



**Cutera**  
**Company Overview**  
*December 2022*





# Company Overview

# Our Vision and Mission



## Vision

*Creating the future of medical aesthetics*

## Mission

*To create innovative solutions that harness the power of **science** and **nature** to advance health, beauty, and wellness*

# Who We Are

## Leader Built upon our Innovation DNA...






- Headquarters: Brisbane, CA
- Founded: 1998 by Silicon Valley laser engineers
- Employees: 600+ people with presence in over 40 countries
- 24 years of serving energy-based aesthetic markets
- Comprehensive portfolio, expanding into clinically-focused dermatology pathologies
- Robust R&D pipeline with several new, novel, and differentiated technologies in play

## ...Well-Positioned for Growth...

### Vertically-Integrated

- Concept Creation
- Design & Development
- Sales & Marketing
- Manufacturing
- Shipping & Distribution
- Post-Sales Support

	 <b>Face &amp; Skin Rejuvenation<sup>1</sup></b>	 <b>Body Contouring<sup>1</sup></b>	 <b>Acne<sup>6</sup></b>
<b>TAM</b>	\$1B+	\$2B+	\$9B+
<b>CAGR</b>	9%	17%	7%

## ...With Strong Underlying Financials

1	Past <sup>2</sup>	Current <sup>3</sup>	Goals
% Recurring Revenue	23%	34%	> 60%
Revenue Growth	12%	12%	> 20%
Gross Margin <sup>4</sup>	55%	56%	> 65%

2 **Core Product Growth** of 14% CAGR since 2019<sup>5</sup>



3 **Strong Balance Sheet** with ~\$340M cash & equivalents<sup>3</sup>



**Compelling Upward Trajectory: shifting our financial profile through business transformation and growth**

1 Represents global and 2022 data. Based on publicly available information and Medical Insights

2 FY2019

3 Represents Q3 2022 cash and cash equivalents pro forma for approx. \$90M net proceeds from December 2022 convertible debt issuance

4 Non-GAAP 5 Excluding service revenue; represents FY2019-2021

6 Represents global and 2021 data. Based on publicly available information

# Potential to be Well-Positioned in a Large and Fast-Growing Market...

## Healthy Core Business

**\$13.9B**

Global Aesthetic Products Market<sup>1</sup>

**~100M**

Global Procedure Volumes Annually<sup>1</sup>

**~11%**

5 Yr. Global Market CAGR<sup>1</sup>

**7**

Consecutive Quarters of Double-Digit Revenue Growth and Topline Beats v. Consensus



## Shifting Consumer Demand and Behaviors<sup>1</sup>

- ❖ Aging demographics and rising disposable income of younger generations and growing middle class
- ❖ Younger target audience with growing interest from Gen Z and as more millennials are seeking preventive care or earlier rejuvenation intervention
- ❖ Normalization of aesthetic procedures encouraged by social media, influencers, and celebrities
- ❖ Growing appetite and desire for noninvasive treatment options
- ❖ Proliferation of aesthetic service outlets through consolidation and expansion of dermatology practices and med-spas
- ❖ Reimbursement landscape and risk-driving clinicians to consider elective, cash-pay procedures
- ❖ Increased holistic focus on beauty and wellness driven by and sustained through pandemic trends

<sup>1</sup> Based on publicly available information, Medical Insights, internal data

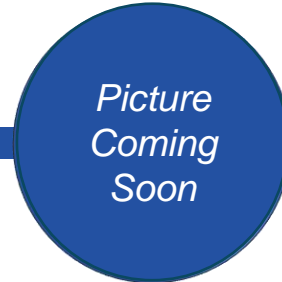
# ...Led by an Experienced Management Team with Deep Medtech as well as Dermatology Knowledge and Expertise



