Risk Factors Comparison 2024-05-10 to 2023-04-07 Form: 10-K

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The Company operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that the Company cannot control or predict. The Company' s business, financial condition and results of operations may be impacted by a number of factors. In addition to the factors discussed elsewhere in this report, the following risks and uncertainties could materially harm the Company' s business, financial condition or results of operations, including causing the Company' s actual results to differ materially from those projected in any forward- looking statements. The following list of significant risk factors is not all- inclusive or necessarily in order of importance. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, also may materially adversely affect the Company in future periods. You should carefully consider these risks and uncertainties before investing in the Company' s securities. Summary of Risk Factors The Company' s business, financial condition, operating results and cash flows are subject to numerous risks and uncertainties that are summarized below. The below summary of risk factors should be read together with the more detailed discussion of risks set forth following this section under the heading " Risk Factors, " as well as elsewhere in this Annual Report on Form 10- K. Risks Related to the Company' s Business and its Industry • **The Company has recently experienced turnover in its executive management and board of directors, which creates uncertainties and could harm its business. • The Company may need to raise additional capital to fund its operations. •** Global supply chain disruptions and inflation may have a material adverse effect on the Company' s business, financial condition and results of operations ~~. • The increase in sales of skincare products in Japan in 2020 and 2021 may have been temporary, and sales of skincare products may continue to decline in the future~~ . • The trading price of the Company' s common stock may fluctuate substantially. • The Company has a relatively limited number of shares of common stock outstanding, which could result in an increase in volatility of its stock price. • The Company' s ability to report timely and accurate information could be negatively impacted by its recent implementation of a new accounting and enterprise resource planning (" ERP ") system. • Reliance on contract manufacturers increases the risk that the Company will not have sufficient supply or that such supply will not be available to the Company at an acceptable cost. • The Company' s annual and quarterly operating results may fluctuate in the future, which may cause the Company' s trading price to decline. • Any defects in the design, material or workmanship of its products, defective design, material or workmanship or misuse of its products will cause additional costs, including product recalls and product liability suits, and harm the Company' s reputation. • The success and continuing development of the Company' s products depends, in part, upon maintaining strong relationships with physicians and other healthcare professionals. • Failure in hiring, training and retaining sales professionals and skilled and experienced personnel, or changes to management could adversely affect the Company' s operations and financial results. • The Company depends on skilled and experienced personnel to operate its global business effectively. • Inability for the Company' s new energy- based solution for the treatment of Acne to be widely adopted by customers or their patients. • The aesthetic equipment market is characterized by rapid innovation and high competition, which may adversely affect the Company if it does not continue to innovate and develop new products and applications. • The Company competes against companies that offer alternative solutions to its products, have greater resources, or have a larger customer base and broader product offerings than the Company' s offerings. • The Company' s business is subject to regulatory requirements, laser performance standards, federal regulatory reforms, FDA and other government agencies' regulation and oversight which may negatively affect its business, financial condition and results of operations if the Company fails to comply with them. • The Company' s products may cause or contribute to adverse medical events or be subject to failures or malfunctions that would be subject to sanctions that could harm its reputation, business, financial condition and results of operations. • The Company may be unable to obtain or maintain international regulatory qualifications or approvals for its current or future products and indications, which could harm its business. • **The Company' s business could be negatively affected by litigation initiated by potential actions of activist stockholders. • The Company' s business could be negatively affected as a result of the pending securities fraud action brought against the Company and certain former officers and directors. •** Failure in international expansion and economic and other risks associated with international sales and operations could adversely affect the Company' s business. • Some of the Company' s manufacturing operations are dependent upon third- party suppliers, making it vulnerable to supply shortages and price fluctuations, which could harm its business. • Reduction or interruption in supply and an inability to develop alternative sources for supply may adversely affect the Company' s manufacturing operations and related product sales. • If the Company fails to maintain or renew any of its distribution agreements before they expire, its revenues and cash ~~flow~~ **flows** may be adversely affected. • To successfully market and sell third- party products internationally, the Company must address many issues that are unique to the related distribution arrangements, which could reduce the Company' s available cash reserves and negatively impact the Company' s profitability ~~. • The Company' s distribution agreement with ZO requires certain economic requirements to be met by the Company. If the Company does not meet these minimum requirements, the Company could lose the distribution rights to the skincare products~~ . • If customers are not trained and / or the Company' s products are used by non- licensed practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company' s reputation, result in product liability litigation, distract management and result in additional costs, all of which could harm the Company' s business. • The Company' s products are sometimes subject to clinical trial processes which are lengthy and expensive and have uncertain outcomes. Delays or failures in the Company' s clinical trials will prevent it from commercializing any modified or new products. • Intellectual property rights may not provide adequate protection for some or all the Company' s

products, or the Company may be involved in future costly intellectual property litigation. • The expense and potential unavailability of insurance coverage for the Company' s customers could adversely affect its ability to sell its products, and therefore adversely affect its financial condition. • Any acquisitions that the Company makes could result in operating difficulties, dilution, and other consequences that may adversely impact the Company' s business and results of operations. • Adverse developments affecting the banking industry, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect the Company' s operations and liquidity. • Cash, cash equivalents and marketable securities could be adversely affected by the failure of Silicon Valley Bank or other financial institutions. • Inability to access credit on favorable terms for the funding of the Company' s operations and capital projects may be limited due to changes in credit markets. • Security breaches, cyber- security incidents and other disruptions could compromise the Company' s information and impact the Company' s business, financial condition or results of operations. • Macroeconomic political and market conditions, and catastrophic events may adversely affect the Company' s business, results of operations, financial condition and the trading price of the Company' s stock. • Disaster or other similar events could cause damage to the Company' s facilities and equipment, which may require the Company to cease or curtail sales of these sole sourced platforms. • Income tax audits or similar proceedings or changes in accounting standards may have a material adverse effect on the Company' s results of operations and financial position. • The Company may be adversely affected by changes in U. S. tax laws, importation taxes and other changes that may be imposed by the current administration. • Changes in accounting standards and estimates could have a material adverse effect on the Company' s results of operations and financial position. • The Company has identified ~~a~~ material ~~weakness~~ **weaknesses** in its internal control over financial reporting related to information technology general controls (" ITGCs") ~~,~~ **;** inventory controls **;** ~~, and~~ accounting for expense related to equity- based awards **; and the design, maintenance and monitoring of risk assessment program to timely implement new controls to respond to changes in the business and leadership** , which could, if not remediated, result in material misstatements in the Company' s financial statements. • Economic and other risks associated with international sales and operations could adversely affect the Company' s business. • The Company offers credit terms to some qualified customers and also to leasing companies to finance the purchase of its products. In the event that any of these customers default on the amounts payable to the Company, its earnings may be adversely affected. • The Company' s ability to effectively compete and generate additional revenue from new and existing products depends upon the Company' s ability to distinguish the Company and its products from the competitors and their products, and to develop and effectively market new and existing products. • If there is not sufficient consumer demand for the procedures performed with the Company' s products, practitioner demand for its products could be inhibited, resulting in unfavorable operating results and reduced growth potential. • If the Company modifies one of its FDA- cleared devices, it may need to seek a new clearance, which, if not granted, would prevent the Company from selling its modified products or cause it to redesign its products. • If the Company cannot obtain and maintain Medical Device Regulation approvals, the Company will not be able to sell its products in the European Union. • Any defects in the design, material or workmanship of its products may not be discovered prior to shipment to customers, which could materially increase its expenses, adversely impact profitability and harm its business. • The Company' s products may in the future be subject to product recalls that could harm its reputation, business and financial results. • The results of the Company' s clinical trials may not support its products claims or may result in the discovery of adverse side effects. • Product liability suits could be brought against the Company due to a defective design, material or workmanship or misuse of its products and could result in expensive and time- consuming litigation, payment of substantial damages and an increase in its insurance rates. • Certain of the Company' s product platforms such as Enlighten **, excel V** and **V ,** excel HR **, xeo, and AviClear** are only capable of being produced at the single site in Brisbane, and as such the occurrence of a catastrophic disaster or other similar event could cause damage to its facilities and equipment, which might require the Company to cease or curtail sales of these sole sourced platforms. • The Company may be involved in future costly intellectual property litigation, which could impact its future business and financial performance. • The Company' s failure to comply with rules relating to bribery, foreign corrupt practices, and privacy and security laws may subject the Company to penalties and adversely impact its reputation and business operations. Risks Related to the Convertible Notes • Servicing the Company' s debt, including the notes, may require a significant amount of cash, and the Company may not have sufficient cash ~~flow~~ **flows** from its business to pay its indebtedness. • The Company may not have the ability to raise the funds necessary to settle conversions of the notes in cash or to repurchase the notes upon a fundamental change, and its future debt may contain limitations on its ability to pay cash upon conversion or repurchase of the notes. • The conditional conversion feature of the notes, if triggered, may adversely affect the Company' s financial condition and operating results. • Transactions relating to the notes may affect the value of the Company' s common stock. • The Company is subject to counterparty risk with respect to the capped call transactions. Risks Related to Ownership of the Company' s Common Stock • Anti- takeover provisions contained in the Company' s amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt. • The Company' s business could be negatively affected by activist shareholders. • If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business, its market or its competitors, or if they adversely change their recommendations regarding the Company' s common stock, the market price and trading volume of its common stock could decline. • The Company does not expect to declare any dividends on its common stock in the foreseeable future. • If the Company raises additional capital through the sale of shares of the Company' s common stock, convertible securities or debt in the future, its stockholders' ownership in the Company could be diluted and restrictions could be imposed on the Company' s business. • The Company has implemented " sell- to- cover " in which shares of its common stock are sold into the market on behalf of RSU and PSU holders upon vesting of RSUs and PSUs to cover tax withholding liabilities and such sales will result in dilution to its stockholders. Risks Related to the Company' s Business and its Industry ~~Recent disruptions~~ **The Company has recently experienced turnover in its executive management and board of directors, which creates uncertainties and could harm the Company' s business. The Company has experienced significant changes**

