

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): March 10, 2016

STRATA  
SKIN SCIENCES

STRATA SKIN SCIENCES, INC.  
(Exact Name of Registrant Specified in Charter)

Delaware  
(State or Other  
Jurisdiction of  
Incorporation)

000-51481  
(Commission File  
Number)

13-3986004  
(I.R.S. Employer  
Identification No.)

100 Lakeside Drive, Suite 100, Horsham,  
Pennsylvania  
(Address of Principal Executive Offices)

19044  
(Zip Code)

Registrant's telephone number, including area code: 215-619-3200

(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:

- 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))

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

On March 10, 2016, STRATA Skin Sciences, Inc. (the "Company") issued a press release announcing its results of operations for the fourth fiscal quarter and the year ended December 31, 2016. The full text of such press release is furnished as Exhibit 99.1 to this report.

The Company makes reference to non-GAAP financial information in the press release furnished herewith. Specifically, these non-GAAP measures include non-GAAP adjusted net loss and non-GAAP adjusted loss per share. There are limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The Company's reference to these non-GAAP measures should be considered in addition to results prepared under current accounting standards, but are not a substitute for, nor superior to, GAAP results. These non-GAAP measures are provided to enhance investors' overall understanding of the Company's current financial performance and to provide further information for comparative purposes.

Specifically, the Company believes the non-GAAP measures provide useful information to both management and investors by isolating certain expenses, gains and losses that may not be indicative of the Company's core operating results and business outlook. In addition, the Company believes non-GAAP measures that exclude stock-based compensation expense and other non-cash or non-recurring expenses enhance the comparability of results against prior periods. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is contained in the press release.

The information set forth under this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

**ITEM 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

The following press release is furnished as an exhibit to this Current Report on Form 8-K pursuant to Item 2.02 and shall not be deemed to be "filed":

99.1 Press Release dated March 10, 2016 issued by STRATA Skin Sciences, Inc.

**SIGNATURE**

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 hereunto duly authorized.

**STRATA SKIN SCIENCES, INC.**

Date: March 10, 2016

By: /s/ Christina Allgeier  
Christina Allgeier  
Chief Financial Officer

**EXHIBIT INDEX**

Exhibit No.	Exhibit Description
99.1	Press Release dated March 10, 2016 issued by STRATA Skin Sciences, Inc.

## **STRATA Skin Sciences Reports Fourth Quarter 2015 Financial Results**

*Proforma XTRAC recurring revenue growth of 16.1% in CY 2015  
Achieved Positive Non-GAAP adjusted EBIDTA for second consecutive quarter*

**Horsham, PA, March 10, 2016** — (NASDAQ: SSKN) STRATA Skin Sciences, Inc. ("STRATA") a medical technology company dedicated to developing and commercializing innovative products for the treatment and diagnosis of serious dermatological disorders, today reported financial results for the fourth quarter ended December 31, 2015. These results include the June 2015 acquisition of the XTRAC and VTRAC businesses.

As reported on January 5, 2016, the Company was rebranded to become STRATA Skin Sciences, Inc. to better reflect the breadth of products currently marketed and the expanded focus of the Company on applications in clinical dermatology. On June 22, 2015 STRATA acquired the XTRAC and VTRAC businesses from PhotoMedex, Inc.

### **Fourth Quarter and Recent Corporate Highlights**

- Fourth quarter recurring XTRAC revenue of \$7.5 million, sequential growth of 6.4%.
- Proforma YOY recurring XTRAC revenue growth of 16.1% as compared to and including periods prior to the June 22, 2015 acquisition.
- Achieved positive Non-GAAP adjusted EBITDA for second consecutive quarter of operations.
- Installed base of XTRAC systems in the U.S. expands to 718 systems placed, up from 620 at the end of the fourth quarter 2014.
- Refinanced \$10 million short-term bridge loan with \$12 million long-term debt facility with interest only payments for the first 18 months.

The operating results of the Company for the three months ended December 31, 2015 include activity from the XTRAC and VTRAC businesses for the entire period. The operating results of the Company for the year ended December 31, 2015 include activity from the XTRAC and VTRAC businesses from June 23, 2015 through December 31, 2015. As a result of purchase accounting rules, the operating results of the XTRAC and VTRAC businesses for the three months and the year ended December 31, 2014 are not included in consolidated statements of operations, including revenue amounts discussed in this release, for the periods ended December 31, 2014.