**Taylor Harris**  
CEO



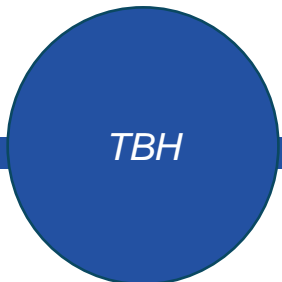
**Michael Karavitis**  
CTO



**Stuart Drummond**  
Interim CFO



**Steve Kreider**  
SVP, Global Marketing



**TBH**  
General Counsel



**Roycie Eppler**  
CHRO



**Guy Thier**  
Chief Information Officer





# Acne

# Large and Growing Acne Market Ripe for Disruption

## US Market Potential

### Typical Patient Journey

~50M Acne Sufferers

~6.5M Seek Physician Treatment

Mild  
~500K

Moderate  
~5.7M

Severe  
~300K

~\$3B+ US  
Market  
Potential

### Key Takeaways

- No need to build market – patients already there
- Majority of those seeking treatment in waiting rooms already



**Low Hanging Fruit:** Accutane/isotretinoin users

**Expansive TAM Opportunity:** Oral, topicals, PDT users

## Vision & Goals

~12,500 Dermatologists

~5,279 US Dermatology Offices

- Become standard of care through physician referral, patient demand, podium presence at industry conferences (American Academy of Dermatology, American Society for Laser Medicine and Surgery)
- Penetrate 40%+ of offices
- International expansion beyond North America
- Installed base of 4000+ in ~4-5 years



# Introducing a Revolutionary First-Mover Solution

## Moving Acne from Treatment Journey to Procedure

### AviClear™

- First energy-based device to be FDA-cleared for the treatment of mild, moderate, and severe acne
- 1726 nm wavelength



### Compelling Value Proposition

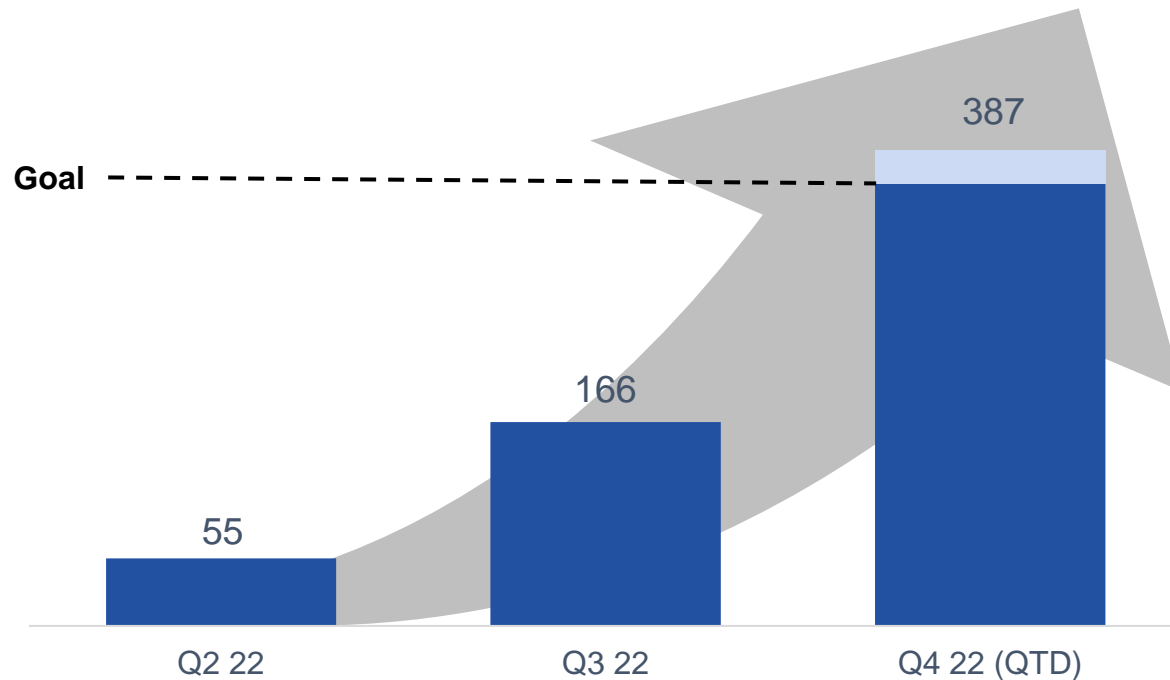
	AviClear™ <sup>1,2</sup>	Isotretinoin <sup>3</sup>	Photodynamic Therapy <sup>4-10</sup>
FDA-cleared / approved for acne treatment	✓	✓	✗ <sup>11</sup>
Mild Acne	✓	✗	✗
Moderate Acne	✓	✗	✗
Severe Acne	✓	✓	✗
Treatment Duration	Three 30-minute sessions over course of 8 weeks	Daily doses taken over 4-6 months with monthly lab tests and doctor visits	3-4 office visits of 1 – 1.5 hours <sup>12</sup> , over the course of 2-3 months
Safety/Free of Boxed Warnings	✓	✗	✓
Side Effects / Downtime	<b>Mild / Transient (30 – 45 mins)</b>	<b>Serious</b> / No Downtime	Mild / Extended Downtime (1 wks)
Speed to Receive Treatment	Immediately	For females, at least one month; must have had two negative lab-certified pregnancy tests	Immediately
Effectiveness & Lack of Pain	✓	✓	✗
Estimated Cost (Reimbursed / Out-of-Pocket / Co-pays)	\$3000	All-inclusive patient journey: \$4280	\$2000-\$4000
Convenience / Time Away from Work/School	<b>½ day missed</b> 3 office visits – can return to school or work immediately)	<b>1 to 1 ½ days missed</b> 18 trips between lab, office, and pharmacy	<b>1 day missed + 3 weeks</b> Treatment and post procedure recovery downtime