in its executive leadership and Board of Directors during 2023. On April 11, 2023, the Board of Directors terminated Mr. Plants as Executive Chairman and Mr. Mowry as Chief Executive Officer, and appointed Ms. Widmann as Chair of the Board and Ms. Hopkins as Interim Chief Executive Officer. On May 3, 2023, Rohan Seth, the Company' s Chief Financial Officer, resigned effective May 26, 2023 and Stuart Drummond was appointed as Interim Chief Financial Officer. Additionally, the Company appointed Kevin Cameron, Taylor Harris, Nicholas Lewin and Keith Sullivan to the Board in May 2023 and each of Mr. Mowry, Mr. Plants and Joseph Whitters resigned from the board of directors and Gregory Barrett and Timothy O' Shea did not stand for re- election at the 2023 annual meeting of stockholders. A new board of directors of Mmes. Hopkins, Widmann and Park, and Messrs. Cameron, Harris, Lewin and Sullivan were elected by the Company' s stockholders on July 13, 2023. Taylor Harris was subsequently announced as the President and Chief Executive Officer on July 27, 2023. Ms. Widmann and Ms. Park resigned from the board in November and December 2023, respectively. Changes to strategic or operating goals, which can often times occur with the appointment of new executives, can create uncertainty, may negatively impact the Company' s ability to execute quickly and effectively, and may ultimately be unsuccessful. In addition, executive leadership transition periods are often difficult as the new executives gain detailed knowledge of the Company' s operations, and friction can result from changes in strategy and management style. Management turnover inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution. If the Company does not integrate new executives and board members successfully, the Company may be unable to manage and grow its business, and its financial condition and profitability may suffer as a result. In addition, to the extent the Company experiences additional management turnover, competition for ~~to~~ top management is high and it may take months to find a candidate that meets the Company' s requirements. If the Company is unable to attract and retain qualified management personnel, its business could suffer. Based on the Company' s current plans, the Company believes that its current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet its anticipated cash requirements for at least the next twelve months. If the Company' s available cash resources and cash flow from operations are insufficient to satisfy its liquidity requirements including because of lower demand for its products or the realization of ~~the~~ other ~~global economy~~ risks described in its Annual Report, the Company may be required to raise additional capital through the issuances of additional equity or convertible debt securities, enter into a credit facility or another form of third- party funding or seek other debt financing. The various ways the Company could raise additional capital carry potential risks. If the Company raises funds by issuing equity securities, dilution to its stockholders would result. If the Company raises funds by issuing debt securities, those debt securities would have ~~impeded global supply chains and resulted in longer lead times and increased component costs and freight~~ -- **rights** ~~expenses. In some instances~~ , **preferences and privileges senior to** ~~the~~ **those of holders of the** Company ~~depends~~ **' s common stock. The terms of debt securities issued or borrowings pursuant to a credit agreement could impose significant restrictions** on ~~a sole source supplier~~ **the Company' s operations and present the risk of default. If the Company raises funds through collaborations or licensing** ~~arrangement~~ **arrangements** , **the Company** ~~and alternative suppliers~~ may **be required to relinquish significant rights to its technologies or products or grant licenses on terms that are** not **favorable to the Company. If the Company is unable to obtain adequate financing or financing on terms satisfactory to the Company, if the Company requires it, the Company' s ability to continue to pursue its business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could** be **significantly limited** ~~readily available. The supply of these components is critical to the Company' s manufacturing needs. There can be no assurances that unforeseen future events in the global supply chain~~ , and **could** ~~inflationary pressures, will not~~ have a material adverse effect on ~~its~~ **the Company' s** business, financial condition, ~~and~~ results of operations ~~. During 2020~~ and **prospects** ~~2021, the Company experienced a significant increase in sales of skincare products under the exclusive distribution agreement with ZO, which allows the Company to sell ZO' s skincare products in Japan. The reason for the increase in skincare products sales may have been the result of changes in customers' spending habits to purchase more aesthetic treatments which could be applied at home due to limitations on in- person aesthetic procedures, social distancing and mask wearing requirements resulting from the COVID- 19 pandemic. In 2022, the Company experienced a decrease in skincare revenue, mainly as a result of a significant weakening of the Japanese Yen. Future growth in sales of skincare products depends on the customers' spending habits, which may revert to original spending habits after the COVID- 19 pandemic, and strengthening of the Yen. If sales in Japan do not recover to their previous levels, the Company' s revenue, operating results and cash flows will be adversely affected~~ . The trading price of the Company' s common stock may fluctuate substantially due to several factors, some of which are outside of its control. Further, the Company has a relatively limited number of shares of common stock outstanding, a large portion of which is held by a small number of investors, which could result in the increase in volatility of its stock price. There has been recent volatility in the price of the Company' s common stock ~~. The Company believes this is due in part to the overall impact of COVID- 19 on the aesthetic industry and its partial recovery, and other factors discussed below~~ . As a result of the Company' s relatively limited public float, its common stock may be less liquid than the stock of companies with broader public ownership. Among other things, trading of a relatively small volume of the Company' s common stock may have a greater impact on the trading price for the Company' s shares than would be the case if the Company' s public float were larger. The public market price of the Company' s common stock has in the past fluctuated substantially and, due to the current concentration of stockholders, the trading price of the common stock may continue to do so in the future. The market price for the Company' s common stock could also be affected by a number of other factors, including the general market conditions unrelated to the Company' s operating performance ~~, including market volatility as a result of the COVID- 19 outbreak~~ . The market price for the Company' s common stock could also be affected by a number of other factors, including: • the general market conditions unrelated to the Company' s operating performance; • sales of large blocks of the Company' s common stock, including sales by the Company' s executive officers, directors and large institutional investors; • quarterly variations in the

Company' s, or the Company' s competitors', results of operations; • actual or anticipated changes or fluctuations in the Company' s results of operations; • actual or anticipated changes in analysts' estimates, investors' perceptions, recommendations by securities analysts or the Company' s failure to achieve analysts ' estimates; • the announcement of new products, service enhancements, distributor relationships or acquisitions by the Company; • the announcement of the departure of a key employee or executive officer by the Company or the Company' s competitors **; • the amount of the Company' s debt (including convertible debt) and the perception held by investors on the Company' s ability to repay, refinance or convert such debt** ; • regulatory developments or delays concerning the Company' s, or the Company' s competitors' products; and • the initiation of any litigation by the Company or against the Company, including the lawsuit initiated by the Company on January 31, 2020 in Federal District Court in California against Lutronic Aesthetics, Inc. as previously disclosed on February 3, 2020, or against the Company. Actual or perceived instability or volatility in the Company' s stock price could reduce demand from potential buyers of the Company' s stock, thereby causing the trading price of the Company' s notes and stock to either remain depressed or to decline further. In addition, if the market for medical- device company stocks or the stock market in general experiences a loss of investor confidence, the trading price of the Company' s notes and stock could decline for reasons unrelated to the Company' s business, results of operations or financial condition. The trading price of the Company' s notes and common stock might also decline in reaction to events that affect other companies in the Company' s industry even if these events do not directly affect ~~us~~ **the Company** . In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against that company. Any future securities litigation could result in substantial costs and divert the Company' s management' s attention and resources from the Company' s business, which could have a material adverse effect on the Company' s business, results of operations and financial condition. The Company' s ability to report timely and accurate information could be negatively impacted by its recently implemented accounting and enterprise resource planning (" ERP ") system. The Company recently completed the implementation of a new accounting and ERP system. If aspects of the implementation were not executed successfully, then the Company' s ability to report timely and accurate information could be negatively impacted. Such events could have a material adverse effect on the Company' s consolidated financial position and results of operation. The Company relies on third- party contract manufacturers (" CMs ") to produce certain systems. This reliance on CMs increases the risk that the Company will not have sufficient supply or that such supply will not be available to it at an acceptable cost, which may have a material adverse effect on its business. The Company has entered into arrangements with third- party contract manufacturers to produce and deliver fully assembled systems ready for direct shipment to its customers. The Company may experience supply shortfalls or delays in shipping products to its customers if its contract manufacturers experience delays, disruptions, quality control problems in their manufacturing operations, or if the Company has to change or add manufacturers or contract manufacturing locations. Even if products are available, the Company may be unable to obtain sufficient quantities at an acceptable cost or quality. The Company may not have adequate time to transition all of its manufacturing needs to an alternative manufacturer under comparable commercial terms. Additionally, a significant portion of the Company' s manufacturing is performed in foreign countries and is therefore subject to risks associated with doing business outside of the U. S., including import restrictions, export restrictions, disruptions to its supply chain, cyberattacks, pandemics, regional climate- related events, or regional conflicts. The failure by the Company or its CMs to produce sufficient quantities at acceptable cost and quality may have a material adverse effect on its business. **Recent disruptions to the global economy have impeded global supply chains and resulted in longer lead times and increased component costs and freight expenses. In some instances, the Company depends on a sole source supplier arrangement, and alternative suppliers may not be readily available. The supply of these components is critical to the Company' s manufacturing needs. There can be no assurances that unforeseen future events in the global supply chain, and inflationary pressures, will not have a material adverse effect on its business, financial condition, and results of operations.** The Company' s annual and quarterly operating results may fluctuate in the future, which may cause the Company' s trading price for the shares to decline. The Company' s net sales, expenses and operating results may vary significantly from year to year and quarter to quarter for several reasons, including, without limitation: • the ability of the Company' s sales force to effectively market and promote the Company' s products, and the extent to which those products gain market acceptance; • the inability to meet the Company' s debt repayment obligations under its senior credit facility due to insufficient cash; • the possibility that cybersecurity breaches, data breaches, and other disruptions could compromise the Company' s information or result in the unauthorized disclosure of confidential information; • the existence and timing of any product approvals or changes; • the rate and size of expenditures incurred on the Company' s clinical, manufacturing, sales, marketing, and product development efforts; • the Company' s ability to attract and retain personnel; • the availability of key components, materials and contract services, which depends on the Company' s ability to forecast sales, among other things; • investigations of the Company' s business and business- related activities by regulatory or other governmental authorities; • variations in timing and quantity of product orders; • temporary manufacturing interruptions or disruptions; • the timing and success of new product and new market introductions, as well as delays in obtaining domestic or foreign regulatory approvals for such introductions; • increased competition, patent expirations or new technologies or treatments; • product recalls or safety alerts; • litigation, including product liability, patent, employment, securities class action, stockholder derivative, general commercial and other lawsuits; • volatility in the global market and worldwide economic conditions; • changes in tax laws, including changes domestically and internationally, or exposure to additional income tax liabilities; • the impact of the EU privacy regulations (GDPR) on the Company' s resources; • the financial health of the Company' s customers and their ability to purchase the Company' s products in the current economic environment; • other unusual or non- operating expenses, such as expenses related to mergers or acquisitions, may cause operating results to vary; and • an epidemic or ~~pandemic, such as the COVID- 19~~ pandemic. As a result of any of these factors, the Company' s consolidated results of operations may fluctuate significantly, which may in turn cause the trading price of the shares to fluctuate. If defects are discovered in the Company' s products, the