Commenting on the fourth quarter, Michael R. Stewart, President and CEO of the Company stated: "The XTRAC business in the fourth quarter continues to make solid progress with increases in both recurring procedure revenues from utilization and our installed base of placed systems. Our total fourth quarter revenues of \$9.5 million were up 13.9% sequentially from the third quarter 2015, and we generated positive Non-GAAP adjusted EBITDA of \$0.5 million."

---

Mr. Stewart added: "The re-branding of the company to STRATA Skin Sciences, reflecting our commitment to serving the broader clinical dermatology market, has been well received by our customers, the broader dermatology marketplace and our employees."

### **Reported Financial Results**

Revenues for the fourth quarter of 2015 were \$9.5 million compared with revenues for the fourth quarter of 2014 of \$0.4 million.

Net loss for the fourth quarter of 2015 was \$0.6 million or (\$0.06) per share, which included other income of \$2.5 million for the change in fair value of warrant liability, \$1.5 million in interest expense; \$1.7 million in depreciation and amortization expenses and \$0.1 million for income tax expense. This compares with net loss attributable to common shareholders for the fourth quarter of 2014 of \$6.4 million or (\$1.09) per share, which included a deemed dividend of \$1.9 million, other income of \$1.0 million for the change in fair value of warrant liability, \$1.8 million in interest expense and \$0.4 million in depreciation and amortization expenses.

Revenues for the year 2015 were \$18.5 million compared with revenues for the year 2014 of \$0.9 million.

Net loss attributable to common shareholders for the year 2015 was \$27.9 million or (\$3.27) per share, which included a deemed dividend of \$3.0 million, other income of \$1.8 million for the change in fair value of warrant liability, \$4.8 million in inventory obsolescence charges; \$10.2 million in interest expense; \$0.5 million in acquisition costs, \$4.0 million in depreciation and amortization expenses and \$0.1 million for income taxes. This compares with net loss attributable to common shareholders for the year 2014 of \$16.0 million or (\$3.03) per share, which included other income of \$8.1 million for the change in fair value of warrant liability, \$3.4 million in registration rights liquidated damages, \$2.4 million in interest expense and \$1.8 million in depreciation and amortization expenses.

As of December 31, 2015 the Company had cash, cash equivalents and short-term investments of \$3.3 million, compared with \$11.4 million of unrestricted cash as of December 31, 2014.

In order to provide information that is helpful to investors relating to the historical and current growth of the XTRAC recurring revenues, the Company is providing the following table, including information obtained from the predecessor company's disclosures of previous period results.

---

Q4 2015 Supplemental Proforma Financial Information  
As of December 31, 2015, Q4 Earnings Report  
(unaudited)

(dollar amounts in thousands)

	2014		2015									
			Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	YTD					
XTRAC Recurring Revenue	\$	22,871*	\$	5,376*	\$	6,678**	\$	7,032	\$	7,479	\$	26,565***

\*As reported by PhotoMedex, Inc.

\*\*\$104 reported by the Company; balance reported by PhotoMedex, Inc.

\*\*\*\$14,615 reported by the Company; balance reported by PhotoMedex, Inc.

Mr. Stewart stated: "The table above presents the results of the Company's recently acquired XTRAC recurring revenue business. The recurring business generated sequential growth of 6.4% in the fourth quarter and generated 2015 year-over-year growth of 16.1%.

**Non-GAAP Measures**

To supplement the Company's consolidated financial statements, prepared in accordance with GAAP, the Company provides certain non-GAAP measures of financial performance. These non-GAAP measures include non-GAAP adjusted income.

The Company's reference to these non-GAAP measures should be considered in addition to results prepared under current accounting standards, but are not a substitute for, nor superior to, GAAP results. These non-GAAP measures are provided to enhance investors' overall understanding of our current financial performance and to provide further information for comparative purposes.

