

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): December 30, 2019



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.)

5 Walnut Grove Drive, Suite 140, Horsham, Pennsylvania 19044
(Address of Principal Executive Offices) (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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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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 1.01. Entry into a Material Definitive Agreement.

On December 30, 2019, STRATA Skin Sciences, Inc. (the "Company") closed on a \$7.275 million loan with Israel Discount Bank of New York ("IDBNY") pursuant to a one year Fixed Rate –Term Promissory Note (the "Note"). The Company's obligations under the Note are secured by an Assignment and Pledge of Time Deposit (the "Agreement"), under which the Company has pledged the proceeds of a time deposit account in the amount of the loan to IDBNY. The Company fully repaid (including payment of termination and exit fees) its existing credit facility with Midcap Financial Trust. For more information, see Item 1.02 of this Current Report on Form 8-K.

The Note bears interest at a rate per annum equal to the interest rate on the Time Deposit Account plus 100 basis points (1.00%).

The foregoing descriptions of the Note and the Agreement are subject to, and qualified in their entirety by such documents attached hereto as Exhibits 10.1 and 10.2, respectively, which are incorporated herein by reference.

Item 1.02 Termination of a Material Definitive Agreement

On December 30, 2019, the Company terminated its Credit and Security Agreement, dated as of December 30, 2015 (as amended, extended, supplemented or otherwise modified from time to time through the date hereof, the "Credit Agreement"), among MidCap Financial Trust, as administrative agent, and the lenders identified therein by paying off the amounts due thereunder, including the payment of required termination and exit fees, for an aggregate payment of \$7.8 million. In connection with the payoff, all lien and security interests under the Credit Agreement were released. The foregoing termination had no impact on the warrants previously issued to MidCap Financial Trust.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of the Registrant.

On December 30, 2019, the Company entered into a \$7.275 million loan pursuant to the Note. The information contained above in Item 1.01 is hereby incorporated by reference into this Item 2.03

Item 8.01 Other Events

On January 6, 2020, the Company issued a press release announcing that it had fully repaid its term note with Midcap Financial Trust with a new loan facility with IDBNY and had lowered its annual interest rate by 6.14% by entering into the new facility. A copy of the press release is filed herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit No</u>	<u>Exhibit Description</u>
10.1	Promissory Note Fixed Rate-Term Note Dated December 30, 2019 in favor of Israel Discount Bank of New York
10.2	Assignment and Pledge of Time Deposit, dated December 30, 2019, by Strata Skin Sciences, Inc. as Assignor, and Israel Discount Bank of New York, as Assignee.
99.1	Press Release by the Company dated January 6, 2020.

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: January 6, 2020

By: /s/ Matthew C. Hill
Matthew C. Hill
Chief Financial Officer



**PROMISSORY NOTE
FIXED RATE - TERM NOTE**

\$7,275,000.00

December 30, 2019
New York, New York

FOR VALUE RECEIVED, the undersigned, **STRATA SKIN SCIENCES, INC.**, (the “Borrower”) with an address at 5 Walnut Grove Drive, Suite 140, Horsham, Pennsylvania 19044, **HEREBY PROMISES TO PAY** to the order of **ISRAEL DISCOUNT BANK OF NEW YORK**, its successors and assigns (hereinafter the “Bank”), the principal amount of **SEVEN MILLION TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS** (\$7,275,000.00), in lawful money of the United States (the “Loan”), or the aggregate unpaid principal amount of this Note owing as set forth on Bank’s computer system on the Loan Enquiry Page(s) (the “Loan Enquiry Page(s)”), in the manner and at the rate of interest specified herein.

1. Defined Terms. As used in this Note the following terms shall have the following meanings:

The term “Additional Costs” shall have the meaning as defined in Section 16.

The term “Assignment and Pledge” shall have the meaning as defined in “Time Deposit Account” below.

The term “Bank” shall have the meaning as defined in the introductory paragraph.

The term “Bankruptcy Code” shall mean Title 11 of the United States Code, as amended.

The term “Borrower” shall have the meaning as defined in the introductory paragraph.

The term “Business Day” shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in New York are authorized or required to close under the laws of the State of New York.

The term “Default Interest Rate” shall have the meaning as defined in Section 4.

The term “Event of Default” shall mean any of the events or conditions specified in Section 12 hereof.

The term “Guarantor” means each endorser, guarantor and surety of this Note or the Obligations evidenced hereby and any person who is primarily or secondarily liable, in whole or in part, for the repayment of the Obligations or any portion thereof (including without limitation each Guarantor), and any person who has granted security for the

repayment of the Obligations, together with such person's heirs, personal representatives, successors and assigns.