Company may incur additional unforeseen costs, customers may not purchase the Company' s product and the Company' s reputation may suffer. The Company' s success depends on the quality and reliability of its products. The Company' s products incorporate different components including optical components, and other medical device software, any of which may contain errors or exhibit failures, especially when products are first introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after commercial shipment. Because the Company' s products are designed to be used to perform complex surgical procedures, due to the serious and costly consequences of product failure, the Company and its customers have an increased sensitivity to such defects. In the past, the Company has voluntarily recalled certain products. The Company cannot provide assurance that its products will not experience component aging, errors, or performance problems. If the Company experiences product flaws or performance problems, any or all of the following could occur: • delays in product shipments; • loss of revenue; • delay in market acceptance; • diversion of the Company' s resources; • damage to the Company' s reputation; • product recalls; • regulatory actions; • increased service or warranty costs; or • product liability claims. Costs associated with product flaws or performance problems could have a material adverse effect on the Company' s business, financial condition, results of operations or cash flows. If the Company fails to maintain the Company' s working relationships with physicians and other ancillary healthcare and aesthetic professionals, the Company' s products may not be developed and marketed in line with the needs and expectations of the professionals who use and support the Company' s products. Physicians assist the Company as researchers, marketing consultants, product consultants, and public speakers, and the Company relies on these professionals to provide the Company with considerable knowledge and experience. If the Company is unable to maintain these strong relationships, the development and marketing of the Company' s products could suffer, which could have a material adverse effect on the Company' s consolidated financial condition and results of operations. The Company relies heavily on its sales professionals to market and sell its products worldwide. If the Company is unable to hire, effectively train, manage, improve the productivity of, and retain the Company' s sales professionals, the Company' s business will be harmed, which would impair its future revenue and profitability. The Company' s success largely depends on the Company' s ability to hire, train, manage, and improve the productivity levels of its sales professionals worldwide. Because of the Company' s focus on non- core practitioners in the past, several of its sales professionals do not have established relationships with the core market, consisting of dermatologists and plastic surgeons, or where those relationships exist, they are not appropriately strong. Competition for sales professionals who are familiar with, and trained to sell in, the aesthetic equipment market continues to be robust. As a result, the Company occasionally loses its sales people to competitors. The Company' s industry is characterized by a few established companies that compete vigorously for talented sales professionals. Some of its sales professionals leave the Company for jobs that they perceive to be better opportunities, both within and outside of the aesthetic industry. The ability to enforce measures to protect the Company' s proprietary and confidential information when employees leave the Company varies from jurisdiction to jurisdiction and the Company must make a case- by- case decision regarding legal enforcement action. For instance, covenants not- to- compete are not allowed in many states, and if allowed, are difficult to enforce in many jurisdictions. Furthermore, such legal enforcement actions are expensive and the Company cannot give any assurance that these enforcement actions will be successful. However, the Company also continues to hire and train new sales people, including several from the Company' s competitors. When the Company' s sales employees and sales management are newly hired or transferred into different roles, and it takes time for them to be fully trained to improve their productivity. In addition, due to the competition for sales professionals in the Company' s industry, the Company also recruits sales professionals from outside the industry. Sales professionals from outside the industry typically take longer to train and become familiar with the Company' s products and the procedures in which they are used. As a result of a lack of industry knowledge, these sales professionals may take longer to become productive members of the Company' s sales force. Measures the Company implements in an effort to recruit, retain, train and manage the Company' s sales professionals, strengthen their relationships with core market physicians, and improve their productivity may not be successful and may instead contribute to instability in its operations, additional departures from the Company' s sales organization, or further reduce the Company' s revenue and harm the Company' s business. If the Company is not able to improve the productivity and retention of the Company' s North American and international sales professionals, then the Company' s total revenue, profitability and stock price may be adversely impacted. The Company depends on skilled and experienced personnel to operate its global business effectively. Changes to management or the inability to recruit, hire, train and retain qualified personnel, could harm the Company' s ability to successfully manage, develop and expand its business, which would impair the Company' s future revenue and profitability. The Company' s success largely depends on the skills, experience and efforts of the Company' s senior management and other key employees. The loss of any of the Company' s executive officers could weaken its management expertise and harm the Company' s business, and it may not be able to find adequate replacements on a timely basis, or at all. Except for Change of Control and Severance Agreements for the Company' s executive officers and a few key employees, the Company does not have employment contracts with any of its officers or other key employees. Any of the Company' s senior management and other key employees may terminate their employment at any time, with or without notice and their knowledge of the Company' s business and industry may be difficult to replace. The Company does not have a succession plan in place for each of its senior management and key employees. In addition, the Company does not maintain " key person " life insurance policies covering any of the Company' s employees. In addition to dependence on the Company' s executive officers and key employees, the Company is highly dependent on other sales and scientific personnel. ~~For example, in the first quarter of 2020 the Company experienced turnover of its sales professionals, including several people in key sales leadership positions. Most of these sales professionals went to work for a competitor.~~ Additionally, the Company' s product development plans depend, in part, on the Company' s ability to attract and retain engineers with experience in medical devices. Attracting and retaining qualified personnel will be critical to the Company' s success, and competition for qualified personnel is intense. The Company may not be able to attract and retain personnel on

acceptable terms given the competition for such personnel among technology and healthcare companies and universities. The loss of any of these persons or the Company' s inability to attract, train and retain qualified personnel could harm the Company' s business and the Company' s ability to compete ~~and become profitable~~ . To induce valuable employees to remain at the Company, in addition to salary and cash incentives, the Company has provided stock options and restricted stock unit awards that vest over time, and, for the Company' s executive officers and certain key employees, performance stock unit awards that vest based on achievement of performance- based vesting conditions. The value to employees of such equity awards may be significantly affected by movements in the Company' s stock price that are beyond its control, and may at any time be insufficient to counteract more lucrative offers from other companies. The Company recently launched AviClear, an energy-based solution for the treatment of Acne and can provide no assurance that the device will be widely adopted by customers or their patients. The Company brought AviClear, an energy- based device for Acne, to market in 2022. This launch required, and any future sales expansion for AviClear may require, a considerable investment in resources, including technical, financial, legal, sales, information technology and operation systems. Additionally, market acceptance of AviClear will be affected by a variety of factors, including but not limited to usability, performance, reliability and customer preference. It is possible that demand for this device will not be as strong as anticipated. The Company may be unable to establish and manage a sufficient or effective sales force in a timely or cost- effective manner, and any sales force the Company does establish may not be capable of generating demand for AviClear, therefore hindering the Company' s ability to generate revenues and achieve or sustain profitability from AviClear. **AviClear was launched with a low barrier to entry model that allowed quick uptake of over 1, 200 devices to hit the market, it came at the expense of significant working capital. In addition, key customers, aesthetic dermatologists, have articulated a desire for a traditional ownership model. As a result, the Company paused new leases of AviClear in August 2023 to revamp its business model, establish a global go- to- market strategy, and enhance product reliability. While AviClear was relaunched in the United States in November 2023 with a direct sales model, the Company can offer no assurance that the new sales model will be well- received by customers or increase demand for the AviClear device.** The aesthetic equipment market is characterized by rapid innovation. To compete effectively, the Company must develop and / or acquire new products, seek regulatory clearance, market them successfully, and identify new markets for the Company' s technology. The aesthetic light and energy- based treatment system industry is subject to continuous technological development and product innovation. If the Company does not continue to innovate and develop new products and applications, the Company' s competitive position will likely deteriorate as other companies successfully design and commercialize new products and applications or enhancements to the Company' s current products. The Company created products to apply the Company' s technology to body contouring, hair removal, treatment of veins, tattoo removal and skin revitalization, including the treatment of diffuse redness, fine lines and wrinkles through hemostasis and coagulation, skin texture, pore size and benign pigmented lesions, ~~etc. For example, the Company introduced Secret RF, a fractional RF microneedling device for skin revitalization, in January 2018, enlighten SR in April 2018, truSculpt in July 2018, excel V in February 2019, truFlex in June 2019,~~ and **acne** ~~the Secret Pro, a device combining the benefits of RF microneedling with the capabilities of a fractional, ablative CO2 laser in September of 2020. In 2021, the Company introduced truFlex , a treatment mode that decreased the treatment time from approximately 45 minutes to 15 minutes~~ . To grow in the future, the Company must continue to develop and / or acquire new and innovative aesthetic products and applications, identify new markets, and successfully launch the newly acquired or developed product offerings. To successfully expand the Company' s product offerings, the Company must, among other things: • develop or otherwise acquire new products that either add to or significantly improve the Company' s current product offerings; • obtain regulatory clearance for these new products; • convince the Company' s existing and prospective customers that the Company' s product offerings are an attractive revenue-generating addition to their practice; • sell the Company' s product offerings to a broad customer base; • identify new markets and alternative applications for the Company' s technology; • protect the Company' s existing and future products with defensible intellectual property; and • satisfy and maintain all regulatory requirements for commercialization. Historically, product introductions have been a significant component of the Company' s financial performance. To be successful in the aesthetics industry, the Company believes it needs to continue to innovate. The Company' s business strategy is based, in part, on its expectation that the Company will continue to increase or enhance its product offerings. The Company needs to continue to devote substantial research and development resources to make new product introductions, which can be costly and time consuming to its organization. The Company also believes that, to increase revenue from sales of new products, the Company needs to continue to develop its clinical support, further expand and nurture relationships with industry thought leaders, and increase market awareness of the benefits of its new products. However, even with a significant investment in research and development, the Company may be unable to continue to develop, acquire or effectively launch and market new products and technologies regularly, or at all. If the Company fails to successfully commercialize new products or enhancements, its business may be harmed. There are few barriers to entry that would prevent new entrants or existing competitors from developing products that compete directly with the Company' s. The Company expects that any competitive advantage the Company may enjoy from current and future innovations may diminish over time as companies successfully respond to the Company' s, or create their own, innovations. Consequently, the Company believes that it will have to continuously innovate and improve the Company' s products and technology to compete successfully. If the Company is unable to innovate successfully, its products could become obsolete and its revenue could decline as its customers and prospective customers purchase its competitors' products. Demand for the Company' s products in any of the Company' s markets could be weakened by several factors, including: • inability to develop and market the Company' s products to the core market specialties of dermatologists and plastic surgeons; • poor financial performance of market segments that attempt to introduce aesthetic procedures to their businesses; • the inability to differentiate the Company' s products from those of the Company' s competitors; • competitive threat from new innovations and product introductions; • reduced patient demand for elective aesthetic procedures; • failure to build and