1 Cutera data on file. 2 FDA clearance study. 3 Isotretinoin FDA Prescribing Information. 4 Ngan V. Photodynamic therapy. 5 Warren CB, et al. Pain Associated with Aminolevulinic Acid-Photodynamic Therapy of Skin Disease. J Am Acad Dermatol. 2009;61(6):1033-1043. 6 Liu L, et al. Combination of 5-Aminolevulinic acid photodynamic therapy and isotretinoin to treat moderate-to-severe acne. Photodiagnosis Photodyn Ther. 2021;34:102215. 7 Durango Dermatology. Levulan Photodynamic Therapy. 8 Ark-La-Tex Dermatology. Blu-light for acne. 9 Jaliman D. Do I need phototherapy for acne? 10 Cole GW. Photodynamic therapy (PDT or Blue Light Therapy). 11 Approved for actinic keratoses but off label use for mild to moderate acne 12 Includes prep and wait time  
Source: Cutera press release and publicly available information

# Building Momentum in AviClear

Growing Customer Demand Fueling Placement Rates Exceeding our Goals

## Cumulative Active Placements



- AviClear demand acceleration aligned to full North American commercial launch
- AviClear demand coming from both medical and aesthetic dermatologists
- Active placements (full account onboarded) exceeded Q4 22 goal of 360 units with 387 units as of November 30, 2022

# Patient-First Solution: Robust Clinical Findings Providing Promising Positive Results With Extensive Durability

- **No pain mitigation** therapy needed
- Robust data (3-, 6-, 12-month) showing safety, efficacy, and continual improvement of acne clearance and skin quality over time
- Current clinical studies show that **90% of patients had a visible improvement in their acne at 6 months** after three 30-minute sessions<sup>2</sup>
- Recent 12-month clinical outcomes demonstrate up to **92% clearance**<sup>2</sup>
- Cleared in US and Canada; currently seeking approval in other geographies



## Results

<sup>1</sup> Internal data on file

<sup>2</sup> Data on file. FDA clearance study. Cutera, Inc.

Source: Cutera press releases



# Core Business

# Leveraging Innovation to Transform Our Financial Profile

Past (2019)	
<ul style="list-style-type: none"> <li>Uncapitalized opportunity in recurring revenue</li> <li>Early-stage product pipeline focused on incremental improvements</li> </ul>	
<b>FY 2019 Recurring Revenue</b>	<b>23%</b>
<b>FY 2019 Revenue Growth</b>	<b>12%</b>
<b>FY 2019 Gross Margin<sup>2</sup></b>	<b>55%</b>

Present (2022)	
<ul style="list-style-type: none"> <li>First mover advantage – acne</li> <li>Optimizing current portfolio and channel in international market</li> <li>Deeper product pipeline including future first mover indications</li> </ul>	
<b>YTD 2022 Recurring Revenue<sup>1</sup></b>	<b>34%</b>
<b>YTD 2022 Revenue Growth<sup>1</sup></b>	<b>12%</b>
<b>YTD 2022 Gross Margin<sup>1,2</sup></b>	<b>56%</b>