Specifically, the Company believes the non-GAAP measures provide useful information to both management and investors by isolating certain expenses, gains and losses that may not be indicative of the Company's core operating results and business outlook. In addition, the Company believes non-GAAP measures enhance the comparability of results against prior periods. Reconciliation to the most directly comparable GAAP measure of all non-GAAP measures included in this press release is as follows:

(unaudited)

(in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
<b>Net loss as reported</b>	\$ (593)	\$ (4,504)	\$ (24,947)	\$ (14,145)
Adjustments:				
Depreciation and amortization expense	1,703	419	4,051	1,790
Interest expense, net	535	138	1,329	242
Non-cash interest expense	927	1,706	8,871	2,130
Income taxes	119	-	119	-
<b>EBITDA</b>	2,691	(2,241)	(10,577)	(9,983)
Stock-based compensation expense	270	(34)	1,753	413
Acquisition costs	-	-	456	-
Change in fair value of warrants	(2,493)	(952)	(1,814)	(8,103)
Registration rights liquidated charges	-	-	-	3,420
Impairment of property and equipment	-	-	920	-
Inventory obsolescence charges	-	1,084	4,818	1,084
<b>Non-GAAP adjusted EBITDA</b>	\$ 468	\$ (2,143)	\$ (4,444)	\$ (13,169)

STRATA previously announced the scheduling of a conference call with investors to review the results of the Fourth quarter. Following is the pertinent information for accessing that call.

**Conference Call Detail:**

Date: Thursday, March 10  
Time: 4:30pm Eastern Time  
Toll Free: 888-337-8169  
International: 719-325-2177  
Passcode: 4193642  
Webcast: [www.strataskinssciences.com](http://www.strataskinssciences.com)

**Replays, available through March 24, 2016**

Toll Free: 877-870-5176  
International: 858-384-5517  
Replay PIN: 4193642

**About STRATA Skin Sciences, Inc.**

([www.strataskin.com](http://www.strataskin.com))

STRATA Skin Sciences is a medical technology company focused on the therapeutic and diagnostic dermatology market. Its products include the XTRAC® laser and VTRAC® excimer lamp systems utilized in the treatment of psoriasis, vitiligo and various other skin conditions, and the MelaFind® system used to assist in the identification and management of melanoma skin cancer.

**Safe Harbor**

*This press release includes "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995. These statements include but are not limited to the Company's plans, objectives, expectations and intentions and may contain words such as "will," "may," "seeks," and "expects," that suggest future events or trends. These statements, including the Company's ability to generate the anticipated revenue stream, the Company's ability to generate sufficient cash flow to fund the Company's ongoing operations beginning at any time in the future, and the Company's ability to build a leading franchise in medical dermatology, are based on the Company's current expectations and are inherently subject to significant uncertainties and changes in circumstances. Actual results may differ materially from the Company's expectations due to financial, economic, business, competitive, market, regulatory and political factors or conditions affecting the Company and the medical device industry in general, as well as more specific risks and uncertainties set forth in the Company's SEC reports on Forms 10-Q and 10-K. Given such uncertainties, any or all of these forward-looking statements may prove to be incorrect or unreliable. The Company assumes no duty to update its forward-looking statements and urges investors to carefully review its SEC disclosures available at [www.sec.gov](http://www.sec.gov) and [www.strataskin.com](http://www.strataskin.com).*

**Investor Contacts:**

Christina L. Allgeier, CFO  
STRATA Skin Sciences, Inc.  
215-619-3267  
[callgeier@strataskin.com](mailto:callgeier@strataskin.com)

Bob Yedid  
LifeSci Advisors, LLC  
646-597-6989  
[Bob@LifeSciAdvisors.com](mailto:Bob@LifeSciAdvisors.com)

---



**STRATA SKIN SCIENCES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<u>December 31,</u> 2015	<u>December 31,</u> 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,303	\$ 11,434
Restricted cash	15	-
Accounts receivable, net	4,068	220
Inventories, net	4,128	5,275
Other current assets	465	274
Property and equipment, net	13,851	1,961
Goodwill and other intangible assets	24,155	37
Other non-current assets, net	1,387	869
<b>Total assets</b>	<b>\$ 51,372</b>	<b>\$ 20,070</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Long-term debt and other notes payable	\$ 10,478	\$ -
Accounts payable and accrued current liabilities	6,607	2,144
Current portion of deferred revenues	173	43
Senior secured convertible debentures, net	10,804	5,001
Warrant liability	7,042	499
Other long-term liabilities	181	107
Stockholders' equity	16,087	12,276
<b>Total liabilities and stockholders' equity</b>	<b>\$ 51,372</b>	<b>\$ 20,070</b>