maintain relationships with key opinion leaders within the various market segments; and • the lack of credit financing, or an increase in the cost of borrowing, for some of the Company' s potential customers. If the Company does not achieve anticipated demand for the Company' s products, there could be a material adverse effect on its total revenue, profitability, employee retention and stock price. The Company competes against companies that offer alternative solutions to its products, have greater resources, or have a larger installed base of customers and broader product offerings than the Company' s. In addition, increased consolidation in the Company' s industry may lead to increased competition. If the Company is not able to effectively compete with these companies, it may harm its business. The medical technology and aesthetic product markets are highly competitive and dynamic and are characterized by rapid and substantial technology development and product innovations. The Company' s products compete against conventional non- energy- based treatments, such as electrolysis, Botox and collagen injections, chemical peels, microdermabrasion and sclerotherapy. The Company' s products also compete against laser and other energy- based products offered by other companies. Further, other companies could introduce new products that are in direct competition with the Company' s products. The Company may also face competition from manufacturers of pharmaceutical and other products that have not yet been developed. Competition with these companies could result in reduced selling prices, reduced profit margins and loss of market share, any of which would harm the Company' s business, financial condition and results of operations. There has been consolidation in the aesthetic industry leading to companies combining their resources, which increases competition and could result in increased downward pressure on the Company' s product prices. Consolidations have created newly- combined entities with greater financial resources, deeper sales channels and greater pricing flexibility than the Company. Rumored or actual consolidation of the Company' s partners and competitors could cause uncertainty and disruption to the Company' s business and can cause the Company' s stock price to fluctuate. The Company' s products and its operations are subject to extensive government regulation and oversight in the United States. If the Company fails to obtain or maintain necessary regulatory clearances or approvals for its products, or if approvals or clearances for future products are delayed or not issued, it will negatively affect its business, financial condition and results of operations. The Company' s laser products are medical devices subject to extensive regulation in the United States and elsewhere, including by the FDA and its foreign counterparts. Government regulations specific to medical devices are wide ranging and govern, among other things: • product design, development, manufacture, and release; • laboratory and clinical testing, labeling, packaging, storage and distribution; • product safety and efficacy; • pre- marketing clearance or approval; • service operations; • record keeping; • product marketing, promotion and advertising, sales and distribution; • post- marketing surveillance, including reporting of deaths or serious injuries and recalls and correction and removals; • post- market approval studies; and • product import and export. The FDA classifies medical devices into one of three classes on the basis of the intended use of the device, the risk associated with the use of the device for that indication, as determined by the FDA, and on the controls deemed by the FDA to be necessary to reasonably ensure their safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA' s General Controls for medical devices, which include compliance with the applicable portions of the QSR facility registration and product listing, reporting of adverse medical events, and truthful and non- misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA' s General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post- market surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510 (k) of the FDCA requesting permission to commercially distribute the device. The FDA' s permission to commercially distribute a device subject to a 510 (k) premarket notification is generally known as 510 (k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA application. Some pre- amendment devices are unclassified, but are subject to FDA' s premarket notification and clearance process in order to be commercially distributed. The Company' s currently marketed products are Class II devices subject to 510 (k) clearance, which the Company has obtained from the FDA. Before a new medical device, or a new intended use of, claim for, or significant modification to an existing device, can be marketed in the United States, a company must first submit an application for and receive either 510 (k) clearance pursuant to a premarket notification submitted under Section 510 (k) of the FDCA, or PMA approval from the FDA, unless an exemption applies. The 510 (k), or PMA processes can be expensive, lengthy and unpredictable. The FDA' s 510 (k) clearance process usually takes from three to 12 months, but can last longer. The process of obtaining a PMA approval is much more costly and uncertain than the 510 (k) clearance process and generally takes from one to three years, or even longer, from the time the application is filed with the FDA. In addition, a PMA approval generally requires the performance of one or more clinical trials. Despite the time, effort and cost, a device may not be approved or cleared by the FDA. Any delay or failure to obtain necessary regulatory clearances or approvals could harm its business. Furthermore, even if the Company is granted regulatory clearances or approvals, they may include significant limitations on the indicated uses for the device, which may limit the market for the device. The Company has obtained 510 (k) clearances to market its products. The FDA or other regulators could delay, limit, or deny clearance or approval of a device for many reasons, including: • the Company' s inability to demonstrate to the satisfaction of the FDA or the applicable regulatory entity or notified body that the Company' s currently marketed devices, or any other future device, and any accessories are substantially equivalent to a legally marketed predicate device or safe or effective for their proposed intended uses; • the disagreement of the FDA with the design or implementation of any clinical trials or the interpretation of data from preclinical studies or clinical trials; • serious and unexpected adverse device effects experienced by participants in its clinical trials; • the insufficiency of the data from preclinical studies or clinical trials to support clearance or approval, where required; • the Company' s inability to demonstrate that the clinical and other benefits of the device outweigh the risks; • the failure of its manufacturing process or

facilities to meet applicable requirements; and • the potential for approval policies or regulations of the FDA or applicable foreign regulatory bodies to change significantly in a manner rendering its clinical data or regulatory filings insufficient for clearance or approval. The regulations to which the Company is subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on the Company' s ability to carry on or expand its operations, higher than anticipated costs or lower than anticipated sales. The FDA enforces these regulatory requirements through, among other means, periodic unannounced inspections. The Company does not know whether it will be found compliant in connection with any future regulatory inspections. Moreover, the FDA and state authorities have broad enforcement powers. Its failure to comply with applicable regulatory requirements could result in enforcement action by any such agency. If any of these events were to occur, it would negatively affect the Company' s business, financial condition and results of operations. If the Company fails to comply with applicable regulatory requirements, it could result in enforcement action by the U. S. FDA, federal and state agencies or international regulatory bodies and the Company' s commercial operations would be harmed. The Company' s products are medical devices that are subject to extensive regulation in the U. S. by the FDA for manufacturing, labeling, sale, promotion, distribution and shipping. The FDA, state authorities and international regulatory bodies have broad enforcement powers. If the Company fails to comply with any U. S. law or any of the applicable regulatory requirements of the FDA, or federal or state agencies, or one of the international regulatory bodies, it could result in enforcement action by the agencies, which may include any of the following sanctions: • warning letters, fines, injunctions, consent decrees and civil penalties; • repair, replacement, recall or seizure of the Company' s products; • operating restrictions or partial suspension or total shutdown of production; • refusing the Company' s requests for 510 (k) clearance of new products, new intended uses, or modifications to existing products; • withdrawing 510 (k) clearance or pre- market approvals that have already been granted; and • criminal prosecution. Federal regulatory reforms and changes occurring at the FDA could adversely affect the Company' s ability to sell its products profitably and financial condition. From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the clearance or approval, manufacture and marketing of a device. It is impossible to predict whether legislative changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect the Company' s business and the Company' s products. Changes in FDA regulations may lengthen the regulatory approval process for medical devices and require additional clinical data to support regulatory clearance for the sale and marketing of the Company' s new products. In addition, it may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of the Company' s products to market. Either of these changes lengthen the duration to market, increase the Company' s costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for its products. The Company supports any action that helps ensure patient safety going forward. The Company has a robust, multi-functional process that reviews its promotional claims and materials to ensure they are truthful, not misleading, fair and balanced, and supported by sound scientific evidence. If the Company fails to comply with the FDA' s Quality System Regulation and laser performance standards, the Company' s manufacturing operations could be halted, and its business would suffer. The Company is currently required to demonstrate and maintain compliance with the FDA' s Quality System Regulation (the " QSR "). The QSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of the Company' s products. Because the Company' s products involve the use of lasers, the Company' s products also are covered by a performance standard for lasers set forth in FDA regulations. The laser performance standard imposes specific record- keeping, reporting, product testing and product labeling requirements. These requirements include affixing warning labels to laser products, as well as incorporating certain safety features in the design of laser products. The FDA enforces the QSR and laser performance standards through periodic unannounced inspections. The Company has had multiple quality system inspections by the FDA, as well as audits the Company' s Notified Body, and other foreign regulatory agencies, with the most recent inspection by the FDA occurring under the Medical Device Single Audit Program in January 2021. There were no significant findings or observations as a result of this audit. Failure to take satisfactory corrective action in response to an adverse QSR inspection or its failure to comply with applicable laser performance standards could result in enforcement actions, including a public warning letter, a shutdown of the Company' s manufacturing operations, a recall of its products, civil or criminal penalties, or other sanctions, such as those described in the preceding paragraph, which would cause its sales and business to suffer. The Company is subject to the FDA' s Bioresearch Monitoring (BIMO) program. As such, the BIMO audits the Company and the Company is also subject to FDA regulations relating to the design and conduct of clinical trials. The Company is subject to unannounced BIMO audits, with the most recent inspection by FDA completed over five years ago in August 2016. There were no significant findings and only two observations as a result of this audit. The Company' s responses to these observations were accepted by the FDA. Failure to take satisfactory corrective action in response to an adverse BIMO inspection or the Company' s failure to comply with Good Clinical Practices could result in the Company no longer being able to sponsor Biomedical Research, the reversal of 510 (k) clearances previously granted based on the results of clinical trials conducted to gain clinical data to support those 510 (k) clearances, or enforcement actions, including a public warning letter, civil or criminal penalties, or other sanctions, such as those described in the preceding paragraph, which would cause the Company' s sales and business to suffer. The Company' s products may cause or contribute to adverse medical events or be subject to failures or malfunctions that the Company is required to report to the FDA, and if the Company fails to do so, the Company would be subject to sanctions that could harm its reputation, business, financial condition and results of operations. The discovery of serious safety issues with its products, or a recall of the Company' s products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on the Company. The Company is subject to the FDA' s medical device reporting regulations and similar foreign regulations, which require the Company to report to the FDA when the Company receives or becomes aware of information that

