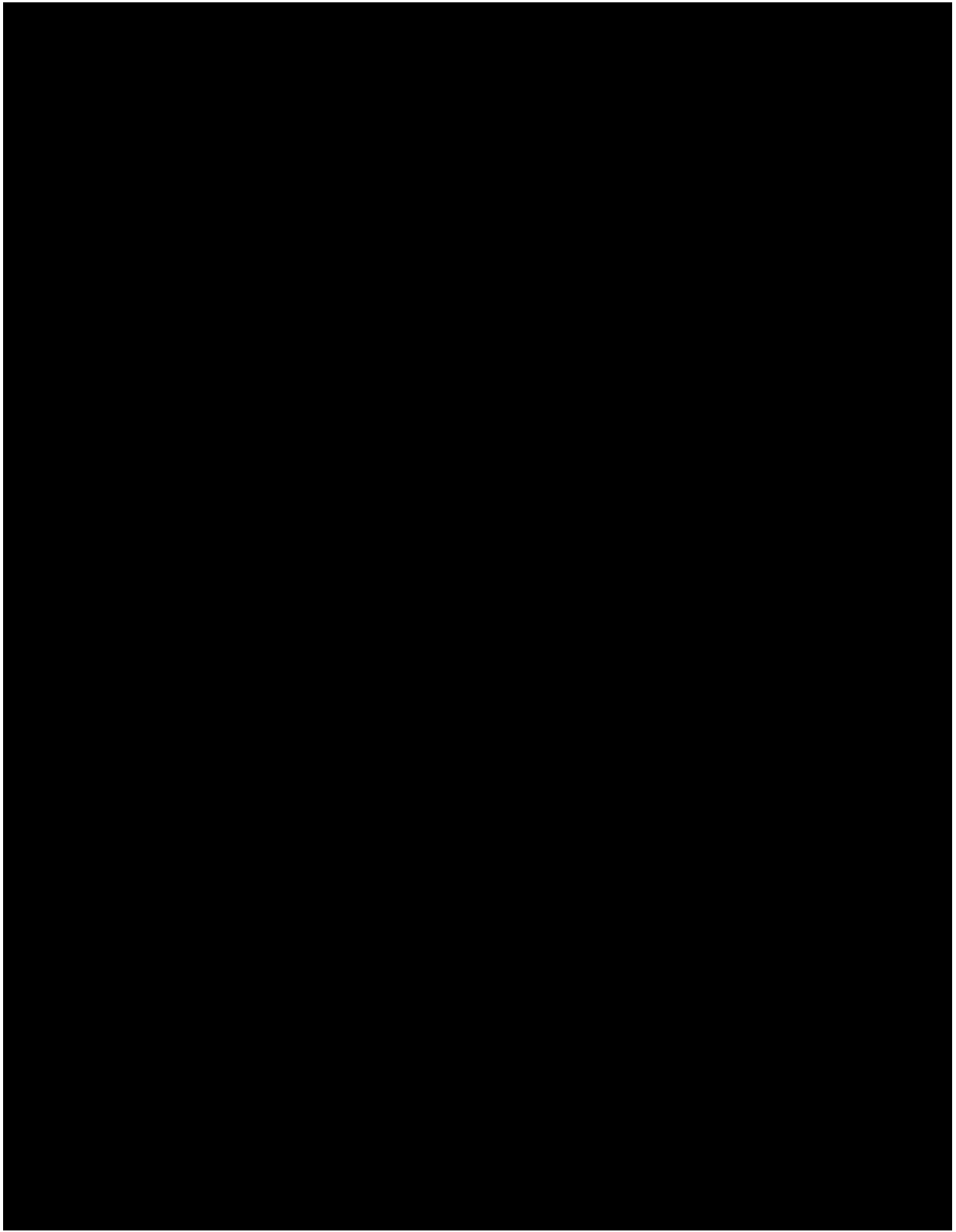
CUTERA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	March 31,	December 31,
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 166,828	\$ 145,924
Marketable securities	100,823	171,390
Accounts receivable, net	52,138	45,562
Inventories	71,819	63,628
Other current assets and prepaid expenses	26,156	24,036
Restricted cash	700	700
Total current assets	418,464	451,240
Property and equipment, net	53,016	40,368
Deferred tax asset	577	590
Goodwill	1,339	1,339
Operating lease right-of-use assets	12,059	12,831
Other long-term assets	14,343	14,620



