
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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): November 10, 2021

SIENTRA, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36709
(Commission
File Number)

20-5551000
(IRS Employer
Identification No.)

420 South Fairview Avenue, Suite 200
Santa Barbara, CA 93117
(Address of Principal Executive Offices and Zip Code)

Registrant's Telephone Number, Including Area Code: (805) 562-3500

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|------------------------------|--|
| Common Stock, par value \$0.01 per share | SIEN | The Nasdaq Stock Market LLC |

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 (see General Instruction A.2. below):

- 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 November 10, 2021, Sientra, Inc. (the “**Company**”) issued a press release announcing its financial condition and results of operations for the period ended September 30, 2021. A copy of the press release is furnished as Exhibit 99.1 and is incorporated herein by reference.

The information under Item 2.02 of this Current Report on Form 8-K, including the press release furnished as Exhibit 99.1, is being furnished, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Company’s filings, whether made before or after the date hereof, regardless of any general incorporation language in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Earnings Press Release of Sientra, Inc. dated November 10, 2021. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

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 hereto duly authorized.

SIENTRA, INC.

Dated: November 10, 2021

By: /s/ Ronald Menezes

Ronald Menezes

President and Chief Executive Officer



Sientra Reports Record Third Quarter 2021 Revenue for Continuing Operations Revenue growth of 28% Year Over Year

Santa Barbara, CA – November 10, 2021 – Sientra, Inc. (NASDAQ: SIEN) (“Sientra” or the “Company”), a medical aesthetics company focused on enhancing lives by advancing the art of plastic surgery, today announced its financial results for the third quarter ended September 30, 2021.

Third Quarter 2021 Financial Highlights

- Net sales of \$19.6 million, representing growth of 28% over the third quarter of 2020, excluding discontinued operations
- Cash of \$66.1 million as of September 30, 2021
- Updated full year 2021 revenue guidance to range from \$76 to \$78 million, representing 38%-42% year-over-year growth, exclusive of discontinued operations

Recent Business Highlights

- Added approximately 300 accounts, achieving a new record base of nearly 2,700 accounts
- Generated approximately 17,000 year-to-date lead referrals to plastic surgeons through social and digital marketing awareness-building strategies
- Publication of a study by Stanford University’s School of Medicine confirming unique clinical benefits of Sientra’s AlloX2 in managing seromas
- Jointly launched Reshaping Lives: Full Circle™ with Mission Plasticos to provide reconstructive breast surgery for post-mastectomy women living in poverty
- Completed move of distribution center from Santa Barbara, CA to Franklin, WI

Ron Menezes, Sientra’s President and Chief Executive Officer, said, “These results reflect the positive momentum that we have seen over the past five quarters, with a sole focus on providing the safest, most advanced products to plastic surgeons and their patients. Growth this quarter was primarily driven by our reconstruction business, which grew 33% over the third quarter of 2020. In addition, our market data shows breast augmentation is at an all-time four year high and that 74% of women that are considering breast implants are planning to do so within a year.

“With an unwavering commitment to continued execution on our strategic initiatives, I believe that Sientra is in the best position ever as we head into the fourth quarter and 2022,” concluded Menezes.

Third Quarter 2021 Financial Review

Total revenues from continuing operations were \$19.6 million as compared to \$15.3 million in third quarter 2020, representing year-over-year growth of 28%.

Gross profit was \$10.6 million, or 54% of sales, compared to gross profit of \$8.2 million, or 53.6% of sales in the third quarter of 2020. Product gross margins improved during the current period but were offset by the cost of our distribution center move from Santa Barbara, California to Franklin, Wisconsin.

Operating expenses for the third quarter 2021 were \$22.3 million compared to \$17.8 million for the same period in 2020. The increase in current period operating expense is attributed to an increase in sales headcount and new marketing programs as well as an increase in G&A related to the Reshaping Lives: Full Circle launch and the cost related to the company's Information Systems transition.

Operating loss from continuing operations was \$11.7 million, compared to an operating loss of \$9.5 million in third quarter 2020.

Other income, which includes interest expense, change in fair value of derivative liability and other income, was \$40.2 million as compared to \$8 million in Q3 of 2020. The \$32.2 million dollar increase in the company's current period is attributed to a positive change in fair value of derivative liability of \$25.5 million following the amendment of its Convertible Note, and the relief of its Paycheck Protection Plan loan of \$6.7 million.

Net income was \$28.4 million compared to a loss of \$5.8 million, for the same period in 2020.

Adjusted EBITDA was a \$8.3 million dollar loss as compared to a \$7.2 million loss for the same period in 2020.

Net cash and cash equivalents as of September 30, 2021, were \$66.1 million.

