

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): August 10, 2017

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 August 10, 2017, STRATA Skin Sciences, Inc. (the "Company") issued a press release announcing its results of operations for the second fiscal quarter ended June 30, 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 August 10, 2017 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: August 10, 2017

By: /s/ Christina Allgeier

Christina Allgeier
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

99.1

Exhibit Description

[Press Release dated August 10, 2017 issued by STRATA Skin Sciences, Inc.](#)

STRATA Skin Sciences Reports Second Quarter 2017 Financial Results

Conference call and webcast, today at 4:30 pm Eastern Time

Horsham, PA, August 10, 2017 — (NASDAQ: SSKN) STRATA Skin Sciences, Inc. ("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 quarter ended June 30, 2017.

Second Quarter and Recent Corporate Highlights

- Second quarter total revenues were \$8.7 million, up 12.5% year-over-year.
- Recurring XTRAC® revenues were \$6.2 million, or 71.3% of total revenues. Recurring XTRAC revenues were up 1.8% year-over-year.
- Installed base of XTRAC systems in the U.S. expands to 795 systems placed, up 6.3% from 748 at the end of the second quarter 2016.

"STRATA made solid progress in growing revenues in both the second quarter and first half of 2017, as we continue to position the company for further growth," stated Frank McCaney, President and Chief Executive Officer of STRATA. "We are continuing to focus on increasing the treatment volume of our existing systems by having our salesforce work with dermatologists to improve their understanding of the value of the XTRAC to their practices, including dermatological conditions that we have not promoted previously. Moreover, our operational initiatives are showing positive results as gross margins have improved by several percentage points."

"We are excited about the early acceptance of the STRATAPEN product, a differentiated aesthetic dermatological product that is specifically developed for micropigmentation, which incorporates a patent-pending technology cartridge which greatly reduces the risk of contamination," added Mr. McCaney. "The licensing agreement is consistent with our goal to become The Dermatological and Aesthetic Practice Partner, leveraging our existing infrastructure, including our current group of sales representatives, strong field service group, reimbursement capabilities and call center."

"By working with debt holders, who are also significant shareholders in STRATA, we were pleased to announce, the pending exchange of our convertible debt obligations for new shares of convertible preferred stock," noted Mr. McCaney. "If approved by shareholders on September 14th, the exchange will have the benefits of reducing our interest expense by over \$4 million over the next four years and improving our financial flexibility."

"We have had a much slower than anticipated start to our sub-distribution of the Nordlys system from Ellipse USA the distributor, due to contract issues. All of the parties involved, including Ellipse USA, Ellipse A/S the manufacturer, and STRATA met this week, to resolve those issues. While the signatures of the parties are still pending, the issues have been favorably resolved and STRATA will be dealing directly with Ellipse A/S going forward, which will enhance our ability to market and distribute the Nordlys system," added Mr. McCaney.

"Moreover, we are in the process of hiring or reassigning sales professionals to focus on selling this product line. We believe strongly in the commercial potential for the Nordlys system, but currently estimate that we are six months behind our previously announced sales projections."

As a result of the lower than expected Nordlys sales and the issues with the US distributor, Ellipse USA, STRATA is withdrawing its prior forecast of \$4.0 to \$4.5 million in sales for the device and the contribution of \$500,000-600,000 in non-GAAP adjusted EBITDA from April 2017 to the end of the calendar year.

Reported Financial Results

Revenues for the second quarter of 2017 were \$8.7 million compared with revenues for the second quarter of 2016 of \$7.7 million.

Net loss for the second quarter of 2017 was \$1.2 million or (\$0.52) per diluted share, which included other income of \$0.1 million for the change in fair value of warrant liability, \$1.6 million in interest expense, \$1.7 million in depreciation and amortization expenses and \$0.1 million for income tax expense. This compares with net income for the second quarter of 2016 of \$0.5 million or (\$1.17) per diluted share, which included other income of \$3.2 million for the change in fair value of warrant liability, \$1.2 million in interest expense and \$1.6 million in depreciation and amortization expenses and \$0.1 million for income tax expense.

Revenues for the six months of 2017 were \$16.0 million compared with revenues for the six months of 2016 of \$15.4 million.

Net loss for the six months of 2017 was \$3.4 million or (\$1.53) per diluted share, which included \$2.9 million in interest expense, \$3.2 million in depreciation and amortization expenses and \$0.1 million for income tax expense. This compares with net loss for the six months of 2016 of \$0.9 million or (\$2.76) per diluted share, which included other income of \$5.2 million for the change in fair value of warrant liability, \$2.4 million in interest expense and \$3.3 million in depreciation and amortization expenses and \$0.1 million for income tax expense.

As of June 30, 2017, the Company had cash and cash equivalents of \$3.9 million, compared with \$3.9 million as of December 31, 2016.