The term "Indebtedness" shall mean all items of indebtedness, obligation or liability, whether matured or unmatured, liquidated or unliquidated, funded or unfunded, direct or contingent, joint or several, which would properly be included in the liability section of a balance sheet or in a footnote to a financial statement in accordance with generally accepted accounting principles, and shall also include (a) all indebtedness guaranteed, directly or indirectly in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or sold with recourse, (b) all indebtedness in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise, and (c) all indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, assignment, lien, security interest or other charge or encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed or guaranteed.

The terms "Indemnified Party" or "Indemnified Parties" shall have the meanings as defined in Section 25.

The term "Interest" means the annual rate of interest payable on the outstanding principal balance of the Loan in accordance with Sections 3 and 4.

The term "Late Charge" shall have the meaning as defined in Section 10.

The term "Loan" shall have the meaning as defined in the introductory paragraph.

The term "Loan Documents" shall mean this Note and any other document, instrument or agreement and any amendments thereto, evidencing or securing the Obligations, or now or at any time hereafter executed, delivered or recorded in connection with the Obligations, any other note, any loan commitment, requisition, letter agreement, line of credit agreement, commercial financing agreement, security agreement, guaranty of payment, mortgage, deed of trust, pledge agreement, loan agreement, loan and security agreement, hypothecation agreement, indemnity agreement, letter of credit application and agreement, and assignment, all as amended, restated, extended, renewed, supplemented, modified or replaced from time to time.

The term "Loan Enquiry Page(s)" shall have the meaning as defined in the introductory paragraph.

The term "Maturity Date" shall mean shall mean December 30, 2020.

The term "Note" shall mean this Term Note.

The term "Obligations" shall mean all existing and future debts, liabilities and obligations of every kind or nature at any time owing by Borrower to Bank, whether under this Note or under any other existing or future instrument, document or agreement, between Borrower and Bank, whether joint or several, related or unrelated, primary or

secondary, matured or contingent, due or to become due, including, without limitation, the debts, liabilities and obligations in respect of this Note and any extensions, modifications, substitutions, increases and renewals thereof. Without limiting the generality of the foregoing, Obligations shall include any other loan, advance or extension of credit, under any existing or future loan agreement, promissory note, or other instrument, document or agreement either arising directly between Borrower and Bank or acquired out-right, conditionally or as collateral security from another person or entity by Bank.

The term “Obligor” shall mean individually and collectively Borrower, each endorser and surety of this Note, any person who is primarily or secondarily liable for the repayment of this Note or any portion thereof (including without limitation each Guarantor), any person who has granted security for the repayment of the Note, together with such person’s heirs, personal representatives, successors and assigns.

The term “Time Deposit Account” shall mean that “Time Deposit” as defined in that certain Assignment and Pledge of Time Deposit by and between Borrower to Bank, dated as of the date hereof, as such may be amended, restated, amended and restated or otherwise modified from time to time (the “Assignment and Pledge”).

2. **Purpose of Loan.** The loan proceeds will be used refinance certain of Borrower’s existing debt.

3. **Principal and Interest.**

(a) **Interest.**

(i) Interest shall be payable on the outstanding daily unpaid principal amount of the Loan from the date hereof until payment in full is made and shall accrue and be payable at the rates set forth and provided herein, before and after default, before and after the Maturity Date, before and after judgment and before and after the commencement of any proceeding under the Bankruptcy Code, with interest on overdue interest to bear interest and to be compounded at the applicable rate, in each case, to the fullest extent permitted by applicable laws.

(ii) Interest accruing on the outstanding principal balance of the Loan shall be due and payable in arrears on the first Business Day following the end of each calendar quarter commencing with April 1, 2020. Except as otherwise provided in Section 4, the unpaid principal amount of the Loan shall bear interest at a rate per annum equal to the interest rate on the Time Deposit Account plus 100 basis points (1.00%). The Bank shall deduct the interest payments from the interest reserve established pursuant to Section 27 hereof.

(b) **All Amounts Due at Maturity.** All amounts due and owing hereunder shall be paid in full on the Maturity Date, whether occurring by lapse of time or the occurrence and continuation of an Event of Default.

4. **Default Rate.** At the option of the Bank, upon the occurrence and during the continuance of any Event of Default, and in any event if any installment of principal or interest or any fee or cost or other amount payable under this Note, or any other Loan Document, is not paid within five (5) Business Days of when due, the Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the rate otherwise applicable thereto plus five (5%) percent per annum (the “Default Interest Rate”), to the fullest extent permitted by applicable law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable law.