	2023	2022
Products	\$ 49,588	\$ 52,066
Service	5,405	5,948
Total net revenue	54,993	58,014
Products	27,231	22,912
Service	2,835	3,314
Total cost of revenue	30,066	26,226
Gross margin	24,927	31,788
Gross margin %	45.3 %	54.8 %
Operating expenses:		
Sales and marketing	29,512	24,944
Research and development	6,468	6,499
General and administrative	12,516	13,502
Total operating expenses	48,496	44,945
Loss income from operations	(23,569)	(13,157)
Interest and other expense, net		
Interest on convertible notes	(2,939 )	(778 )
Amortization of debt issuance costs	(552 )	(219 )
Interest income (expense), net	2,479	(144 )
Other expense, net	(163 )	(611 )
Loss before income taxes	(24,744)	(14,909)
Income tax expense	272	233
Net loss	\$ (25,016)	\$ (15,142)
Net loss per share:		
Basic	\$ (1.26 )	\$ (0.84 )
Diluted	\$ (1.26 )	\$ (0.84 )

Weighted-average number of shares used in per share calculations:



Basic	19,776	18,080
Diluted	19,776	18,080

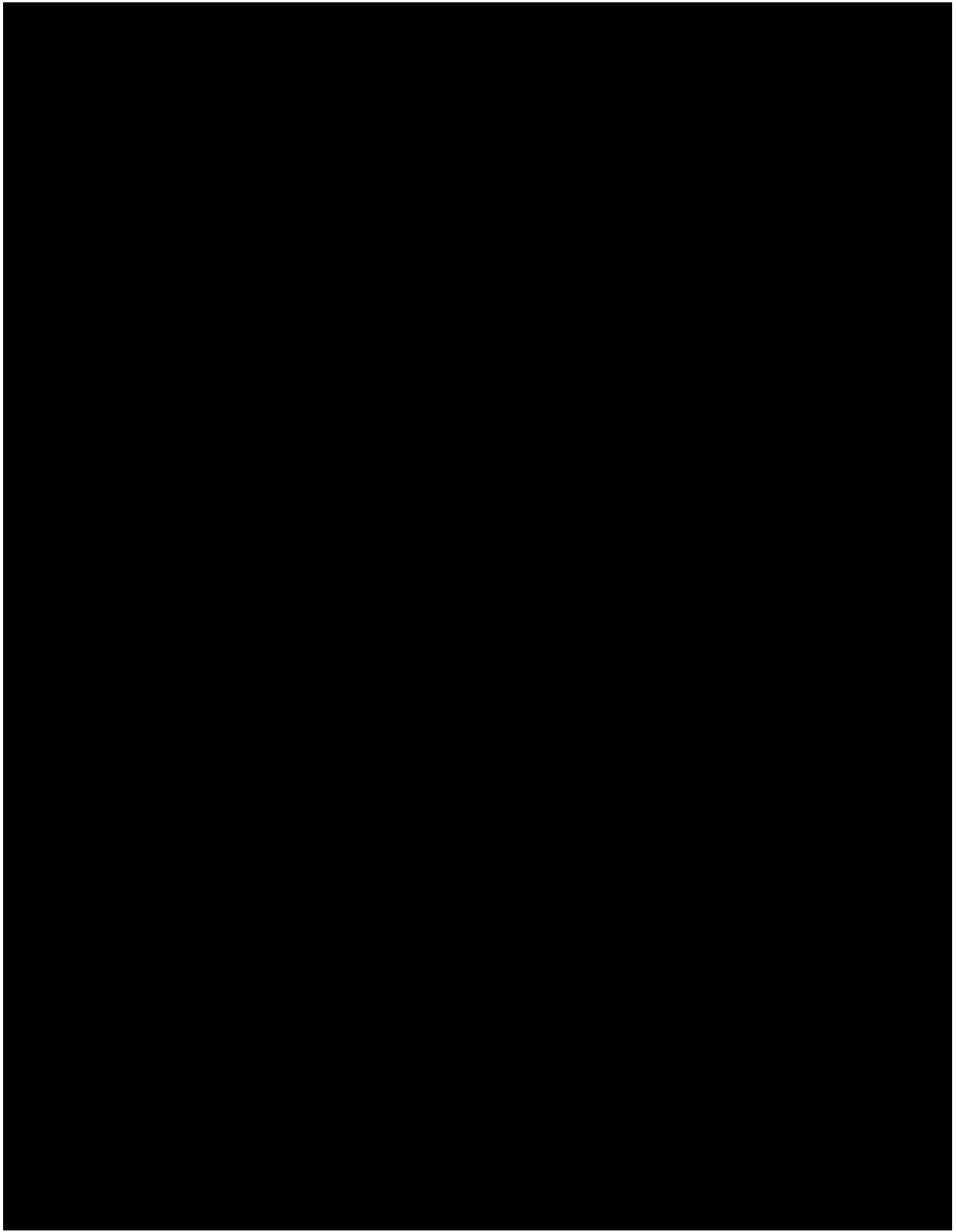
CUTERA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended	
	March 31,	March 31,
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	\$ (25,016 )	\$ (15,142 )
Adjustments to reconcile net loss to net cash provided used in operating activities:		
Stock-based compensation	3,386	4,043
Depreciation and amortization	1,409	427
Amortization of contract acquisition costs	2,178	652
Amortization of debt issuance costs	552	219
Deferred tax assets	13	41
Provision for credit losses	488	192
Loss on sale of property and equipment	-	14
Unrealized gain on foreign exchange forward	(623 )	-
Non-cash interest income	(880 )	-
Changes in assets and liabilities:		
Accounts receivable	(7,064 )	(1,912 )
Inventories	(8,191 )	(12,177 )
Other current assets and prepaid expenses	(2,053 )	(5,611 )
Other long-term assets	(2,011 )	(385 )
Accounts payable	(1,330 )	5,755
Accrued liabilities	1,706	(5,989 )