reasonably suggests that one or more of its products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of its obligation to report is triggered by the date the Company becomes aware of the adverse event as well as the nature of the event. The Company may fail to report adverse events of which it becomes aware within the prescribed timeframe. The Company may also fail to recognize that it has become aware of a reportable adverse event, especially if it is not reported to the Company as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If the Company fails to comply with its reporting obligations, the FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of its device clearance or approval, seizure of its products or delay in clearance or approval of future products. The FDA and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA' s authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. The Company may also choose to voluntarily recall a product if any material deficiency is found. A government- mandated or voluntary recall by the Company could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future. Depending on the corrective action the Company takes to redress a product' s deficiencies or defects, the FDA may require, or the Company may decide, that it will need to obtain new clearances or approvals for the device before the Company may market or distribute the corrected device. Seeking such clearances or approvals may delay its ability to replace the recalled devices in a timely manner. Moreover, if the Company does not adequately address problems associated with its devices, the Company may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines. Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. The Company may initiate voluntary withdrawals or corrections for its products in the future that the Company determines do not require notification of the FDA. If the FDA disagrees with its determinations, it could require the Company to report those actions as recalls and the Company may be subject to enforcement action. A future recall announcement could harm its reputation with customers, potentially lead to product liability claims against the Company and negatively affect its sales. Any corrective action, whether voluntary or involuntary, as well as defending itself in a lawsuit, will require the dedication of its time and capital, will distract management from operating its business and may harm its reputation and financial results. Sales of the Company' s products outside the U. S. are subject to foreign regulatory requirements that vary widely from country to country. In addition, exports of medical devices from the U. S. are regulated by the FDA. Complying with international regulatory requirements can be an expensive and time- consuming process and approval is not certain. The time required for obtaining clearance or approvals, if required by other countries, may be longer than that required for FDA clearance or approvals, and requirements for such clearances or approvals may significantly differ from FDA requirements. The Company may be unable to obtain or maintain regulatory qualifications, clearances or approvals in other countries. The Company may also incur significant costs in attempting to obtain and in maintaining foreign regulatory approvals or qualifications. If the Company experience delays in receiving necessary qualifications, clearances or approvals to market its products outside the U. S., or if the Company fails to receive those qualifications, clearances or approvals, the Company may be unable to market its products or enhancements in international markets effectively, or at all, which could have a material adverse effect on the Company' s business and growth strategy. **On April 11, 2023, J. Daniel Plants and David H. Mowry, the Company' s former Executive Chairperson and former Chief Executive Officer, respectively, filed a complaint in the Delaware Court of Chancery against five of the Company' s independent directors, Gregory Barrett, Sheila Hopkins, Timothy O' Shea, Juliane Park and Janet Widmann, as defendants, and the Company, as nominal defendant (the " Delaware Litigation "), seeking a declaration that the individual defendants breached their fiduciary duties and to enjoin them from enforcing the nomination deadline under the Company' s bylaws in connection with the 2023 annual meeting of stockholders, or in the alternative, a declaration that the Company must hold a special meeting of the stockholders on June 2, 2023. On May 16, 2023, Mr. Mowry filed a letter with the Court of Chancery disclosing that he had resolved his dispute with the defendants and agreed to dismiss his claims with prejudice. On May 17, 2023, the Court of Chancery granted an order for voluntary dismissal of Mr. Mowry as a plaintiff in the Delaware Litigation. The Delaware Litigation was initiated by Mr. Plants in connection with the campaign of Mr. Plants and Voce Capital Management LLC to remove certain directors from the Company' s board of directors at a special meeting of stockholders and subsequently nominate new directors for election at the Company' s 2023 annual meeting of stockholders. Mr. Plants withdrew his demand for a special meeting of stockholders, and the Company held the 2023 annual meeting of stockholders on July 13, 2023, having received no additional director nominations from Mr. Plants. Due to Plaintiff' s failure to amend his Complaint within the time required by the Court' s order dated October 6, 2023, the matter is dismissed with prejudice and each party shall bear its own attorney' s fees and costs. Therefore, Cutera considers this matter closed Activist campaigns that contest or conflict with the Company' s strategic direction or seek changes in the composition of the Company' s Board or management could have an adverse effect on its operating results and financial condition. A proxy contest could require the Company to incur significant legal and advisory fees, proxy solicitation expenses and administrative and associated costs. In addition, proxy contests require significant time and attention by the Company' s Board and management to address stockholder matters, diverting their attention from executing on the Company' s business strategy. Any perceived uncertainties as to the Company' s future direction and control, the Company' s ability to execute on its strategy, or changes to the composition of its Board or senior management team arising from a proxy contest could lead to the perception of a change in the direction of the Company' s business or instability which may result in the loss of**

potential business opportunities, be exploited by the Company' s competitors, cause concern for those enrolling in the Company' s clinical trials, make it more difficult to pursue the its strategic initiatives, or limit its ability to attract and retain qualified personnel and business partners, any of which could adversely affect the Company' s business and operating results. Actions such as those described above could cause significant fluctuations in the Company' s stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of the Company' s business. On May 24, 2023, purported shareholder Erie County Employees' Retirement System filed a putative class action securities fraud complaint in the U. S. District Court for the Northern District of California against the Company, David H. Mowry, Rohan Seth, and J. Daniel Plants, asserting claims for violation of Sections 10 (b) and 20 (a) of the Securities Exchange Act of 1934. The case is styled Erie County Employees' Retirement System v. Cutera, Inc., et al., Case No. 4: 23- cv- 02560 (N. D. Cal.) (Tigar, J.). The complaint purports to be brought on behalf of all investors who purchased or otherwise acquired Cutera stock between February 17, 2021 and May 9, 2023. According to the complaint, during that time period, defendants allegedly made materially false and misleading statements in SEC filings and press releases and during investor calls. In particular, the complaint alleges that defendants overstated the sustainability of the Company' s revenue growth and failed to disclose material adverse facts regarding conflicts among senior officers and the board of directors and regarding weaknesses in the Company' s internal controls over financial reporting. Additional information concerning this action is publicly available in court filings in the Northern District of California under docket number 4: 23- cv- 02560. This action could divert the Company' s management' s attention and resources from the Company' s ordinary business operations, and the Company could incur significant expenses associated with defending it (including, without limitation, substantial attorneys' fees and other fees of professional advisors and potential obligations to indemnify current and former officers and directors who are or may become parties to this action, to the extent not covered by insurance). There can also be no assurance that the Company will be successful in any defense. The Company also may be required to pay material damages, consent to injunctions on future conduct and suffer other penalties, remedies or sanctions. In addition, the action could adversely impact Company' s reputation and harm its ability to generate revenue. Accordingly, the ultimate resolution of this matter could have a material adverse effect on the Company' s business, financial condition, results of operations and cash flow and, consequently, could negatively impact the trading price of its common stock. To successfully market and sell the Company' s products internationally, the Company must address many issues that are unique to the Company' s international business. Furthermore, international expansion is a key component of the Company' s growth strategy, although the Company' s international operations and foreign transactions expose the Company to additional operational challenges that the Company might not otherwise face. The Company is focused on international expansion as a key component of its growth strategy and has identified specific areas of opportunity in various international markets. Revenue from customers outside of North America is a material component of the Company' s business strategy and represented **50 % of its total revenue in 2023 compared to** 49 % of ~~its~~ **the Company' s** total revenue in ~~2021~~ **2022** ~~compared to 53 % of the Company' s total revenue in 2020~~ . The Company employs a direct sales force in the major markets throughout Europe as well as Canada, Japan and Australia / New Zealand while using third- party distributors to sell its products in several other country in the Middle East, Asia, and South America in particular. The Company may be unable to increase or maintain its level of international revenue due to supply chain disruptions or loss of distributor relationship. While the Company continues to have a direct sales and service organization in Australia, New Zealand, Japan, France, Belgium, Spain, Germany, Switzerland and the United Kingdom, a significant portion of its international revenue is generated through its network of distributors. Though the Company continues to evaluate and replace non- performing distributors and has recently brought greater focus to collaboration with its distribution partners, there can be no assurance given that these initiatives will result in improved international revenue or profitability in the future. To grow the Company' s business, it is essential to improve productivity in current sales territories and expand into new territories. However, direct sales productivity may not improve and distributors may not accept the Company' s business or commit the necessary resources to market and sell the Company' s products at the Company' s expectations. If the Company is not able to increase or maintain international revenue growth, the Company' s total revenue, profitability and stock price may be adversely impacted. The Company' s manufacturing operations are dependent upon third- party suppliers, making its vulnerable to supply shortages and price fluctuations, which could harm its business. Many of the components and materials that comprise the Company' s products are currently manufactured by a limited number of suppliers ~~. In addition, all of the Company' s skincare products are manufactured by its sole supplier, ZO~~ . A supply interruption or an increase in demand beyond the Company' s current suppliers' capabilities could harm the Company' s ability to manufacture its products until a new source of supply is identified and qualified. The Company' s reliance on these suppliers subjects the Company to a number of risks that could harm its business, including: • interruption of supply resulting from modifications to or discontinuation of a supplier' s operations; • delays in product shipments resulting from uncorrected defects, reliability issues or a supplier' s variation in a component; • lack of long- term supply arrangements for key components with the Company' s suppliers; • inability to obtain adequate supply in a timely manner, or on reasonable terms; • inability to redesign one or more components in the Company' s systems in the event that a supplier discontinues manufacturing such components and the Company' s inability to sources it from other suppliers on reasonable terms; • difficulty locating and qualifying alternative suppliers for the Company' s components in a timely manner; • production delays related to the evaluation and testing of products from alternative suppliers and corresponding regulatory qualifications; and delay in supplier deliveries. Any interruption in the supply of components or materials, or the Company' s inability to obtain substitute components or materials from alternate sources at acceptable prices in a timely manner, could impair its ability to meet the demand of the Company' s customers, which would have an adverse effect on the Company' s business. Risks related to the reduction or interruption in supply and an inability to develop alternative sources for supply may adversely affect the Company' s manufacturing operations and related product sales.