5. **Computation of Interest and Fees.**

(a) Computation of interest on the Loan and all fees under this Note shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Borrower acknowledges that such latter calculation method will result in a higher yield to the Bank than a method based on a year of 365 or 366 days.

(b) Under no circumstances or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Bank has charged or received interest hereunder in excess of the highest applicable rate, Bank shall apply, in its sole discretion, and set off such excess interest received by Bank against the interest payments due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

6. **Manner and Treatment of Payments.**

(a) Each payment due on this Note, or under any other Loan Document, shall be made to Bank, at Bank’s office located at 511 Fifth Avenue, New York, NY 10017, for the account of Bank, in immediately available funds not later than 3:00 p.m., New York local time, on the day of payment (which must be a Business Day). All payments received after these deadlines shall be deemed received on the next succeeding Business Day. All payments shall be made in lawful money of the United States of America.

(b) Bank shall have the unconditional right and discretion (and Borrower hereby authorizes Bank) to charge Borrower’s interest reserve account and/or deposit account(s) for all of Borrower’s principal and interest payments as they become due from time to time under this Note.

(c) Any payment due under this Note which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Bank. Each payment received by Bank shall be applied as follows: first, to the payment of any and all costs, fees and expenses incurred by or payable to Bank in connection with the collection or enforcement of this Note; second, to the payment of all unpaid Late Charges (if any); third, to the payment of all accrued and unpaid interest hereunder; and fourth, to the payment of the unpaid principal balance of this Note, or in any other manner which Bank may, in its sole discretion, elect from time to time.

7. **[Intentionally deleted]**

8. **Right of Set-Off.** To secure payment of this Note and all other Obligations of Borrower to Bank, Borrower and any Obligor of this Note hereby grant Bank a continuing lien and/or right of set-off upon any and all deposit and/or operating accounts (excluding any trust, agency or retirement plan accounts) now or hereafter maintained with Bank, any and all securities and other property of Borrower and any Obligor and the proceeds thereof now or hereafter coming into the possession or control of Bank, hereby authorizing Bank, at any time, without prior notice, to appropriate and apply such deposits or the proceeds of the sale of such securities or other property to any principal and interest payments due and not paid under this Note and to any other Obligations which have been liquidated by written agreement of Borrower and Bank or final court order not subject to further rights of appeal, it being understood that Bank shall be under no obligation to effect any such appropriation and application.

9. **Repayment Extension.** If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of New York are required or permitted to be closed, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

10. **Late Charge.** Borrower shall unconditionally pay to Bank a late charge (the "Late Charge") equal to the greater of (a) five (5%) percent of the payment then due or (b) \$200.00, if any such payment in whole or in part is not received by Bank within ten (10) days after its due date. The Late Charge is in addition to the Default Interest Rate, if applicable, and shall be payable together with the next payment due hereunder or, at Bank's option, upon demand by Bank, provided, however, that if any such late charge is not recognized as liquidated damages for such delinquency, and if deemed to be interest in excess of the amount permitted by applicable law, Bank shall be entitled to collect a late charge only at the highest rate permitted by law, and any payment actually collected by Bank in excess of such lawful amount shall be deemed a payment in reduction of the principal sum then outstanding, and shall be so applied.

11. **Representations and Warranties.** Borrower represents and warrants to Bank that:

Financial Statements - The financial statements of Borrower previously furnished to Bank are complete and correct in all material respects and fairly represent the financial condition of Borrower through to the date for such fiscal period, and the result of Borrower's operations as of the end of the most recent fiscal quarter reflect no material adverse change in the financial condition of Borrower;

No Default - No event has occurred and no event is continuing which with the giving of notice or the lapse of time or both would constitute an Event of Default;

Representations and Warranties - Prior to the making the Loan all representations and warranties contained herein, or the other Loan Documents, shall be true and correct and of the same force and effect as though such representations and warranties had been made as of the date of the making of the Loan.

Regulations T, U and X; Investment Company Act - No part of the proceeds of the Loan will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any margin stock within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Borrower is not or is not required to be registered as an “investment company” under the Investment Company Act of 1940; and

Patriot Act Compliance - Borrower is not involved in any activity, directly or indirectly, which would constitute a violation of applicable laws concerning money laundering, the funding of terrorism or similar activities. No part of the proceeds of the Loan will be used to fund activities which would constitute a violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money Laundering Abatement and Anti-terrorist Financing Act of 2001.