Future (2026)	
<ul style="list-style-type: none"> <li>Leadership in acne and new categories</li> <li>Market share gains in body contouring</li> <li>Accelerating new development programs</li> <li>Greater participation in economics on high volume procedures</li> <li>Improved top line growth and gross margin</li> <li>Greater recurring revenue mix</li> </ul>	
<b>Long-Term Recurring Revenue Target</b>	<b>&gt; 60%</b>
<b>Long-Term Revenue Growth Target</b>	<b>&gt; 20%</b>
<b>Long-Term Gross Margin Target<sup>2</sup></b>	<b>&gt; 65%</b>

Note: Recurring revenue represent % of total revenue

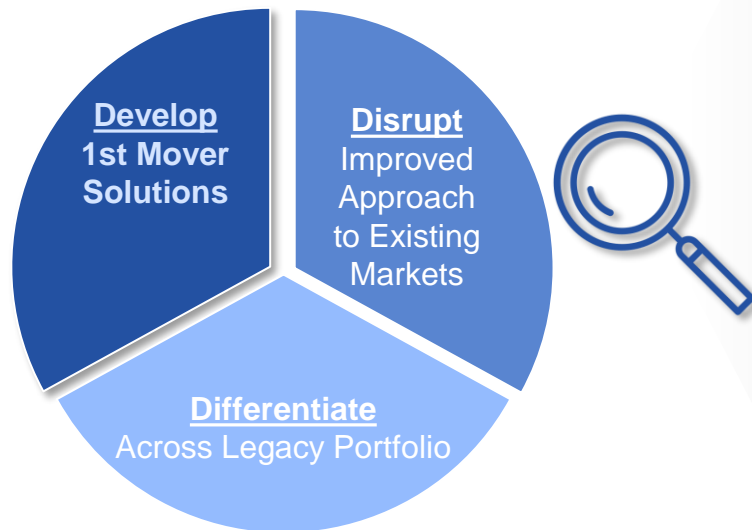
1 As of YTD Q3 2022

2 Non-GAAP

Source: Company 2018, 2019 annual filings and latest 10Q

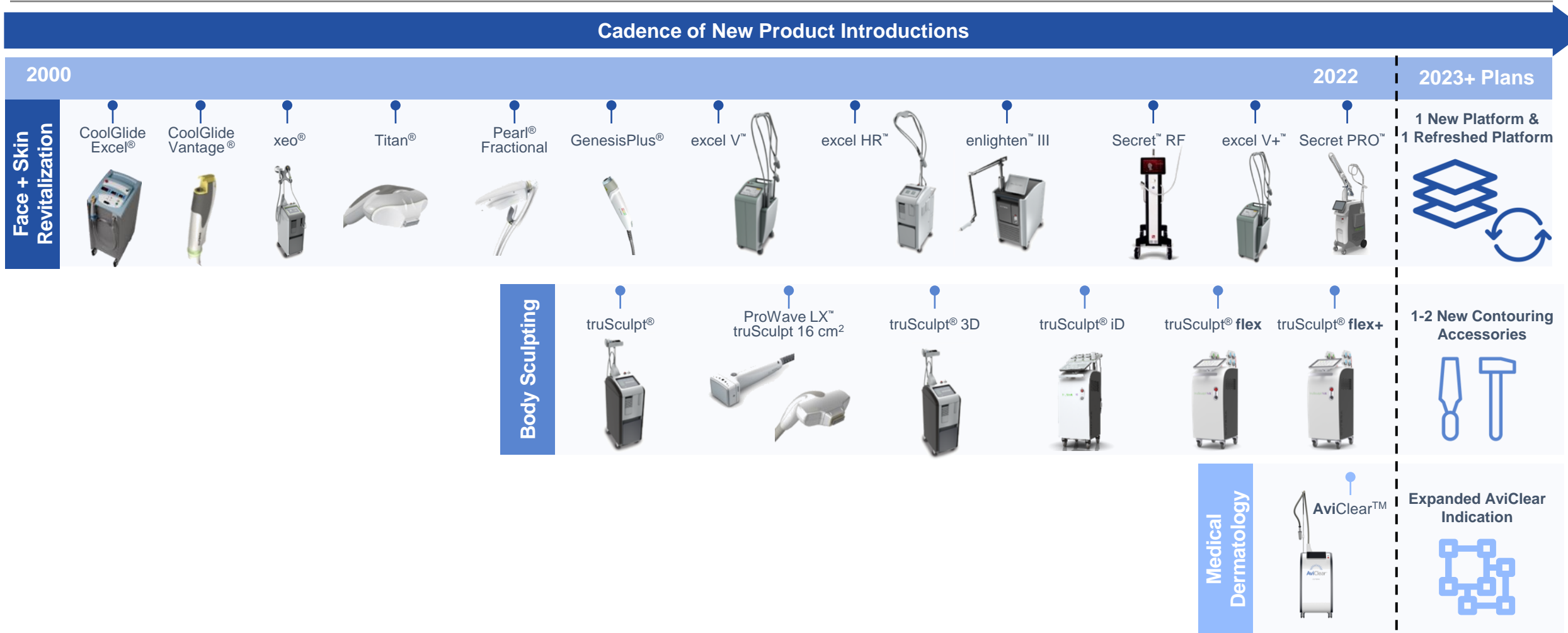
# Core Business Expansion Remains Strong and Attractive