Financial Guidance for Continuing Operations

For the full year 2021, the Company expects revenue to be in a range of \$76 million to \$78 million, representing growth of 38% to 42% over 2020, exclusive of discontinued operations. This compares to previous guidance of \$74 million to \$78 million.

The Company expects operating expenses for the full year 2021 to be in the range of \$85 - \$90 million.

Conference Call

Sientra will hold a conference call today, November 10, 2021 at 4:30 pm ET to discuss third quarter results. The dial-in numbers are (844) 464-3933 for domestic callers and (765) 507-2612 for international callers. The conference ID is 8785834. A live webcast of the conference call will be

available on the Investor Relations section of the Company's website at www.sientra.com. The webcast will be archived on the website following the completion of the call.

Use of Non-GAAP Financial Measures

Sientra has supplemented its US GAAP net income (loss) with a non-GAAP measure of Adjusted EBITDA and non-GAAP earnings per share. Management believes that these non-GAAP financial measures provide useful supplemental information to management and investors regarding the performance of the Company, facilitates a more meaningful comparison of results for current periods with previous operating results, and assists management in analyzing future trends, making strategic and business decisions and establishing internal budgets and forecasts. A reconciliation of non-GAAP Adjusted EBITDA to GAAP net income (loss) and non-GAAP loss per share, the most directly comparable GAAP measures, is provided in the schedule below.

There are limitations in using this non-GAAP financial measure because it is not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. This non-GAAP financial measure should not be considered in isolation or as a substitute for GAAP financial measures. Investors and potential investors should consider non-GAAP financial measures only in conjunction with Sientra's financial statements prepared in accordance with GAAP and the reconciliations of the non-GAAP financial measure provided in the schedule below.

About Sientra

Headquartered in Santa Barbara, California, Sientra is a medical aesthetics company exclusively focused on plastic surgery. The Company mission is to offer proprietary innovations and unparalleled partnerships that radically advance how plastic surgeons think, work and care for their patients. Sientra has developed a broad portfolio of products with technologically differentiated characteristics, supported by independent laboratory testing and strong clinical trial outcomes. The Company's product portfolio includes its Sientra round and shaped breast implants, the first fifth generation breast implants approved by the FDA for sale in the United States, its ground-breaking Allox2® breast tissue expander with patented dual-port and integral drain technology, and BIOCORNEUM®, the #1 performing, preferred and recommended scar gel of plastic surgeons(*).

Sientra uses its investor relations website to publish important information about the Company, including information that may be deemed material to investors. Financial and other information about Sientra is routinely posted and is accessible on the Company's investor relations website at www.sientra.com.

(*) *Data on file*

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, based on management's current assumptions and expectations of future events and

trends, which affect or may affect the Company's business, strategy, operations or financial performance, and actual results may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties. Forward-looking statements are made only as of the date of this release. The words "believe," "may," "might," "could," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan," "position," or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes are intended to identify estimates, projections and other forward-looking statements. Forward-looking statements may include information concerning the impact of the COVID-19 pandemic on the Company and its operations, the Company's possible or assumed future results of operations, including descriptions of the Company's revenues, profitability, outlook and overall business strategy, the Company's ability to take market share, and the Company's future growth. Such statements are subject to risks and uncertainties, including the scope and duration of the COVID-19 pandemic, the Company's ability to recapture delayed procedures resulting from the COVID-19 pandemic, the positive reaction from plastic surgeons and their patients to Sientra's Breast Products, the ability to meet consumer demand, the Company's ability to execute on its strategic initiatives, and the Company's ability to manage its operating expenses and cash balance. Additional factors that could cause actual results to differ materially from those contemplated in this press release can be found in the Risk Factors section of Sientra's public filings with the Securities and Exchange Commission. All statements other than statements of historical fact are forward-looking statements. The words "believe," "may," "might," "could," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan," "position," or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes are intended to identify estimates, projections and other forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, and such estimates, projections and other forward-looking statements speak only as of the date they were made, and, except to the extent required by law, the Company undertakes no obligation to update or review any estimate, projection or forward-looking statement. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in the Company's business.