12. Events of Default. The occurrence of any one or more of the following events shall constitute an “Event of Default” under this Note:

Payments – if Borrower, or any other Obligor, fails to make any payment of principal or interest under the Obligations within five (5) Business Days after such payment is due and payable; or

Other Charges - if Borrower, or any other Obligor, fails to pay any other charges, fees, expenses or other monetary obligations owing to Bank arising out of or incurred in connection with this Note within five (5) Business Days after the date such payment is due and payable; or

Particular Covenant Defaults - if Borrower fails to perform, comply with or observe any covenant or undertaking contained in any Loan Document and such failure continues for ten (10) Business Days after the occurrence thereof; or

Financial Information – if (i) any statement, report, financial statement, or certificate made or delivered by Borrower, or any other Obligor, to Bank is not true and correct in all material respects when made or delivered or (ii) the Borrower’s financial statements issued for the reported fiscal year materially deviate from the projected profit and loss statement provided by the Borrower to the Bank for such period.

Warranties or Representations - if any warranty, representation or other statement by or on behalf of Borrower contained in or pursuant to this Note, the other Loan Documents or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Note, is false, erroneous, or misleading in any material respect when made; or

Agreements with Others - (i) if Borrower shall default beyond any grace period in the payment of principal or interest of any material Indebtedness of Borrower; or (ii) if Borrower otherwise defaults under the terms of any such Indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower’s obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment; or

Other Agreements with Bank - if Borrower breaches or violates the terms of, or if a default occurs under, any other existing or future agreement (related or unrelated) (including, without limitation, the other Loan Documents) between Borrower and Bank; or

Judgments - if any final judgment exceeding \$250,000 for the payment of money (i) which is not fully and unconditionally covered by insurance or (ii) for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered by a court of record against Borrower and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal; or

Assignment for Benefit of Creditors, etc. - if Borrower makes or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower; or

Bankruptcy, Dissolution, etc. - upon the commencement of any action for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower, or the commencement of any case or proceeding for reorganization or liquidation of Borrower's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Borrower; provided however, that Borrower shall have twenty (20) Business Days to obtain the dismissal or discharge of involuntary proceedings filed against it, it being understood that during such twenty (20) Business Day period, Bank may seek adequate protection in any bankruptcy proceeding; or

Receiver - upon the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Borrower or for Borrower's property; or

Execution Process, etc. - the issuance of any execution or distraint process against any material property of Borrower; or

Termination of Business - if Borrower ceases any material portion of its business operations as presently conducted; or

Investigations - an action has been commenced which would be reasonably likely to result in the forfeiture of any material property of Borrower to any governmental entity, federal, state or local; or

Liens - if any lien in favor of Bank shall cease to be valid, enforceable and perfected and prior to all other liens other than permitted liens; or

Concealment/Removal of Property - if Borrower, or any other Obligor, conceals, removes or permits to be concealed or removed any part of Borrower's property with intent to hinder, delay, or defraud any of its creditors; or

Fraudulent Conveyance - the making or suffering by Borrower, or any other Obligor, of a transfer of any property, which is fraudulent under the law of any applicable jurisdiction; or

Material Adverse Effect – if there is any change in Borrower’s financial condition which, in Bank’s reasonable opinion, has or would be reasonably likely to have a material adverse effect with respect to (a) the assets, properties, financial condition, credit worthiness, business prospects, material agreements or results of business operations of Borrower, or (b) Borrower’s ability to pay the Obligations in accordance with the terms hereof, or (c) the validity or enforceability of this Note or any of the other Loan Documents or the rights and remedies of Bank hereunder or thereunder.

13. Rights and Remedies upon Default. Upon and after the occurrence of an Event of Default hereunder, Bank, in Bank’s sole discretion and without notice or demand to Borrower or any other Obligor, may: (a) declare the entire outstanding principal balance of this Note, together with all accrued interest and all other sums due under this Note to be immediately due and payable, and the same shall thereupon become immediately due and payable without presentment, demand or notice, which are hereby expressly waived (b) exercise its right of set-off against any money, funds, credits or other property of any nature whatsoever of Borrower or any other Obligor now or at any time hereafter in the possession of, in transit to or from, under the control or custody of, or on deposit with, Bank or any affiliate of Bank in any capacity whatsoever, including without limitation, any balance of any deposit account (excluding any trust, agency or retirement plan account) and any credits with Bank or any affiliate of Bank; (c) terminate any outstanding commitments of Bank to Borrower or any Obligor; and (d) exercise any or all rights, powers, and remedies provided for in the Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise.