## R&D Investment Strategy



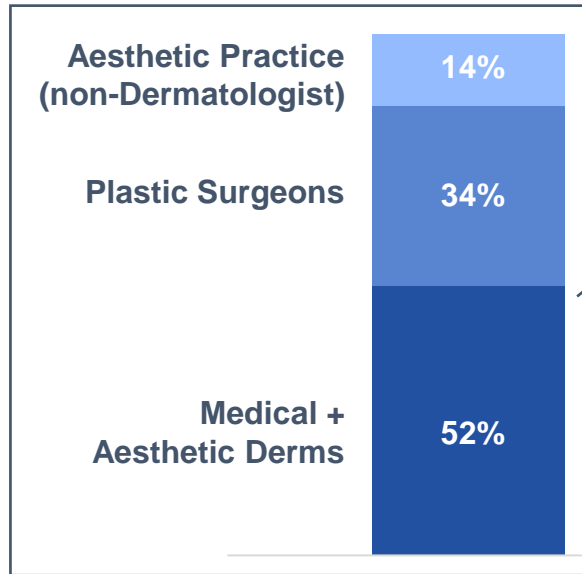
Develop	
<i>Utilize Engineering Capabilities to Solve Unmet Needs</i>	
Aesthetics	Therapeutic
Cellulite	Sebaceous Hyperplasia
Striae (Stretch marks)	Rosacea
Eye Bags	Eczema
Disrupt	
<i>Reimagine Solutions to Address the Evolving Needs of Customers</i>	
Aesthetics	Therapeutic
Muscle Sculpting (truBody Flex)	Acne Clearance (AviClear™)
Skin Laxity (Tightening)	Acne Scar Revision
Skin Rejuvenation/Revitalization	Picosecond Laser (Pigmentation)
Differentiate	
<i>Update &amp; Upgrade Portfolio for Better Outcomes</i>	
Aesthetics	Therapeutic
High BMI Body Contouring (truBody)	Vascular Laser (excel V+)
Facial Contouring HP (truBody)	Multi-Use (Xeo)

# 20+ Year Track Record of Delivering Innovation comes from Maintaining a Pipeline of New Products



# Focused on Comprehensive Solutions for Core Customers

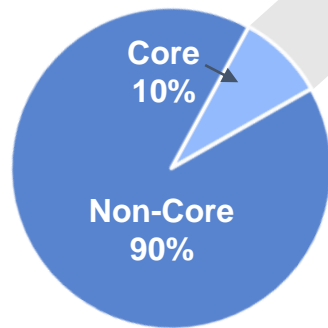
## Recognize Large Whitespace Opportunity in Non-Core / Adjacent HCP Specialties



**Cutera Focus**  
 Servicing the physician population that performs the majority of aesthetics and dermatologic procedures