Investor Relations Contact

Leigh Salvo
ir@sientra.com

Sientra, Inc.
Consolidated Statements of Operations
(In thousands, except per share and share amounts)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | \$ 19,620 | \$ 15,329 | \$ 58,035 | \$ 37,109 |
| Cost of goods sold | 9,030 | 7,105 | 26,027 | 15,887 |
| Gross profit | 10,590 | 8,224 | 32,008 | 21,222 |
| Operating expenses: | | | | |
| Sales and marketing | 12,052 | 9,969 | 34,348 | 24,858 |
| Research and development | 2,367 | 1,778 | 6,962 | 6,142 |
| General and administrative | 7,865 | 6,445 | 23,321 | 21,183 |
| Restructuring | — | (442) | — | 389 |
| Total operating expenses | 22,284 | 17,750 | 64,631 | 52,572 |
| Loss from operations | (11,694) | (9,526) | (32,623) | (31,350) |
| Other income (expense), net: | | | | |
| Interest income | 1 | 6 | 4 | 203 |
| Interest expense | (2,026) | (2,055) | (6,143) | (7,284) |
| Change in fair value of derivative liability | 35,550 | 10,090 | (14,460) | (8,420) |
| Other income (expense), net | 6,672 | (2) | 6,575 | 34 |
| Total other income (expense), net | 40,197 | 8,039 | (14,024) | (15,467) |
| Income (loss) from continuing operations before income taxes | 28,503 | (1,487) | (46,647) | (46,817) |
| Income tax expense (benefit) | — | — | — | — |
| Income (loss) from continuing operations | 28,503 | (1,487) | (46,647) | (46,817) |
| Income (loss) from discontinued operations, net of income taxes | (93) | (4,334) | 233 | (21,893) |
| Net income (loss) | 28,410 | (5,821) | (46,414) | (68,710) |
| Expenses attributable to the convertible note | (34,158) | — | — | — |
| Losses attributable to common shares | \$ (5,748) | \$ (5,821) | \$ (46,414) | \$ (68,710) |
| Basic earnings (loss) per share: | | | | |
| Continuing operations | \$ 0.49 | \$ (0.03) | \$ (0.82) | \$ (0.93) |
| Discontinued operations | (0.00) | (0.09) | 0.00 | (0.44) |
| Basic earnings (loss) per share | \$ 0.49 | \$ (0.12) | \$ (0.82) | \$ (1.37) |
| Diluted earnings (loss) per share: | | | | |
| Continuing operations | \$ (0.08) | \$ (0.03) | \$ (0.82) | \$ (0.93) |
| Discontinued operations | (0.00) | (0.09) | 0.00 | (0.44) |
| Diluted earnings (loss) per share | \$ (0.08) | \$ (0.12) | \$ (0.82) | \$ (1.37) |
| Weighted average outstanding common shares used for earnings (loss) per share attributable to common stockholders: | | | | |
| Basic | 58,005,784 | 50,394,858 | 56,680,594 | 50,155,623 |
| Diluted | 72,639,930 | 50,394,858 | 56,680,594 | 50,155,623 |

Sientra, Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

| | <u>September 30,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|---|-------------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 66,127 | \$ 54,967 |
| Accounts receivable, net | 26,453 | 19,771 |
| Inventories, net | 51,529 | 39,168 |
| Prepaid expenses and other current assets | 2,663 | 1,891 |
| Current assets of discontinued operations | 4 | 13,475 |
| Total current assets | 146,776 | 129,272 |
| Property and equipment, net | 14,886 | 12,301 |
| Goodwill | 9,202 | 9,202 |
| Other intangible assets, net | 8,471 | 9,387 |
| Other assets | 7,323 | 8,011 |
| Non-current assets of discontinued operations | — | 805 |
| Total assets | <u>\$ 186,658</u> | <u>\$ 168,978</u> |
| Liabilities and Stockholders' Equity (Deficit) | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ - | \$ 4,670 |
| Accounts payable | 6,300 | 5,799 |
| Accrued and other current liabilities | 22,285 | 28,408 |
| Customer deposits | 30,286 | 17,905 |
| Sales return liability | 12,305 | 9,192 |
| Current liabilities of discontinued operations | 501 | 4,686 |
| Total current liabilities | 71,677 | 70,660 |
| Long-term debt | 61,483 | 60,500 |
| Derivative liability | — | 26,570 |
| Deferred and contingent consideration | 2,786 | 2,350 |
| Warranty reserve and other long-term liabilities | 9,950 | 9,455 |
| Total liabilities | 145,896 | 169,535 |
| Stockholders' equity: | | |
| Total stockholders' equity (deficit) | 40,762 | (557) |
| Total liabilities and stockholders' equity | <u>\$ 186,658</u> | <u>\$ 168,978</u> |