14. Remedies Cumulative. Each right, power and remedy of Bank hereunder, under the other Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or the beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Bank of any or all such other rights, powers or remedies. No failure or delay by Bank to insist upon the strict performance of any one or more provisions of this Note or of the Loan Documents or to exercise any right, power or remedy consequent upon a breach thereof or a default hereunder shall constitute a waiver thereof, or preclude Bank from exercising any such other rights, powers or remedy. By accepting full or partial payment after the due date of any amount of principal or interest on this Note, or other amounts payable on demand, Bank shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to is in order to collect all such other amounts due and payable under this Note.

15. Prepayment. Borrower may prepay this Note in full or in part at any time without premium or penalty.

16. Additional Costs. If, as a result of any change in applicable law, regulation, guideline or order, or in the interpretation or application thereof by any governmental authority charged with the administration thereof, there shall be imposed upon or made applicable to Bank any reserve requirement against this Note or any other costs or assessments (hereinafter

“Additional Costs”), Borrower shall pay to Bank, on demand (which demand shall be in writing and which will set forth a calculation of such Additional Costs), an amount sufficient to compensate Bank for such Additional Cost. Bank’s calculation of the amount of such Additional Costs shall be presumed correct absent manifest error.

17. **Taxes.** Any and all payments by or on account of any Obligations hereunder shall be made free and clear of and without deduction for any taxes; provided that if the Borrower shall be required to deduct any taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this paragraph) the Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

18. **Collection Expenses.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, Borrower agrees to pay to Bank upon demand costs and expenses, including all attorney’s fees and court costs, paid or incurred by Bank in connection with the enforcement or collection of this Note (whether or not any action has been commenced by Bank to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by Borrower contesting Bank’s right collect the outstanding principal balance of this Note. The obligation of Borrower to pay all such costs and expenses shall not be merged into any judgment by confession against Borrower. All of such costs and expenses shall bear interest at the higher of the rate of interest provided herein or Default Interest Rate provided herein, from the date of payment by Bank until repaid in full.

19. **Interest Rate after Judgment.** If judgment is entered against Borrower on this Note, the amount of the judgment entered (which may include principal, interest, fees and costs) shall bear interest at the higher of (i) the legal rate of interest then applicable to judgments in the jurisdiction in which judgment was entered or, (ii) if otherwise permitted by applicable law, the Default Interest Rate provided herein.

20. **Certain Waivers by Borrower.** Borrower waives demand, presentment, protest and notice of demand, of non-payment, of dishonor, and of protest of this Note. Bank, without notice to or further consent of Borrower or any other Obligor and without in any respect compromising, impairing, releasing, lessening or affecting the obligations of Borrower hereunder or under of the Loan Documents, may: (a) release, surrender, waive, add, substitute, settle, exchange, compromises, modify, extend or grant indulgences with respect to (i) this Note, (ii) any of the Loan Documents, and/or (iii) all or any part of any collateral or security for this Note; and/or (iv) any Obligor; and (b) grant any extension or other postponements of the time of payment hereof.

21. **Choice of Law: Forum Selection: Consent to Jurisdiction.** This Note shall be governed by, construed and interpreted in accordance with the laws of the State of New York (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of any New York court or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Note, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any

such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

22. **Invalidity of Any Part.** If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or any remaining part of any provision) of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained in this Note, but only to the extent of its invalidity, illegality, or unenforceability. In any event, if any such provision pertains to the repayment of the Obligations evidenced by this Note, then and in such event, at Bank's option, the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable.

23. **WAIVER OF JURY TRIAL.** BORROWER HEREBY (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BANK AND BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS NOTE, ANY OF THE LOAN DOCUMENTS AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO BORROWER-BANK RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. BANK IS HEREBY AUTHORIZED TO SUBMIT THIS NOTE TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND BORROWER SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY. BORROWER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND/OR THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

24. **Waiver of Defenses, Counterclaims, etc.** Borrower hereby waives, in any litigation (whether or not arising out of or related to this note or any other obligation or liabilities to Bank) in which Borrower and Bank shall be adverse parties, the right to interpose any defense, set-off or counterclaim of any nature or description except compulsory counterclaims which Borrower does not waive.