VS

	Practice Type	Approx. # Providers	Participation by Application		
			Acne	Body	Aesthetics
CORE	Medical Derm.	~12,500	✓	✓	✓
	Aesthetic Derm.		✓	✓	✓
	Plastic Surgeons	~8,300	X	✓	✓
	Aesthetic Practice (non-Dermatologist)	~3,340	✓	✓	✓
NON-CORE	Med-Spa	53,874	X	✓	✓
	OB-GYN	42,720	✓	X	✓
	Family Medicine/GP	118,198	✓	X	X
ADJACENT OPP.	Dentistry	200,419	X	X	✓
	Optometry	162,791	X	X	✓
	Physical Medicine and Rehabilitation	9,767	X	✓	X
	Sports Medicine	5,800	X	✓	X



Target Market Segmentation

### Competitors

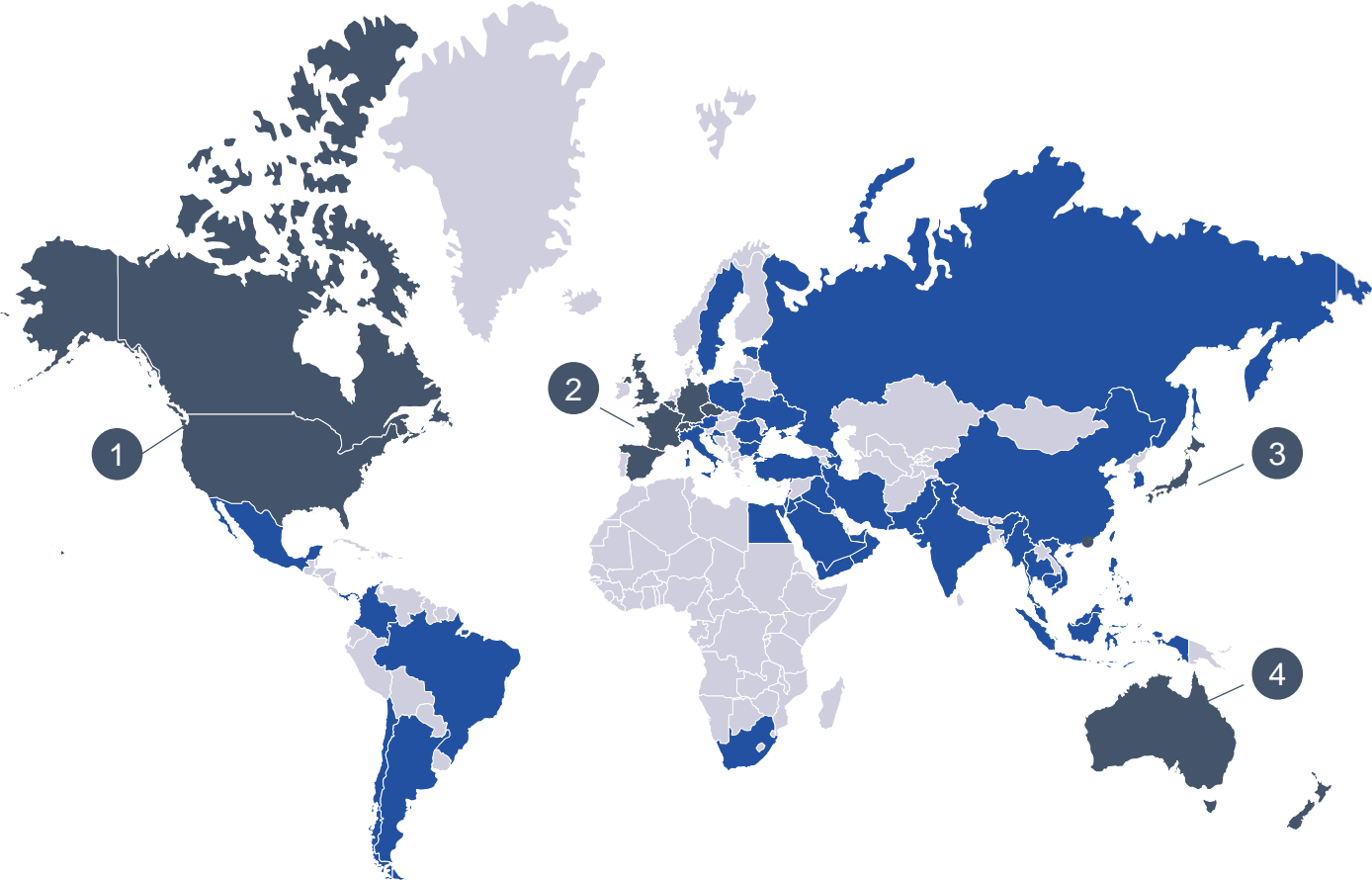
- Target lower procedural prices and ASP or
- Higher ASP but spread salesforce across all specialty markets

