
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): April 2, 2018

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))

Indicate by check mark whether the registrant is an emerging growth company 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 April 2, 2018, STRATA Skin Sciences, Inc. (the "Company") issued a press release announcing its results of operations for the fiscal year ended December 31, 2017. 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 April 2, 2018 issued by STRATA Skin Sciences, Inc.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Press Release dated April 2, 2018 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: April 2, 2018

By: /s/ Frank J. McCaney
Frank J. McCaney
Interim Chief Financial Officer

STRATA Skin Sciences Reports Fourth Quarter and Fiscal Year 2017 Financial Results

Conference call and webcast, today at 8:30 am Eastern Time

Horsham, PA, April 2, 2018 — STRATA Skin Sciences (NASDAQ: SSKN) ("STRATA") a medical technology company in Dermatology and Plastic Surgery dedicated to developing, commercializing, and marketing innovative products for the treatment of dermatologic conditions, today reported financial results for the fourth quarter and fiscal year ended December 31, 2017.

Full Year and Recent Corporate Highlights

- Total revenues for the year were \$31.4 million, an increase of 2.4% over 2016 revenues.
- Installed base of XTRAC systems in the U.S. was 753 systems at year end, down 3% from 775 at the end of 2016, as a result of the Company's strategy to redeploy underperforming XTRAC systems in more productive accounts.
- Non-GAAP Adjusted EBITDA increased by 67% to \$4.8 million in 2017 versus \$2.9 million in 2016.
- Revenues for the first quarter ended March 31, 2018 will be in the range of approximately \$6.3 million to \$6.6 million, down 7 to 11% over first quarter 2017 revenues.

"We made several important strategic decisions in 2017 that position STRATA for the long term," stated Frank McCaney, President and Chief Executive Officer of STRATA. "These include the simplification of our balance sheet with the exchange of convertible debt for convertible preferred stock, which provides us with greater financial flexibility."

Full Year 2017 Financial Results

Revenues for the year ended December 31, 2017 were \$31.4 million, an increase of 2.4% compared with revenues of \$30.7 million for the year ended December 31, 2016.

Net loss for the year ended December 31, 2017 was \$18.8 million or (\$2.85) per diluted common share and (\$1,061.25) per diluted Series C share (the significant loss reflects in part the conversion of debt to shares), which included other expense, net of \$16.3 million, consisting of \$4.6 million in interest expense, net, \$0.1 million for the reduction in fair value of warrant liability, and loss on extinguishment of debentures of \$11.8 million. This compares with a net loss for the year ended December 31, 2016 of \$3.3 million or (\$3.77) per diluted share, which included other income, net of \$0.5 million, consisting of \$4.9 in interest expense, net, \$5.4 million for the reduction in fair value of warrant liability, and no loss on the extinguishment of debentures.

Fourth Quarter 2017 Financial Results

Revenues for the fourth quarter ended December 31, 2017 were \$8.6 million, an increase of 3.2% compared with revenues of \$8.3 million for the quarter ended December 31, 2016.

Net loss for the quarter ended December 31, 2017 was \$1.7 million or (\$0.10) per diluted common share and (\$36.36) per diluted Series C share, which included other expense, net of \$0.3 million, consisting primarily of \$0.3 million in interest expense, net. This compares with a net loss for the quarter ended December 31, 2016 of \$0.9 million or (\$0.41) per diluted share, which included other expense, net of \$1.2 million, consisting primarily of \$1.3 million of interest expense, net.

As of December 31, 2017, the Company had cash and cash equivalents of \$4.1 million, compared with \$3.9 million as of December 31, 2016.

Non-GAAP Adjusted EBITDA

To supplement the Company's consolidated financial statements, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company provides certain non-GAAP measures of financial performance. These non-GAAP measures include non-GAAP adjusted EBITDA.

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:

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(in thousands) (Unaudited)		(in thousands) (Unaudited)	
Net loss as reported	\$ (1,720)	\$ (887)	\$ (18,831)	\$ (3,335)
Adjustments:				
Depreciation and amortization expense *	1,525	1,522	6,336	6,366
Interest expense, net	304	623	2,056	2,226
Non-cash interest expense	44	706	2,556	2,674
Income taxes	(52)	64	129	255
EBITDA	101	2,028	(7,754)	8,186
Stock-based compensation expense	50	(288)	186	113
Change in fair value of warrants	(25)	(80)	(102)	(5,396)
Impairment of lasers placed –in-service	196	-	196	-
Impairment of intangible assets	523	-	523	-
Loss on extinguishment of debentures	-	-	11,799	-
Non-GAAP adjusted EBITDA	\$ 845	\$ 1,660	\$ 4,848	\$ 2,903

* Includes depreciation on lasers placed-in-service of \$4,247 and \$4,410 for the year ended December 31, 2017 and 2016, respectively.

Conference Call Details:

Date: Monday, April 2
Time: 8:30 am Eastern Time
Toll Free: 888-394-8218
International: 323-794-2149
Passcode: 6380302
Webcast: www.strataskin.com

About STRATA Skin Sciences, Inc. (www.strataskin.com)

STRATA Skin Sciences is a medical technology company in Dermatology and Plastic Surgery dedicated to developing, commercializing and marketing innovative products for the treatment of dermatologic conditions. Its products include the XTRAC® excimer laser and VTRAC® lamp systems utilized in the treatment of psoriasis, vitiligo and various other skin conditions; the STRATAPEN® MicroSystem, marketed specifically for the intended use of micropigmentation; and Nordlys, a multi-technology aesthetic laser device.