25. **Indemnification.** The Borrower agrees: (i) to pay and reimburse Bank for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Note and the other Loan Documents, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges

of internal and external counsel, (ii) to pay and reimburse Bank for reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Note, Loan Documents and any such other documents, including the reasonable fees, disbursements and other charges of its counsel, whether internal or external, (iii) to pay, indemnify and hold harmless the Bank and its directors, officers and agents (each, an “Indemnified Party” and collectively, “Indemnified Parties”) from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of internal or external counsel for all Indemnified Parties in connection with the execution, delivery, enforcement, performance and administration of this Note or the Loan Documents and any such other documents or the use of the proceeds thereof, including any of the foregoing relating to the violation of, noncompliance with or liability applicable to the operations of the Borrower, any of its subsidiaries; provided that the Borrower shall have no obligation hereunder to any Indemnified Party with respect to damages caused directly by the gross negligence or willful misconduct of Bank or any other Indemnified Party as determined by a non-appealable final judgment.

26. Miscellaneous. Time is of the essence under this Note. The paragraph headings of this Note are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Note and the other Loan Documents, if any, constitute the entire agreement between the parties with respect to their subject matter and supersede all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, release, or waiver of this Note shall be deemed to be made by Bank unless in writing signed by Bank, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to modify, release or waive any provisions of this Note or any of the other Loan Documents. Borrower acknowledges that this Note is an instrument for the payment of money only within the meaning of Section 3213 of the New York Civil Practice Law & Rules. This Note shall inure to the benefit of and be enforceable by Bank and Bank’s successors and assigns and any other person to whom Bank may grant an interest in the obligations evidenced by this Note and shall be binding upon and enforceable against Borrower and Borrower’s successors and assigns, it being understood that Borrower may not assign this Note without the prior written consent of Bank. Borrower agrees that Bank may at any time sell, assign, transfer, hypothecate or pledge one or more interests or participations in all or any part of its rights and obligations in this Note. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders.

27. Conditions. The effectiveness of this Note is subject to the satisfaction of all the following conditions precedent:

(a) Bank shall have received a duly executed copy of the Assignment and Pledge.

(b) Borrower shall have established and funded the Time Deposit Account in the amount of \$7,275,000.00.

(c) Borrower shall have established an interest reserve account with Bank which shall be funded at all times with an amount equal to the interest payments on the Loan through the Maturity Date. The Bank shall use the interest reserve account to pay the interest due hereunder. In the event Borrower prepays a portion of the Loan, the interest reserve account shall be decreased to equal the amount of the remaining interest payments due on the outstanding balance of the Loan.

BORROWER:

STRATA SKIN SCIENCES, INC.

By: /s/ Matthew C. Hill
Name: Matthew C. Hill
Title: CFO

ASSIGNMENT AND PLEDGE OF TIME DEPOSIT

THIS ASSIGNMENT AND PLEDGE (this “Assignment”) made on December 30, 2019 by **STRATA SKIN SCIENCES, INC.** (hereinafter the “Assignor”) to Israel Discount Bank of New York (hereinafter the “Assignee”).

WHEREAS,

A. In consideration of a certain loan in the principal amount of \$7,275,000.00 made to or for account of STRATA SKIN SCIENCES, INC., as borrower (in such capacity, the “Borrower”) and/or the granting to or for the account of the Borrower of such extensions, forbearances, releases of collateral or other relinquishments of legal rights, as the Assignee may deem advisable (the “Indebtedness”); and

B. The Assignor has on deposit with the Assignee the principal amount of \$7,275,000.00 currently maintained as a time deposit in Account No. _____ (hereinafter referred to as the “Time Deposit”, which term shall include all proceeds thereof, renewals or extensions of, reductions in or increases to, replacement of such account with a time deposit or time deposits, and interest earned in the Time Deposit); and

C. The Assignor has agreed to assign and pledge to the Assignee, its respective successors and assigns, as security for the repayment of the Indebtedness to the Assignee and any renewal, extension, or replacement thereof, the Assignor’s interest in the Time Deposit, including all control over the Time Deposit.

NOW THEREFORE, the Assignor, in consideration of ONE DOLLAR (\$1.00) and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, has irrevocably assigned, pledged, transferred and set over and by this instrument does irrevocably sell, assign, transfer, set over, pledge and grant a security interest in and unto the Assignee, and unto Assignee’s successors and assigns, all of the right, title and interest of the Assignor to the Time Deposit including all control of the Assignor over the Time Deposit, including, without limitation, any extension, renewal, redesignation, renumbering or replacement thereof, as well as the proceeds of such Time Deposit, regardless of the nature of the Time Deposit or product into which such proceeds may be transferred.