Source: Association of American Medical Colleges (<https://www.aamc.org/about-us/mission-areas/health-care/workforce-studies/interactive-data/number-people-active-physician-specialty-2019>), publicly available information, research reports, and internal estimates



# Expanding Footprint and Global Presence

## Driven by Clinically-Focused and Robust Sales Infrastructure



■ Direct Sales      ■ Distributors

	% of Rev <sup>1</sup>	Pop. <sup>2</sup>	Beauty Market Size <sup>2</sup>
1 North America	51%	374M	~\$87B
2 EU	8%	447M	~\$119B
3 Japan	26%	126M	~\$39B
4 ANZ + Intercontinental	15%	31M	~\$7B

**40+ countries**  
**12,000+ units placed**  
**~10,000 providers served**

1 As of YTD Q3 2022; source: company filings  
 2 Statista estimates and publicly available information



# Financial Performance

# Non-GAAP Financial Summary

<i>(\$ in millions)</i>	FY 2020	FY 2021	FY2022 Guidance
<b>Revenue</b> <i>(AviClear not included in Rev.)</i>	<b>\$147.7</b>	<b>\$231.3</b>	<b>\$255 -- \$260</b>
As Reported Growth %	(19%)	57%	10% -- 12%
Constant Currency Growth %			18% -- 20%
<b>Gross Profit</b>	<b>\$78.1</b>	<b>\$134.2</b>	<b>N/A</b>
Margin %	53%	58%	N/A
Operating Expenses	\$82.9	\$113.5	N/A
<b>Adjusted EBITDA</b>	<b>(\$4.8)</b>	<b>\$20.7</b>	<b>\$0 – (\$5)</b>
Net Income (Loss) per Share - Basic	(\$0.35)	\$0.77	N/A



# Appendix

# Surrounding Physicians with Tools for Success Through Our Partnership-Driven Avi360™ Offering

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**Patient Financing**



**Integration Training  
and Coaching**



**Tools to Drive Patient  
Awareness & Demand**



**Customized Practice  
Strategy**



**Cutera App**



**24/7 Service Support**



**Cutera University  
Clinical Forum**



**On-demand  
Educational Support**

# YTD 2022 Reconciliation of GAAP to Non-GAAP Financials

(\$ in Thousands)

	Nine Months Ended September 30, 2022							
	GAAP	Depreciation and Amortization	Stock-Based Compensation	ERP Implementation	Legal - Lutronic	Severance	Other Adjustments	Non-GAAP
Net revenue	\$ 185,046	-	-	-	-	-	-	\$ 185,046
Cost of revenue	83,966	(596)	(1,430)	-	-	(26)	290	82,204
Gross profit	101,080	596	1,430	-	-	26	(290)	102,842
Gross margin %	54.6%							55.6%
Operating expenses:								
Sales and marketing	78,433	(2,328)	(3,855)	-	-	(262)	-	71,988
Research and development	19,747	(180)	(2,513)	-	-	(88)	-	16,966
General and administrative	35,554	(238)	(5,223)	(7,712)	(1,062)	(39)	-	21,280
Total operating expenses	133,734	(2,746)	(11,591)	(7,712)	(1,062)	(389)	-	110,234
Adjusted EBITDA	\$ (32,654)	\$ 3,342	\$ 13,021	\$ 7,712	\$ 1,062	\$ 415	\$ (290)	\$ (7,392)

Note: Adjusted EBITDA = Non-GAAP Income (Loss) from operations. GAAP numbers are disclosed in the latest 10Q  
Source: Reported in prior earnings release