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 and research and development activities beginning at any time in the future, the public's reaction to the Company's new advertisements and marketing campaigns under development, and the Company's ability to build a leading franchise in dermatology and aesthetics, 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 and www.strataskin.com.

Investor Contacts:

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STRATA SKIN SCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,069	\$ 3,928
Accounts receivable, net	3,141	3,390
Inventories, net	3,009	2,817
Other current assets	533	617
Property and equipment, net	7,703	10,180
Goodwill and other intangible assets	20,128	22,215
Other non-current assets, net	48	46
Total assets	\$ 38,631	\$ 43,193
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable	\$ 357	\$ 339
Current portion of long-term debt	2,387	1,714
Accounts payable and accrued current liabilities	4,637	3,845
Current portion of deferred revenues	291	235
Senior secured convertible debentures, net	-	12,028
Long-term debt, net	7,853	9,752
Warrant liability	3	105
Other long-term liabilities	858	456
Stockholders' equity	22,245	14,719
Total liabilities and stockholders' equity	\$ 38,631	\$ 43,193

STRATA SKIN SCIENCES, INC. AND SUBSIDIARY
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,	
	2017	2016	2017	2016
Revenues	\$ 8,596	\$ 8,331	\$ 31,449	\$ 30,707
Cost of revenues	<u>4,316</u>	<u>3,005</u>	<u>13,498</u>	<u>12,636</u>
Gross profit	<u>4,280</u>	<u>5,326</u>	<u>17,951</u>	<u>18,071</u>
Operating expenses:				
Engineering and product development	402	388	1,711	1,929
Selling and marketing	2,936	2,779	11,249	12,102
General and administrative	<u>2,402</u>	<u>1,755</u>	<u>7,401</u>	<u>7,637</u>
	<u>5,740</u>	<u>4,922</u>	<u>20,361</u>	<u>21,668</u>
Operating loss before other income (expense), net	(1,460)	404	(2,410)	(3,597)
Other income (expense), net:				
Interest expense, net	(348)	(1,329)	(4,612)	(4,900)
Change in fair value of warrant liability	25	80	102	5,396
Other (expense) income, net	11	22	17	21
Loss on extinguishment of debentures	<u>-</u>	<u>-</u>	<u>(11,799)</u>	<u>-</u>
	<u>(312)</u>	<u>(1,227)</u>	<u>(16,292)</u>	<u>517</u>
Net loss before income taxes	(1,772)	(823)	(18,702)	(3,080)
Income tax (expense) benefit	<u>52</u>	<u>(64)</u>	<u>(129)</u>	<u>(255)</u>
Net loss	<u>\$ (1,720)</u>	<u>\$ (887)</u>	<u>\$ (18,831)</u>	<u>\$ (3,335)</u>
Net loss per common share:				
Basic	<u>\$ (0.10)</u>	<u>\$ (0.41)</u>	<u>\$ (2.85)</u>	<u>\$ (1.57)</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ (0.41)</u>	<u>\$ (2.85)</u>	<u>\$ (3.77)</u>
Shares used in computing net loss per share:				
Basic	<u>3,857,736</u>	<u>2,153,707</u>	<u>2,713,782</u>	<u>2,119,014</u>
Diluted	<u>3,857,736</u>	<u>2,153,707</u>	<u>2,713,782</u>	<u>2,315,715</u>
Net loss per Preferred C Share				
Basic and diluted	\$ (36.36)		\$ (1,061.25)	
Shares used in computing net loss per	Basic and diluted Preferred C Share	37,035	10,444	

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

	For the Year Ended December 31,	
	2017	2016
Cash Flows From Operating Activities:		
Net loss	\$ (18,831)	\$ (3,335)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,336	6,366
Stock-based compensation	186	113
Amortization of debt discount	2,360	2,473
Amortization of deferred financing costs	188	200
Change in fair value of warrant liability	(102)	(5,396)
Loss on extinguishment of debentures	11,799	-
Other	843	484
Changes in operating assets and liabilities:		
Current assets	466	2,093
Current liabilities	895	(2,676)
Net cash provided by (used in) operating activities	4,140	322
Cash Flows From Investing Activities:		
Lasers placed-in-service, net	(1,739)	(1,008)
Other	(455)	140
Net cash used in investing activities	(2,194)	(868)
Cash Flows From Financing Activities:		
Repayment of term debt	(1,429)	-
Proceeds from term debt	-	1,500
Other financing activities	(374)	(333)
Net cash (used in) provided by financing activities	(1,803)	1,167
Effect of exchange rate changes on cash	(2)	4
Net decrease in cash and cash equivalents	141	625
Cash and cash equivalents, beginning of period	3,928	3,303
Cash and cash equivalents, end of period	\$ 4,069	\$ 3,928
Supplemental information:		
Cash paid for interest	\$ 2,215	\$ 2,054
Cash paid for income taxes	\$ 28	\$ 15
Supplemental information of non-cash investing and financing activities:		
Conversion of senior secured convertible debentures into common stock	\$ 262	\$ 265
Reclassification of warrant liability to (from) stockholders' equity	\$ -	\$ 1,541
Recognition of warrants issued with term note credit facility as debt discount	\$ -	\$ 47
Prepaid insurance financed with notes payable	\$ 392	\$ 372
Acquisition of distributor rights asset and license liability	\$ 286	\$ -
Issuance of convertible Preferred C stock in exchange for convertible notes.	\$ 25,910	