The Assignor does hereby warrant and represent that (i) the Assignor is the sole owner of the Time Deposit with full authority to assign the same, and that (ii) the Assignor has not assigned nor pledged, and hereby covenants that the Assignor will not assign or pledge, so long as this Assignment shall remain in effect, any of the Assignor’s rights, title or interest in or to, or control over the Time Deposit to any party other than the Assignee, its successors or assigns.

The Assignor hereby irrevocably authorizes and directs the Assignee to block and note on Assignor’s books that the Time Deposit is the property of the Assignee and that no withdrawal of the said Time Deposit may be made except upon the prior written consent or instructions of the Assignee and furthermore, to pay to the Assignee, all monies in the Time Deposit as and when due to the Assignor, or to pay said amount upon the demand of the Assignee, whether at maturity, or prior to the maturity of the Time Deposit, and upon receipt of such notice or demand to draw to

the order of the Assignee any and all checks and other instruments for the payment of the monies and claims assigned hereby, and to accept the receipts of the Assignee therefor.

The Assignor hereby irrevocably constitutes the Assignee, its successors and assigns, as the Assignor's true and lawful attorney, with full power, in the name of the Assignor, or otherwise, to demand, receive and collect, and to give acquittance for the payment of any and all monies or claims from monies or rights assigned hereby in and to the Time Deposit, to file any claims and to commence, maintain or discontinue any actions, suits or other proceedings which the Assignee deems advisable in order to collect or enforce payment of any such monies, to settle, adjust and compromise any and all disputes or claims in respect of such monies, and to endorse any and all checks, drafts or other orders or instruments for the payment of monies payable to the Assignor which shall be issued in respect of such monies, but the Assignee is not obligated in any manner to make any inquiry as to the nature or sufficiency of any payment received by it or to take any of the actions hereinabove authorized, nor will the Assignee be deemed to have waived any of its rights hereunder by the failure to take any of the actions hereinabove authorized. Further, in the absence of written direction by Assignor, upon the maturity, call of the Time Deposit, or at any other time in the Assignee's sole and absolute discretion, the Assignor irrevocably authorizes and appoints the Assignee to deposit or transfer the proceeds from such Time Deposit into such other demand deposit account, time deposit or other product offered by or available to the Assignee as the Assignee may select in its sole and absolute discretion.

The Assignor covenants and agrees that (i) the Assignor will promptly deliver to the Assignee the certificate(s) of deposit, receipt(s) or other document(s) evidencing the Time Deposit and all certificate(s) of deposit, receipt(s) or other document(s) representing renewals or extensions, if any, thereof, (ii) the Assignor will not take any action which might result in the impairment of any right, title, interest or control assigned hereby, (iii) the Assignor will clearly record on the Assignor's books and records annotations of this Assignment, and (iv) in the event that the Assignor receives payment of any monies hereby assigned whether at maturity, or prior to maturity, of the Time Deposit, the Assignor will forthwith turn over the same to the Assignee for the benefit of the Assignee in the identical form in which received (except for such endorsements as may be required thereon) and, until so turned over, hold the same in trust for the Assignee.

The Assignor hereby irrevocably authorizes the Assignee, at the Assignor's expense, to file such financing statements and give such notices relating to this Assignment, without the Assignor's signature, as the Assignee at its option may deem appropriate, and irrevocably appoints the Assignee as the Assignor's attorney-in-fact to execute any such financing statements or notices in the Assignor's name and to perform all other acts which the Assignee deems appropriate to perfect and continue the security interest conferred hereby.

The Assignor agrees that Assignor will execute and deliver such further documents and do such other acts and things as the Assignee may from time to time request in order to further effect the purpose of this Assignment.

This Assignment shall be binding upon the Assignor's respective estate, heirs, executors, administrators, successors and assigns and shall inure to the benefit of the Assignee and its respective successors and assigns.

The Assignee undertakes that upon full payment of the Indebtedness, and upon request by

the Assignor, it shall reassign to the Assignor, at the Assignor's expense and without recourse, representation or warranty, all rights assigned to the Assignee pursuant to this Assignment.

The powers and authority granted to the Assignee herein have been given for valuable consideration and are hereby declared to be irrevocable.

This instrument shall be governed by and construed in accordance with the internal laws of the State of New York and may not be modified except by written instruments signed by the Assignee. The Assignor hereby waives the right to trial by jury in any action or proceeding with respect to or arising under this Assignment.

IN WITNESS WHEREOF, the Assignor has caused this Assignment to be executed on the day and year first above written.

STRATA SKIN SCIENCES, INC.