The Company maintains manufacturing operations at its facility in Brisbane, California, and purchases many of the components and raw materials used in manufacturing these products from numerous suppliers in various countries. Any problem affecting a supplier (whether due to external or internal causes) could have a negative impact on the Company. In limited cases, specific components and raw materials are purchased from primary or main suppliers (or in some cases, a single supplier) for reasons related to quality assurance, cost- effectiveness ratio and availability. While the Company works closely with its suppliers to ensure supply continuity, the Company cannot guarantee that its efforts will always be successful. Moreover, due to strict standards and regulations governing the manufacture and marketing its products, it may not be able to quickly locate new supply sources in response to a supply reduction or interruption, with negative effects on its ability to manufacture its products effectively and in a timely fashion. The Company distributes its products primarily through independent distributors in many countries outside of North America. The Company' s business may suffer if any of its distribution partners terminates or otherwise fails to renew its distribution agreement with the Company and the Company is otherwise unable to replace such agreement with a distribution agreement containing similar terms. **For example, in 2024, the Company terminated its relationship with ZO Skin Health (" ZO ") for the distribution of ZO' s skincare products after it could not agree on terms with ZO on an extension of the existing distribution agreement. In the twelve months ended December 31, 2023, and 2022, revenue from the distribution of skincare products was $ 34. 0 million and $ 42. 5 million, respectively, representing 16 % and 17 % of the Company' s consolidated revenue, respectively.** The distributors may sell competitors' products, and if they favor competitors' products for any reason, they may fail or reduce their effort to market and sell the Company' s products as effectively or to devote resources necessary to provide effective sales, which would adversely affect its financial performance. The financial health of the Company' s distributors and its continuing relationships with them are important to the Company' s success. Some of these distributors, particularly smaller firms with limited working capital and resources, may not be able to withstand adverse changes in business conditions or mitigate the negative impact of a prolonged economic downturn or recession ~~, including the impact of the COVID- 19 pandemic~~ . The failure of the Company' s distributors to maintain financial heath and success will impact its ability to generate revenues. In addition, these distributors order the Company' s products and maintain their inventory based on forecasts of potential demands from end customers, and distributors may not be able to forecast such demand accurately, which may adversely affect the Company' s ability to generate sales and revenue in a timely manner. In some cases, distributors may delay ordering systems until they receive confirmation of orders from end customers, and this delay may cause disruption and make it more difficult for the Company to fill their orders timely and effectively, which may adversely affect the Company' s revenue and sales. Furthermore, the Company' s relationship with distributors may change or terminate due to other factors beyond its control, including but are not limited to, acquisition of distributors by third parties may not be willing to continue the relationship with ~~us~~ **the Company** ; internal restructuring or a refocus of business strategies; and changes in management, all of which may negatively impact its ability to continue to sell to such distributors. Finally, the Company generally does not have long- term agreements with distributors who purchase its products primarily through purchase orders. Without an agreement, the Company is not able to guarantee that such distributors will not discontinue or terminate their relationship with the Company at any time, and any loss of distributor will negatively impact the Company' s financial condition and results of operations. The Company has entered into distribution arrangements pursuant to which the Company utilizes its sales force and distributors to sell products manufactured by other companies. ~~The Company also has an exclusive agreement with ZO to distribute certain of their proprietary skincare products in Japan.~~ Each of these agreements requires the Company to purchase annual minimum dollar amounts of their products. Additionally, the Company has entered into distribution arrangements with other companies to promote and sell the Secret RF products. Each of these distribution agreements presents its own unique risks and challenges. For example, to sell skincare products the Company needs to invest in creating a sales structure that is experienced in the sale of such products and not in capital equipment. The Company needs to commit resources to train the Company' s sales force, obtain regulatory licenses, and develop new marketing materials to promote the sale of these products. In addition, the minimum commitments and other costs of distributing products manufactured by these companies may exceed the incremental revenue that the Company derives from the sale of their products, thereby negatively impacting the Company' s profitability and reducing the Company' s available cash reserves. If the Company does not make the minimum purchases required in the distribution contracts, or if the third- party manufacturer revokes the Company' s distribution rights, the Company could lose the distribution rights of the products, which ~~would adversely affect the Company' s future revenue, results of operations, cash flows and its stock price. The Company has an exclusive agreement with ZO to distribute ZO' s proprietary skincare products in Japan. There are certain economic requirements in the agreement that were not met for the 2022 fiscal year because of global economic factors, such as the unprecedented decline in the value of the Japanese Yen compared to the U. S. Dollar over the course of 2022. ZO therefore has the option to terminate the distribution agreement notwithstanding certain conditions. If ZO terminates the Company' s distribution rights, or forces the Company to amend the terms of its distribution agreement, this~~ would adversely affect the Company' s future revenue, results of operations, cash flows and its stock price. If customers are not trained and / or the Company' s products are used by non- licensed practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company' s reputation, result in product liability litigation, distract management and result in additional costs, all of which could harm the Company' s business. If the Company' s products are used by non- licensed or untrained practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company' s reputation and the Company' s business. U. S. federal regulations allow the Company to sell the Company' s products to or on the order of " licensed practitioners. " The definition of " licensed practitioners " varies from state to state. As a result, the Company' s products may be purchased or operated by physicians with varying levels of training, and in many states, by non- physicians, including nurse practitioners, chiropractors and technicians. Outside the U. S., many jurisdictions do not require specific qualifications or training for purchasers or operators of its products. The Company does not supervise the procedures performed

with the Company' s products, nor does the Company require that direct medical supervision occur that is determined by state law. The Company and its distributors generally offer but do not require product training to the purchasers or operators of the Company' s products. In addition, the Company sometimes sells its systems to companies that rent its systems to third parties and that provide a technician to perform the procedures. The lack of training and the purchase and use of its products by non-physicians may result in product misuse and adverse treatment outcomes, which could harm the Company' s reputation and its business, and, in the event these actions result in product liability litigation, distract management and subject the Company to liability, including legal expenses. Clinical trials may be necessary to support future product submissions to the FDA. The clinical trial process is lengthy and expensive with uncertain outcomes, and often requires the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Delays or failures in the Company' s clinical trials will prevent it from commercializing any modified or new products and will adversely affect its business, operating results and prospects. The Company has conducted clinical trials in the past and will likely conduct clinical trials in the future. Initiating and completing clinical trials necessary to support any future products, will be time- consuming and expensive and the outcome, uncertain. Moreover, the results of early clinical trials are not necessarily predictive of future results, and any product the Company advances into clinical trials may not have favorable results in later clinical trials. The results of preclinical studies and clinical trials of its products conducted to date and ongoing or future studies and trials of its current, planned or future products may not be predictive of the results of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. The Company' s interpretation of data and results from its clinical trials do not ensure that the Company will achieve similar results in future clinical trials. In addition, preclinical and clinical data are often susceptible to various interpretations and analyses, and many companies that have believed their products performed satisfactorily in preclinical studies and earlier clinical trials have nonetheless failed to replicate results in later clinical trials. Products in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through nonclinical studies and earlier clinical trials. Failure can occur at any stage of clinical testing. The Company' s clinical studies may produce negative or inconclusive results, and it may decide, or regulators may require ~~us~~ **the Company** , to conduct additional clinical and non- clinical testing in addition to those the Company has planned. • the Company may be required to submit an IDE application to the FDA, which must become effective prior to commencing certain human clinical trials of medical devices, and the FDA may reject the Company' s IDE application and notify the Company that it may not begin clinical trials; • regulators and other comparable foreign regulatory authorities may disagree as to the design or implementation of its clinical trials; • regulators and / or an IRB, or other reviewing bodies may not authorize the Company or its investigators to commence a clinical trial, or to conduct or continue a clinical trial at a prospective or specific trial site; • the Company may not reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites; • clinical trials may produce negative or inconclusive results, and the Company may decide, or regulators may require the Company to conduct additional clinical trials or abandon product development programs; • the number of subjects or patients required for clinical trials may be larger than the Company anticipates, enrollment in these clinical trials may be insufficient or slower than the Company anticipates, and the number of clinical trials being conducted at any given time may be high and result in fewer available patients for any given clinical trial, or patients may drop out of these clinical trials at a higher rate than the Company anticipates; • the Company' s third- party contractors, including those manufacturing products or conducting clinical trials on the Company' s behalf, may fail to comply with regulatory requirements or meet their contractual obligations to the Company in a timely manner, or at all; • the Company might have to suspend or terminate clinical trials for various reasons, including a finding that the subjects are being exposed to unacceptable health risks; • the Company may have to amend clinical trial protocols or conduct additional studies to reflect changes in regulatory requirements or guidance, which it may be required to submit to an IRB and / or regulatory authorities for re- examination; • regulators, IRBs, or other parties may require or recommend that the Company or its investigators suspend or terminate clinical research for various reasons, including safety signals or noncompliance with regulatory requirements; • the cost of clinical trials may be greater than the Company anticipates; • clinical sites may not adhere to the clinical protocol or may drop out of a clinical trial; • the Company may be unable to recruit a sufficient number of clinical trial sites; • regulators, IRBs, or other reviewing bodies may fail to approve or subsequently find fault with its manufacturing processes or facilities of third-party manufacturers with which the Company enters into agreement for clinical and commercial supplies, the supply of devices or other materials necessary to conduct clinical trials may be insufficient, inadequate or not available at an acceptable cost, or the Company may experience interruptions in supply; • approval policies or regulations of the FDA or applicable foreign regulatory agencies may change in a manner rendering the Company' s clinical data insufficient for approval; • the Company' s current or future products may have undesirable side effects or other unexpected characteristics; and • impacts of regional or global public health crises ~~including the ongoing COVID- 19 pandemic~~ could adversely affect any clinical trials the Company is conducting or plan to conduct, including delays or difficulties in enrolling or onboarding patients, initiating clinical sites, or obtaining the requisite regulatory approvals, interruption of key clinical trial activities, or supply chain disruptions that delay or make it more difficult or costly to obtain the supplies and materials the Company needs for clinical trials. Any of these occurrences may significantly harm the Company' s business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of its products. Clinical trials must be conducted in accordance with the laws and regulations of the FDA and other applicable regulatory authorities' legal requirements, regulations or guidelines, and are subject to oversight by these governmental agencies and IRBs at the medical institutions where the clinical trials are conducted. Conducting successful clinical studies will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Patient enrollment in clinical trials and completion of patient participation and follow- up depends on many factors, including the size of the patient population, the nature of the trial protocol, the attractiveness of, or the discomforts and risks