Sientra, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | Nine Months Ended September 30, | |
|---|--|------------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Net loss | \$ (46,414) | \$ (68,710) |
| Income (loss) from discontinued operations, net of income taxes | 233 | (21,893) |
| Loss from continuing operations, net of income taxes | (46,647) | (46,817) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 3,149 | 2,386 |
| Provision for doubtful accounts | 875 | 258 |
| Provision for warranties | 684 | 362 |
| Provision for inventory | 638 | 1,435 |
| Fair value adjustments to derivative liability | 14,460 | 8,420 |
| Fair value adjustments of other liabilities held at fair value | 49 | 29 |
| Amortization of debt discount and issuance costs | 2,632 | 3,430 |
| Gain on extinguishment of debt | (6,652) | — |
| Stock-based compensation expense | 8,073 | 5,342 |
| Payments of contingent consideration liability in excess of acquisition-date fair value | (2,419) | — |
| Other non-cash adjustments | 584 | 198 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (7,558) | (5,311) |
| Inventories | (12,999) | (6,569) |
| Prepaid expenses, other current assets and other assets | (205) | (166) |
| Accounts payable, accrued, and other liabilities | 1,279 | (4,921) |
| Customer deposits | 12,381 | 1,547 |
| Sales return liability | 3,113 | 1,930 |
| Net cash flow from operating activities - continuing operations | (28,563) | (38,447) |
| Net cash flow from operating activities - discontinued operations | (989) | (14,292) |
| Net cash used in operating activities | (29,552) | (52,739) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (4,882) | (3,112) |
| Net cash flow from investing activities - continuing operations | (4,882) | (3,112) |
| Net cash flow from investing activities - discontinued operations | 11,314 | (80) |
| Net cash used in investing activities | 6,432 | (3,192) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock for employee stock-based plans | 1,824 | 852 |
| Net proceeds from issuance of common stock | 39,226 | 264 |
| Tax payments related to shares withheld for vested restricted stock units (RSUs) | (2,420) | (1,496) |
| Gross borrowings under the Term Loan | 1,000 | — |
| Repayments under the Term Loan | — | (25,000) |
| Gross borrowings under the PPP loan | — | 6,652 |
| Repayment of the Revolving Loan | — | (6,508) |
| Net proceeds from issuance of the Convertible Note | — | 60,000 |
| Payments of contingent consideration up to acquisition-date fair value | (4,550) | — |
| Deferred financing costs | (800) | (2,958) |
| Net cash provided by financing activities | 34,280 | 31,806 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 11,160 | (24,125) |
| Cash, cash equivalents and restricted cash at: | | |
| Beginning of period | 55,300 | 87,951 |
| End of period | <u>\$ 66,460</u> | <u>\$ 63,826</u> |
| Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets | | |
| Cash and cash equivalents | \$ 66,127 | \$ 63,483 |
| Restricted cash included in other assets | 333 | 343 |
| Total cash, cash equivalents and restricted cash | <u>\$ 66,460</u> | <u>\$ 63,826</u> |

Sientra, Inc.
Reconciliation of Income (Loss) from Continuing Operations to Non-GAAP Adjusted EBITDA
(Unaudited)

| Dollars, in thousands | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------|--------------------------|-------------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Income (loss) from continuing operations, as reported | \$ 28,503 | \$ (1,487) | \$ (46,647) | \$ (46,817) |
| Adjustments to income (loss) from continuing operations: | | | | |
| Interest (income) expense and other, net | 2,005 | 2,051 | 6,216 | 7,047 |
| Depreciation and amortization | 1,039 | 1,193 | 3,149 | 2,386 |
| Fair value adjustments to contingent consideration | — | 51 | 49 | 67 |
| Fair value adjustments to derivative liability | (35,550) | (10,090) | 14,460 | 8,420 |
| Gain on extinguishment of debt | (6,652) | — | (6,652) | — |
| Stock-based compensation | 2,326 | 1,574 | 8,073 | 5,342 |
| Restructuring | — | (442) | — | 389 |
| Total adjustments to income (loss) from continuing operations | (36,832) | (5,663) | 25,295 | 23,651 |
| Adjusted EBITDA | \$ (8,329) | \$ (7,150) | \$ (21,352) | \$ (23,166) |

| As a Percentage of Revenue** | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------|--------------------------|-------------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Income (loss) from continuing operations, as reported | 145.3% | (9.7%) | (80.4%) | (126.2%) |
| Adjustments to income (loss) from continuing operations: | | | | |
| Interest (income) expense and other, net | 10.2% | 13.4% | 10.7% | 19.0% |
| Depreciation and amortization | 5.3% | 7.8% | 5.4% | 6.4% |
| Fair value adjustments to contingent consideration | 0.0% | 0.3% | 0.1% | 0.2% |
| Fair value adjustments to derivative liability | (181.2%) | (65.8%) | 24.9% | 22.7% |
| Gain on extinguishment of debt | (33.9%) | 0.0% | (11.5%) | 0.0% |
| Stock-based compensation | 11.9% | 10.3% | 13.9% | 14.4% |
| Restructuring | 0.0% | (2.9%) | 0.0% | 1.0% |
| Total adjustments to income (loss) from continuing operations | (187.7%) | (36.9%) | 43.6% | 63.7% |
| Adjusted EBITDA | (42.5%) | (46.6%) | (36.8%) | (62.4%) |

** Adjustments may not add to the total figure due to rounding