By: /s/ Matthew C. Hill
Name: Matthew C. Hill
Title: CFO

PURPOSE OF ASSIGNMENT AND PLEDGE:	<u>Collateral Security</u>
BORROWER'S NAME:	<u>Strata Skin Sciences, Inc.</u>
AMOUNT ASSIGNED/PLEDGED:	<u>\$7,275,000.00 plus interest thereon and additions thereto</u>

STRATA Skin Sciences, Inc. Announces Successful Completion of Debt Refinancing

- Successfully extinguishes existing debt with a new commercial bank loan facility
- New fixed annual interest rate of 2.79%, reduces interest rate costs by approximately \$700,000

Horsham, PA, January 6, 2020 — STRATA Skin Sciences, Inc. (NASDAQ: SSKN) (“STRATA” or the “Company”), a medical technology company in Dermatology and Plastic Surgery dedicated to developing, commercializing, and marketing innovative products for the treatment of dermatologic conditions, today announced that it has closed a refinancing of its existing debt with a lower interest one-year cash-secured loan facility with Israel Discount Bank of New York, a multinational commercial bank.

The new loan, at a fixed interest rate of 2.79%, significantly lowers the Company’s interest expense for 2020. The proceeds of the new loan facility were used to repay the Company’s outstanding term note with MidCap Financial.

Dr. Dolev Rafaeli, the Company’s President and CEO stated, “This refinancing and new commercial bank loan facility is a testament to our financial strength and ability to generate cash flow. With it, we are able to significantly lower our cost of capital and increase our operational flexibility. Additionally, this refinancing allows the Company to be opportunistic in its strategic plans. We look forward to continuing to execute on our strategy of expanding our install base and investing in direct-to-consumer marketing of XTRAC.”

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; and the STRATAPEN® MicroSystem, marketed specifically for the intended use of micropigmentation.

The Company’s proprietary XTRAC® excimer laser delivers a highly targeted therapeutic beam of UVB light to treat psoriasis, vitiligo, eczema, atopic dermatitis and leukoderma, diseases which impact over 35 million patients in the United States alone. The technology is covered by multiple patents, including exclusive rights for patents for the delivery of treatment to vitiligo patients.

STRATA’s unique business model leverages targeted Direct to Consumer (DTC) advertising to generate awareness and utilizes its in-house call center and insurance advocacy teams to increase volume for the Company’s partner dermatology clinics.

The XTRAC business has used this proven DTC model to grow its domestic dermatology partner network to over 784 clinics, with a worldwide installed base of over 2,000 devices. The Company is able to offer 90% of DTC patients an introduction to physicians prescribing a reimbursable solution, using XTRAC, within a 10-mile radius of their house. The Company is a leader in dermatology in-clinic business generation for its partners.

Safe Harbor

This press release, and oral statements made regarding the subjects of this release contains "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995, or the Reform Act, which may include, but are not limited to, statements regarding the Company's revenue growth estimates, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts, including statements identified by words such as "believe," "plan," "seek," "expect," "intend," "estimate," "anticipate," "will," and similar expressions. All statements addressing 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, litigation and regulatory proceedings to which the Company might be subject; the Company's ability to implement business strategies, including its acquisition, business development and comeback strategies; the Company's acquisition and business development strategy may not be successful in locating advantageous targets; the Company's ability to successfully integrate any assets, liabilities, customers, systems and management personnel it acquires into its operations and its ability to realize related revenue synergies, strategic gains and cost savings may be significantly harder to achieve, if at all, or may take longer to achieve; potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames; the Company's debt and debt service requirements which may restrict its operational and financial flexibility, as well as imposing unfavorable interest and financing costs; the Company's ability to maintain its existing credit facilities or obtain satisfactory new credit facilities; regulatory and political factors or conditions affecting the Company and/or the medical device industry in general; 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, and the Company's ability to grow revenues and sustain that growth as well as statements expressing optimism or pessimism about future operating results are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based on management's current views and assumptions regarding future events and operating performance, and are inherently subject to significant business, economic, and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond the Company's control. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this press release.

Although the Company does not make forward-looking statements unless it believes it has a reasonable basis for doing so, the Company cannot guarantee their accuracy. The foregoing factors, among others, could cause actual results to differ materially from those described in these forward-looking statements. For a list of other factors which could affect the Company's results, including revenue growth estimates, see the Company's filings with the Securities and Exchange Commission, including "Cautionary Note Regarding Forward-Looking Statements," "Item 1A. Risk Factors," and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. No undue reliance should be placed on any forward-looking statements.

Investor Contacts:

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