associated with, the treatments received by enrolled subjects, the availability of appropriate clinical trial investigators, support staff, and proximity of patients to clinical sites and able to comply with the eligibility and exclusion criteria for participation in the clinical trial and patient compliance. For example, patients may be discouraged from enrolling in its clinical trials if the trial protocol requires them to undergo extensive post- treatment procedures or follow- up to assess the safety and effectiveness of its products or if they determine that the treatments received under the trial protocols are not attractive or involve unacceptable risks or discomforts. The Company depends on its collaborators and on medical institutions and CROs to conduct its clinical trials in compliance with good clinical practice (" GCP") requirements. To the extent its collaborators or the CROs fail to enroll participants for its clinical trials, fail to conduct the study to GCP standards or are delayed for a significant time in the execution of trials, including achieving full enrollment, the Company may be affected by increased costs, program delays or both. In addition, clinical trials that are conducted in countries outside the United States may subject the Company to further delays and expenses as a result of increased shipment costs, additional regulatory requirements and the engagement of non- U. S. CROs, as well as expose the Company to risks associated with clinical investigators who are unknown to the FDA, and different standards of diagnosis, screening and medical care. Development of sufficient and appropriate clinical protocols to demonstrate safety and efficacy are required and the Company may not adequately develop such protocols to support clearance and approval. Further, the FDA may require the Company to submit data on a greater number of patients than the Company originally anticipated and / or for a longer follow- up period or change the data collection requirements or data analysis applicable to the Company' s clinical trials. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may cause an increase in costs and delays in the approval and attempted commercialization of its products or result in the failure of the clinical trial. In addition, despite considerable time and expense invested in its clinical trials, the FDA may not consider the Company' s data adequate to demonstrate safety and efficacy. Such increased costs and delays or failures could adversely affect its business, operating results and prospects. Intellectual property rights may not provide adequate protection for some or all of the Company' s products, which may permit third parties to compete against the Company more effectively. The Company relies on patent, copyright, trade secret and trademark laws and confidentiality agreements to protect the Company' s technology and products. As of January 19, ~~2023~~ **2024** , the Company had ~~28~~ **30** issued and unexpired U. S. patents, ~~10~~ **9** pending U. S. patent applications, and ~~four~~ **14** pending international applications under the Patent Cooperation Treaty (" PCT") or other national or regional patent offices. Some of the Company' s components, such as the Company' s laser module, electronic control system and high- voltage electronics, are not, and in the future may not be, protected by patents. Additionally, the Company' s patent applications may not issue as patents or, if issued, may not issue in a form that will be advantageous to ~~us~~ **the Company** . Any patents the Company obtains may be challenged, invalidated or legally circumvented by third parties. Consequently, competitors could market products and use manufacturing processes that are substantially similar to, or superior to, the Company' s. The Company may not be able to prevent the unauthorized disclosure or use of the Company' s technical knowledge or other trade secrets by consultants, vendors, former employees or current employees, despite the existence generally of confidentiality agreements and other contractual restrictions. Monitoring unauthorized uses and disclosures of the Company' s intellectual property is difficult, and the Company does not know whether the steps it has taken to protect the Company' s intellectual property will be effective. Moreover, the laws of many foreign countries will not protect the Company' s intellectual property rights to the same extent as the laws of the U. S. The absence of complete intellectual property protection exposes the Company to a greater risk of direct competition. Competitors could purchase one of the Company' s products and attempt to replicate some or all of the competitive advantages the Company derives from the Company' s development efforts, design around the Company' s protected technology, or develop their own competitive technologies that fall outside of the Company' s intellectual property rights. If the Company' s intellectual property is not adequately protected against competitors' products and methods, the Company' s competitive position and its business could be adversely affected **. The expense and potential unavailability of liability insurance coverage for the Company' s customers could adversely affect its ability to sell its products, and therefore adversely affect its financial condition** . Some of the Company' s customers and prospective customers have had difficulty procuring or maintaining liability insurance to cover their operation and use of its products. Medical malpractice carriers are withdrawing coverage in certain states or substantially increasing premiums. If this trend continues or worsens, the Company' s customers may discontinue using the Company' s products and potential customers may opt against purchasing laser- based products due to the cost or inability to procure insurance coverage. The unavailability of insurance coverage for the Company' s customers and prospects could adversely affect its ability to sell its products, and that could harm its financial condition. While the Company from time to time evaluates potential acquisitions of businesses, products and technologies, and anticipates continuing to make these evaluations, the Company has no present understandings, commitments or agreements with respect to any material acquisitions or collaborative projects. The Company may not be able to identify appropriate acquisition candidates or strategic partners, or successfully negotiate, finance or integrate any businesses, products or technologies that the Company acquire. The Company has limited experience as a team with acquiring companies and products. Furthermore, the integration of any acquisition and management of any collaborative project may divert management' s time and resources from the Company' s core business and disrupt the Company' s operations and it may incur significant legal, accounting and banking fees in connection with such a transaction. Acquisitions could diminish the Company' s available cash balances for other uses, result in the incurrence of debt, contingent liabilities, or amortization expenses, and restructuring charges. Also, the anticipated benefits or value of its acquisitions or investments may not materialize and could result in an impairment of goodwill and / or purchased long- lived assets. The Company' s failure to address these risks or other problems encountered in connection with the Company' s past or future acquisitions and investments could cause the Company to fail to realize the anticipated benefits of such acquisitions Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market- wide liquidity

problems. For example, on March 10, 2023, Silicon Valley Bank, or SVB, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. Although the U. S. Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB would have access to all of their deposits and the Company and other depositors with SVB received such access on March 13, 2023, uncertainty and liquidity concerns in the broader financial services industry remain. Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. The U. S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to $ 25 billion of loans to financial institutions secured by such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments. However, widespread demands for customer withdrawals or other needs of financial institutions for immediate liquidity may exceed the capacity of such program. There is no guarantee that the U. S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions in a timely fashion or at all. The Company' s customers' and vendors' access to cash and cash equivalents in amounts adequate to finance their operations could be significantly impaired by the financial institutions with which they have arrangements directly facing liquidity constraints or failures. Any material decline in available funding could impact the payment of invoices and the Company' s supply chain. The Company' s cash, cash equivalents and marketable securities could be adversely affected by the failure of SVB or other financial institutions. Defaults, non- performance, bankruptcy, receivership or other adverse developments that affect banking institutions where the Company has deposited its funds or other financial institutions, or concerns or rumors about any events of these kinds or other similar risks, may result in liquidity issues for the Company. On March 10, 2023, California regulators closed Silicon Valley Bank (" SVB "), and the FDIC was appointed as SVB' s receiver. On March 26, 2023, the FDIC announced that it had entered into a purchase and assumption agreement with First- Citizens Bank & Trust Company under which all deposits of the former Silicon Valley Bank were assumed by First- Citizens Bank & Trust Company. Approximately $ ~~305~~ **126. 7** million of the Company' s total cash, **and** cash equivalents ~~, and marketable securities~~ balance of $ ~~317~~ **143. 6** million at December 31, ~~2022~~ **2023** , was at SVB or SVB Asset Management. The Company now maintains these accounts and custodial arrangements with or through First- Citizens Bank & Trust Company. Currently, the Company has full access to all funds in deposit accounts or other money management arrangements with First- Citizens Bank & Trust Company and other banks. However, those funds in bank deposit accounts in excess of the standard FDIC insurance limits are uninsured and subject to the risk of bank failure. Future adverse developments with respect to specific financial institutions or the broader financial services industry may also lead to market- wide liquidity shortages. The failure of any bank in which the Company deposits its funds could reduce the amount of cash the Company has available for its operations or delay its ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and / or custodial financial institutions. In the event the Company has a commercial relationship with a bank that has failed or is otherwise distressed, the Company may experience delays or other issues in meeting its financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, the Company' s ability to access its cash and cash equivalents may be threatened and could have a material adverse effect on the Company' s business and financial condition. The Company' s ability to access credit on favorable terms, if necessary, for the funding of the Company' s operations and capital projects may be limited due to changes in credit markets. The ~~Company is party to a Loan and Security Agreement (the " Loan and Security Agreement ") with First- Citizens Bank & Trust Company (as successor to SVB). The Loan and Security Agreement provides for a four- year secured revolving loan facility in an aggregate principal amount of up to $ 30. 0 million (the " Revolving Line of Credit "). The Revolving Line of Credit matures on July 9, 2024. As of December 31, 2022, the Company had not drawn on this credit facility. On March 13, 2023, the Company violated one of the terms of the credit facility by transferring funds from Silicon Valley Bank. The Company received a waiver from First- Citizens Bank & Trust Company for this violation. A future violation of any of the covenants could result in a default under the Loan and Security Agreement that would permit First- Citizens Bank & Trust Company to restrict the Company' s ability to further access the Revolving Line of Credit for loans and letters of credit and require the immediate repayment of any outstanding loans under the agreement. In addition, these covenants are subject to renegotiation at the beginning of each fiscal year, which further reduces the Company' s ability to anticipate whether this source of capital will continue to be available in the near term. Additionally, in the past, the~~ credit markets and the financial services industry have experienced disruption characterized by the bankruptcy, failure, collapse or sale of various financial institutions, increased volatility in securities prices, diminished liquidity and credit availability and intervention from the U. S. and other governments. Continued concerns about the systemic impact of potential long- term or widespread downturn, energy costs, geopolitical issues, the availability and cost of credit, the global commercial and residential real estate markets and related mortgage markets and reduced consumer confidence have contributed to increased market volatility. The cost and availability of credit has been and may continue to be adversely affected by these conditions. The Company cannot be certain that funding for the Company' s capital needs will be available from the Company' s existing financial institutions and the credit markets if needed, and if available, to the extent required and on acceptable terms ~~. The Loan and Security Agreement terminates on July 9, 2024 and if the Company cannot renew or refinance this facility or obtain funding when needed, in each case on acceptable terms, such conditions may have an adverse effect on the Company' s revenues and results of operations~~ . The Company relies on networks, information management software and other technology, or information systems, including the Internet and third- party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing, order processing and collection of payments. The Company uses information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. In addition, the Company depends on information systems for digital marketing activities and electronic