**STRATA SKIN SCIENCES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share and per share amounts)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2015	2014	2015	2014
Revenues	\$ 9,480	\$ 374	\$ 18,495	\$ 915
Cost of revenues	<u>3,493</u>	<u>1,180</u>	<u>13,719</u>	<u>4,935</u>
Gross profit (loss)	<u>5,987</u>	<u>(806)</u>	<u>4,776</u>	<u>(4,020)</u>
Operating expenses:				
Engineering and product development	598	218	2,029	1,641
Selling and marketing	3,695	774	9,194	3,140
General and administrative	3,209	1,833	10,028	7,821
	<u>7,502</u>	<u>2,825</u>	<u>21,251</u>	<u>12,602</u>
Operating loss before other income (expense), net	(1,515)	(3,631)	(16,475)	(16,622)
Other income (expense), net:				
Interest expense, net	(1,462)	(1,844)	(10,200)	(2,372)
Change in fair value of warrant liability	2,493	952	1,814	8,103
Registrations rights liquidated damages	-	-	-	(3,420)
Gain on sale of assets	-	-	-	16
Other (expense) income, net	10	19	33	150
	<u>1,041</u>	<u>(873)</u>	<u>(8,353)</u>	<u>2,477</u>
Loss before income taxes	( 474)	( 4,504)	( 24,828)	( 14,145)
Income tax expense	<u>(119)</u>	<u>-</u>	<u>(119)</u>	<u>-</u>
Net loss	( 593)	( 4,504)	( 24,947)	( 14,145)
Deemed dividend	<u>-</u>	<u>(1,887)</u>	<u>(2,962)</u>	<u>(1,887)</u>
Net loss attributable to common stockholders	<u>\$ (593)</u>	<u>\$ (6,380)</u>	<u>\$ (27,909)</u>	<u>\$ (16,032)</u>
Basic and diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (1.09)</u>	<u>\$ (3.27)</u>	<u>\$ (3.03)</u>
Shares used in computing basic and diluted net loss per share	<u>10,147,066</u>	<u>5,852,348</u>	<u>8,536,699</u>	<u>5,295,929</u>

**STRATA SKIN SCIENCES, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands, unaudited)

	For the Year Ended December 31,	
	2015	2014
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (24,947)	\$ (14,145)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,051	1,790
Stock-based compensation	1,753	413
Impairment of long-lived assets	920	-
Inventory write-offs	4,818	-
Amortization of debt discount	8,479	1,943
Amortization of deferred financing costs	391	191
Change in fair value of warrant liability	(1,814)	(8,103)
Other	139	36
Changes in operating assets and liabilities:		
Current assets	(848)	691
Current liabilities	473	(525)
<b>Net cash used in operating activities</b>	<b>(6,585)</b>	<b>(17,709)</b>
<b>Cash Flows From Investing Activities:</b>		
Lasers placed-in-service, net	(1,689)	-
Acquisition costs, net of cash received	(42,500)	-
Other	(35)	17
<b>Net cash (used in) provided by investing activities</b>	<b>(44,224)</b>	<b>17</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from convertible debentures	32,500	15,000
Repayment of convertible debentures	(103)	-
Proceeds from term debt	10,500	-
Proceeds from credit facilities	-	11,458
Other financing activities	(227)	(1,115)
<b>Net cash provided by financing activities</b>	<b>42,670</b>	<b>25,343</b>
Effect of exchange rate changes on cash	8	-
Net (decrease)/increase in cash and cash equivalents	(8,131)	7,651
Cash and cash equivalents, beginning of period	11,434	3,783
Cash and cash equivalents, end of period	<u>\$ 3,303</u>	<u>\$ 11,434</u>
<b>Supplemental information:</b>		
Cash paid for interest	\$ 1,188	\$ 116
<b>Supplemental information of non-cash investing and financing activities:</b>		
Conversion of convertible preferred stock into common stock	\$ 5,282	\$ 513
Conversion of senior secured convertible debentures into common stock	\$ 4,815	\$ 1,589
Modification of warrants recorded as a deemed dividend	\$ 2,962	\$ -
Beneficial conversion feature recorded as a deemed dividend	\$ -	\$ 1,887
Exchange of series A convertible preferred stock for series B convertible preferred stock	\$ -	\$ 12,300
Recognition of debt discount and beneficial conversion feature on long-term debt	\$ 27,300	\$ 10,353
Recognition of warrants issued in connection with financings	\$ 2,958	\$ 5,585
Reclassification of property and equipment to inventory, net	\$ 107	\$ -
Reclassification of warrant liability from stockholders' equity	\$ (5,399)	\$ -
Recognition of warrants issued as debt discount	\$ 321	\$ -
Proceeds of notes payable for prepaid insurance	\$ 334	\$ -