Non-GAAP Measures

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands) (Unaudited)		(in thousands) (Unaudited)	
Net income (loss) as reported	\$ (1,205)	\$ 498	\$ (3,440)	\$ (939)
Adjustments:				
Depreciation and amortization expense*	1,666	1,640	3,209	3,323
Interest expense, net	619	535	1,188	1,067
Non-cash interest expense	956	643	1,733	1,329
Income taxes	73	61	143	127
EBITDA	2,109	3,377	2,833	4,907
Stock-based compensation expense	21	116	73	286
Change in fair value of warrants	(128)	(3,199)	4	(5,184)
Non-GAAP adjusted EBITDA	<u>\$ 2,002</u>	<u>\$ 294</u>	<u>\$ 2,910</u>	<u>\$ 9</u>

* Includes depreciation on lasers placed-in-service of \$1,080 and \$1,140 for the three months ended June 30, 2017 and 2016, respectively and \$2,151 and \$2,308 for the six months ended June 30, 2017 and 2016, respectively.

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

Conference Call Detail:

Date: Thursday, August 10
Time: 4:30 pm Eastern Time
Toll Free: 888-299-7209
International: 719-325-4821
Passcode: 9972674
Webcast: www.strataskinssciences.com

Replays available through August 24, 2017:

Toll Free: 844-512-2921
International: 412-317-6671
Passcode: 9972674
Webcast: www.strataskinssciences.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® laser and VTRAC® excimer 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.

Trademarks

Ellipse and Nordlys are trademarks of Ellipse S/A, Horsholm, Denmark

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, the public's reaction the Company's new advertisements and marketing campaign, 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
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,938	\$ 3,928
Accounts receivable, net	3,560	3,390
Inventories	3,487	2,817
Other current assets	373	617
Property and equipment, net	9,396	10,180
Goodwill and intangible assets, net	22,101	22,215
Other non-current assets, net	47	46
Total assets	<u>\$ 42,902</u>	<u>\$ 43,193</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Long-term debt and other notes payable	\$ 11,716	\$ 11,805
Accounts payable and accrued current liabilities	4,461	3,845
Current portion of deferred revenues	413	235
Senior secured convertible debentures, net	13,386	12,028
Warrant liability	109	105
Other long-term liabilities	1,203	456
Stockholders' equity	11,614	14,719
Total liabilities and stockholders' equity	<u>\$ 42,902</u>	<u>\$ 43,193</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 8,702	\$ 7,739	\$ 15,974	\$ 15,359
Cost of revenues	3,173	3,139	5,906	6,561
Gross profit	5,529	4,600	10,068	8,798
Operating expenses:				
Engineering and product development	423	634	898	1,159
Selling and marketing	3,077	3,523	6,227	7,233
General and administrative	1,720	1,901	3,321	4,002
	5,220	6,058	10,446	12,394
Operating income (loss) before other income (expense), net	309	(1,458)	(378)	(3,596)
Other income (expense), net:				
Interest expense, net	(1,575)	(1,178)	(2,921)	(2,396)
Change in fair value of warrant liability	128	3,199	(4)	5,184
Other (expense) income, net	6	(4)	6	(4)
	(1,441)	2,017	(2,919)	2,784
Net (loss) income before income taxes	(1,132)	559	(3,297)	(812)
Income tax expense	(73)	(61)	(143)	(127)
Net (loss) income	\$ (1,205)	\$ 498	\$ (3,440)	\$ (939)
Net (loss) income per share:				
Basic	\$ (0.52)	\$ 0.24	\$ (1.53)	\$ (0.45)
Diluted	\$ (0.52)	\$ (1.17)	\$ (1.53)	\$ (2.76)
Shares used in computing net (loss) income per share:				
Basic	2,327,041	2,117,897	2,252,301	2,092,914
Diluted	2,327,041	2,311,047	2,252,301	2,216,181

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

	For the Six Months Ended June 30,	
	2017	2016
Cash Flows From Operating Activities:		
Net loss	\$ (3,440)	\$ (939)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,209	3,323
Stock-based compensation	73	286
Amortization of debt discount	1,618	1,239
Amortization of deferred financing costs	115	91
Change in fair value of warrant liability	4	(5,184)
Other	142	315
Changes in operating assets and liabilities:		
Current assets	(574)	1,817
Current liabilities	550	(2,536)
Net cash provided by (used in) operating activities	1,697	(1,588)
Cash Flows From Investing Activities:		
Lasers placed-in-service, net	(1,205)	(314)
Other	(281)	140
Net cash used in investing activities	(1,486)	(174)
Cash Flows From Financing Activities:		
Proceeds from term debt	-	1,500
Other financing activities	(201)	(207)
Net cash provided by (used in) financing activities	(201)	1,293
Effect of exchange rate changes on cash	-	7
Net decrease in cash and cash equivalents	10	(462)
Cash and cash equivalents, beginning of period	3,928	3,303
Cash and cash equivalents, end of period	\$ 3,938	\$ 2,841
Supplemental information:		
Cash paid for interest	\$ 1,133	\$ 980
Supplemental information of non-cash investing and financing activities:		
Conversion of senior secured convertible debentures into common stock	\$ 262	\$ 248
Recognition of warrants issued as debt discount	\$ -	\$ 47
Reclassification of warrant liabilities to equity	\$ -	\$ 1,541
Acquisition of distributor rights asset and license liability	\$ 900	\$ -