# FY21 Reconciliation of GAAP to Non-GAAP Financials

(\$ in Thousands)

	<i>Twelve Months Ended December 31, 2021</i>							<b>Non-GAAP</b>
	<b>GAAP</b>	<b>Depreciation and Amortization</b>	<b>Stock-Based Compensation</b>	<b>CRM and ERP Implementation</b>	<b>Severance</b>	<b>Legal - Lutronic</b>	<b>Other Adjustments</b>	
Net revenue	\$ 231,270	-	-	-	-	-	-	\$ 231,270
Cost of revenue	98,165	(526)	(1,408)	-	-	-	791	97,022
Gross margin	133,105	526	1,408	-	-	-	(791)	134,248
Gross margin %	57.6%							58.0%
Operating expenses:								
Sales and marketing	76,762	(2,420)	(3,160)	(182)	(638)	-	-	70,362
Research and development	21,568	(182)	(2,784)	-	-	-	-	18,602
General and administrative	32,945	(60)	(5,820)	(1,316)	-	(1,201)	-	24,548
Total operating expenses	131,275	(2,662)	(11,764)	(1,498)	(638)	(1,201)	-	113,512
Adjusted EBITDA	\$ 1,830	\$ 3,188	\$ 13,172	\$ 1,498	\$ 638	\$ 1,201	\$ (791)	\$ 20,736

Note: Adjusted EBITDA = Non-GAAP Income (Loss) from operations. GAAP numbers are disclosed in the company's FY2021 10K  
Source: Reported in prior earnings release

# FY20 Reconciliation of GAAP to Non-GAAP Financials

(\$ in Thousands)

	Twelve Months Ended December 31, 2020							
	GAAP	Depreciation and Amortization	Stock-Based Compensation	CRM and ERP Implementation	Severance	Legal -Former CFO Settlement/Lutronic	Other Adjustments	Non-GAAP
Net revenue	\$ 147,683	-	-	-	-	-	-	\$ 147,683
Cost of revenue	71,911	(591)	(1,665)	-	(318)	-	275	69,612
Gross margin	75,772	591	1,665	-	318	-	(275)	78,071
Gross margin %	51.3%							52.9%
Operating expenses:								
Sales and marketing	52,766	(3,136)	(3,384)	-	(274)	-	-	45,972
Research and development	14,322	(149)	(1,670)	-	(130)	-	-	12,373
General and administrative	31,512	(111)	(3,390)	(1,139)	(101)	(1,925)	(324)	24,522
Total operating expenses	98,600	(3,396)	(8,444)	(1,139)	(505)	(1,925)	(324)	82,867
Adjusted EBITDA	\$ (22,828)	\$ 3,987	\$ 10,109	\$ 1,139	\$ 823	\$ 1,925	\$ 49	\$ (4,796)

Note: Adjusted EBITDA = Non-GAAP Income (Loss) from operations. GAAP numbers are disclosed in the company's FY2020 10K  
Source: Reported in prior earnings release



# FY19 Reconciliation of GAAP to Non-GAAP Financials

(\$ in Thousands)

	Twelve Months Ended December 31, 2019					
	GAAP	Depreciation and Amortization	Stock-Based Compensation	CRM and ERP Implementation	Other Adjustments	Non-GAAP
Net revenue	\$ 181,712	-	-	-	-	\$ 181,712
Cost of revenue	83,549	(522)	(1,572)	-	-	81,455
Gross margin	98,163	522	1,572	-	-	100,257
Gross margin %	54.0%					55.2%
Operating expenses:						
Sales and marketing	71,109	(3,627)	(4,510)	(325)	-	62,647
Research and development	15,085	(109)	(1,536)	-	-	13,440
General and administrative	24,033	(205)	(2,214)	(1,089)	(614)	19,911
Total operating expenses	110,227	(3,941)	(8,260)	(1,414)	(614)	95,998
Adjusted EBITDA	\$ (12,064)	\$ 4,463	\$ 9,832	\$ 1,414	\$ 614	\$ 4,259

Note: Adjusted EBITDA = Non-GAAP Income (Loss) from operations. GAAP numbers are disclosed in the company's FY2019 10K  
Source: Reported in prior earnings release



## Thank you

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