Total Net Revenue	\$ 54,993	\$ 58,014	-5.2	%
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International as a percentage of total revenue	49.7	%	50.3	%
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**Revenue By Product Category:**

**Systems**

- North America	\$ 17,959	\$ 22,707	-20.9	%
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- Rest of World (including Japan)	15,358	13,807	+11.2	%
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Total Systems	33,317	36,514	-8.8	%
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AviClear	4,395	-	NA	
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Consumables	3,744	3,903	-4.1	%
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Skincare	8,132	11,649	-30.2	%
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Total Products	49,588	52,066	-4.8	%
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Service	5,405	5,948	-9.1	%
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Total Net Revenue	\$ 54,993	\$ 58,014	-5.2	%
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**Three Months Ended**

**March 31, March 31,**

**2023      2022**

**Pre-tax Stock-Based Compensation Expense:**

Cost of revenue	\$ 364	\$ 459
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Sales and marketing	1,148	576
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Research and development	693	960
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General and administrative	1,181	2,028
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	\$ 3,386	\$ 4,043
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CUTERA, INC.

**Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure**

(in thousands)

(unaudited)

Three Months Ended March 31, 2023	Gross Profit	Gross Margin	Operating Income
Reported	\$ 24,927	45.3 %	\$ (23,569 )
Adjustments:			
Depreciation and amortization including contract acquisition costs	1,599	3.0 %	3,587
Stock-based compensation	364	0.6 %	3,386
ERP implementation cost	-	-	518
Legal - Lutronic	-	-	652
Severance	119	0.2 %	315
Other adjustments	-	-	585
Total adjustments	2,082	3.8 %	9,043
Adjusted	\$ 27,009	49.1 %	\$ (14,526 )

Three Months Ended March 31, 2022	Gross Profit	Gross Margin	Operating Income
Reported	\$ 31,788	54.8 %	\$ (13,157 )
Adjustments:			
Depreciation and amortization including contract acquisition costs	76	0.1 %	1,079
Stock-based compensation	459	0.8 %	4,043
ERP implementation cost	-	-	3,976
Legal - Lutronic	-	-	254
Severance	-	-	-
Other adjustments	-	-	-
Total adjustments	535	0.9 %	9,352
Adjusted	\$ 32,323	55.7 %	\$ (3,805 )

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Source: Cutera, Inc.