communications among the Company' s locations around the world and between company personnel as well as customers and suppliers. Because information systems are critical to many of the Company' s operating activities, the Company' s business processes may be impacted by system shutdowns or service disruptions. These disruptions may be caused by failures during routine operations such as system upgrades or user errors, as well as network or hardware failures, malicious or disruptive software, computer hackers, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. These events could result in unauthorized disclosure of material confidential information. If the Company' s information systems suffer severe damage, disruption or shutdown and the Company business continuity plans do not effectively resolve the issues in a timely manner, the Company could experience delays in reporting the Company' s financial results and the Company may lose revenue and profits as a result of the Company' s inability to timely manufacture, distribute, invoice and collect payments. Misuse, leakage or falsification of information could result in a violation of data privacy laws and regulations and damage the Company' s reputation and credibility, and could expose the Company to liability. The Company may also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. Like most major corporations, the Company' s information systems are a target of attacks. A cyber security attack or other incident that bypasses the Company' s information systems security could cause a security breach which may lead to a material disruption to the Company' s information systems infrastructure or business and may involve a significant loss of business or patient health information. If a cyber security attack or other unauthorized attempt to access the Company' s systems or facilities were successful, it could result in the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, and could cause operational or business delays that may materially impact the Company' s ability to provide various healthcare services. Any successful cyber security attack or other unauthorized attempt to access the Company' s systems or facilities also could result in negative publicity which could damage the Company' s reputation or brand with the Company' s patients, referral sources, payors or other third parties and could subject the Company to a number of adverse consequences, the vast majority of which are not insurable, including but not limited to disruptions in the Company' s operations, regulatory and other civil and criminal penalties, fines, investigations and enforcement actions (including, but not limited to, those arising from the SEC, Federal Trade Commission, Office of Civil Rights, the Office of Inspector General or state attorneys general), fines, private litigation with those affected by the data breach, loss of customers, disputes with payors and increased operating expense, which either individually or in the aggregate could have a material adverse effect on the Company' s business, financial position, results of operations and liquidity. There can be no assurance that disruptions to the Company' s information systems that have materially affected its business, financial condition or results of operations to the Company' s may occur and have a material adverse effect on the Company in the future. Macroeconomic political and market conditions, and catastrophic events may adversely affect the Company' s business, results of operations, financial condition and the trading price of the stock. The Company' s business is influenced by a range of factors that are beyond the Company' s control, including: • general macro- economic and business conditions in the Company' s key markets of North America, Japan, Asia Pacific, the Middle East, Europe and Australia; • the lack of credit financing, or an increase in the cost of borrowing, for some of the Company' s potential customers due to increasing interest rates and lending requirements; • the overall demand for the Company' s products by the core market specialties of dermatologists and plastic surgeons; • the timing and success of new product introductions by the Company or the Company' s competitors or any other change in the competitive landscape of the market for non- surgical aesthetic procedures, including consolidation among the Company' s competitors; • the level of awareness of aesthetic procedures and the market adoption of the Company' s products; • changes in the Company' s pricing policies or those of the Company' s competitors; • governmental budgetary constraints or shifts in government spending priorities; • general political developments, both domestic and in the Company' s foreign markets, including economic and political uncertainty caused by elections; • natural disasters and public health events; • tax law changes; • currency exchange rate fluctuations; and • any trade restrictions or higher import taxes that may be imposed by foreign countries against products sold internationally by U. S. companies. Macroeconomic developments, like global recessions and financial crises could negatively affect the Company' s business, operating results, or financial condition which, in turn, could adversely affect the Company' s stock price. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their budgets or be unable to fund product or upgrade application purchases, which could cause customers to delay, decrease or cancel purchases of the Company' s products and services or cause customers not to pay the Company or to delay paying the Company for previously purchased products and services. In addition, political unrest in regions like the Middle East, terrorist attacks around the globe and the potential for other hostilities in various parts of the world, potential public health crises and natural disasters continue to contribute to a climate of economic and political uncertainty that could adversely affect the Company' s results of operations and financial condition, including the Company' s revenue growth and profitability. Macroeconomic declines, negative political developments, including volatile market conditions due to investor concerns regarding inflation and Russia' s invasion of Ukraine, adverse market conditions and catastrophic events may cause a decline in the Company' s revenue, negatively affect the Company' s operating results, adversely affect the Company' s cash ~~flow~~ **flows** and could result in a decline in the Company' s stock price **. Certain of the Company' s product platforms such as Enlighten and excel HR are only capable of being produced at the single site in Brisbane, and as such the occurrence of a catastrophic disaster or other similar event could cause damage to its facilities and equipment, which might require the Company to cease or curtail sales of these sole sourced platforms** . The Company is vulnerable to damage from various types of disasters, including fires, earthquakes, terrorist acts, floods, power losses, communications failures, pandemics and similar events. If any such disaster were to occur, the Company may not be able to operate the Company' s business at the Company' s facility in Brisbane, California. Before the Company could manufacture products from a replacement facility, the Company' s manufacturing facilities which require regulatory agency approval, could

require significant delays to obtain regulatory agency' s approval. The insurance the Company maintains may not be adequate to cover the Company' s losses resulting from disasters or other business interruptions. Therefore, any such catastrophe could seriously harm the Company' s business and consolidated results of operations. From time to time the Company may become subject to income tax audits or similar proceedings, and as a result the Company may incur additional costs and expenses or owe additional taxes, interest and penalties that may negatively impact its operating results. The Company is subject to income taxes in the U. S. and certain foreign jurisdictions where it operates through a subsidiary, including Australia, Belgium, Canada, France, Germany, Hong Kong, Japan, Spain, Switzerland, Italy and the United Kingdom. The Company' s determination of its tax liability is subject to review by applicable domestic and foreign tax authorities. The Company had sales and income tax audits in the past. The final timing and resolution of any future tax examinations are subject to significant uncertainty and could result in the Company' s having to pay amounts to the applicable tax authority in order to resolve examination of its tax positions. An increase or decrease of tax related to tax examination resolution could result in a change in the Company' s income tax accrual and could negatively impact its financial position, results of operations or cash flows. The Company is subject to taxes in the U. S. and other jurisdictions. Tax rates in these jurisdictions may be subject to significant change due to economic and / or political conditions. A number of other factors may also impact the Company' s future effective tax rate including: • the jurisdictions in which profits are determined to be earned and taxed; • the resolution of issues arising from tax audits with various tax authorities; • changes in valuation of the Company' s deferred tax assets and liabilities; • increases in expenses not deductible for tax purposes, including write- offs and impairment of goodwill in connection with acquisitions; • changes in availability of tax credits, tax holidays, and tax deductions; • changes in share- based compensation; and • changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles. Generally accepted accounting principles and the related authoritative guidance for many aspects of the Company' s business, including revenue recognition, inventories, warranties, leases, income taxes, expected credit losses, fair- value measurements, and stock- based compensation, are complex and involve subjective judgments. Changes in these rules or changes in the underlying estimates, assumptions or judgments by the Company' s management could have a material adverse effect on the Company' s results of operations and may retroactively affect previously reported results. The Company **has identified material weaknesses in its internal control over financial reporting related to information technology general controls (" ITGCs"); inventory controls; accounting for expense related to equity- based awards; and the design, maintenance and monitoring of a risk assessment program related to new and evolving risks, which could, if not remediated, result in material misstatements in the Company' s financial statements. The Company** is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a- 15 (f) under the Securities Exchange Act. As disclosed in Item 9A of this Annual Report on Form 10- K, the Company identified material weaknesses in its internal control over financial reporting relating to ITGCs, inventory controls, and controls related to accounting for equity awards **. In addition to the material weaknesses above, and in conjunction with the restatements, management identified an additional material weakness. Specifically, the Company failed to design, maintain and monitor a risk assessment program at a sufficiently precise level and therefore failed to identify new and evolving risks related to accounting policies, procedures and related controls performed over areas including, but not limited to inventory, revenues and lease income, costs for leased devices, and testing of certain key reports used in controls. Consequently, the Company failed to timely implement new controls to respond to changes in the business and leadership** . A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company' s annual or interim financial statements will not be prevented or detected on a timely basis. As a result of these material weaknesses, the Company concluded that its internal control over financial reporting was not effective based on criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission in Internal Control- An Integrated Framework (2013). The Company has begun the process of designing and implementing effective internal control measures to improve its internal controls over financial reporting and remediate these material weaknesses. ~~The Company' s efforts include implementing additional controls designed to detect potential material misstatements that may arise as a result of control weaknesses over ITGC controls, inventory controls, and review procedures concerning accounting for equity- based awards.~~ If these remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in the Company' s internal control over financial reporting are discovered or occur in the future, the Company' s consolidated financial statements may contain material misstatements, and the Company could be required to restate its financial results. In addition, if the Company is unable to successfully remediate the material weakness and is unable to produce accurate and timely financial statements, its stock price may be adversely **affected.** In ~~2022~~ **2023** , ~~49~~ **50** % of the Company' s total revenue was from customers outside of North America. The Company expects its sales from international operations and export sales to continue to be a significant portion of the Company' s revenue. The Company has placed a particular emphasis on increasing its growth and presence in international markets. The Company' s international operations and sales are subject, in varying degrees, to risks inherent in doing business outside the U. S. These risks include: • changes in trade protection measures, including embargoes, tariffs and other trade barriers, and import and export regulations and licensing requirements; • instability and uncertainties arising from the global geopolitical environment, such as economic nationalism, populism, protectionism and anti- global sentiment; • changes in tax laws and potential negative consequences from the interpretation, application and enforcement by governmental tax authorities of tax laws and policies; • unanticipated changes in other laws and regulations or in how such provisions are interpreted or administered; • reduced protection for intellectual property rights in some countries and practical difficulties of enforcing intellectual property and contract rights abroad; • possibility of unfavorable circumstances arising from host country laws or regulations, including those related to infrastructure and data transmission, security and privacy; • currency exchange rate fluctuations and restrictions on currency repatriation; • difficulties and expenses related to implementing internal control over financial reporting and disclosure controls and procedures; • disruption of sales from labor

and political disturbances; • regional safety and security considerations; • increased costs and risks in developing, staffing and simultaneously managing global sales operations as a result of distance as well as language and cultural differences; • increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations; • lengthy payment cycles and difficulty in collecting accounts receivable; • preference for locally- produced products, as well as protectionist laws and business practices that favor local companies; • outbreak or escalation of insurrection, armed conflict, terrorism or war; and • supply chain disruption or the loss of distributor relationships. Changes in the geopolitical or economic environments in the countries in which the Company operates could have a material adverse effect on the Company' s financial condition, results of operations or cash flows. For example, changes in U. S. policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact the Company' s business. The U. S. has imposed tariffs on certain goods imported from China and certain other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the U. S. on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could adversely impact the Company' s financial condition and results of operations. The Company' s global operations are required to comply with the U. S. Foreign Corrupt Practices Act of 1977, as amended (" FCPA "), Chinese anti- corruption laws, U. K. Bribery Law, and similar anti- bribery laws in other jurisdictions, and with U. S. and foreign export control, trade embargo and customs laws. If the Company fails to comply with any of these laws, the Company could suffer civil and criminal sanctions. In the European Economic Area (" EEA "), which is composed of the 27 Member States of the **European Union (" EU ")** plus Norway, Liechtenstein **,** and Iceland, a single regulatory approval process exists, and conformity with the legal requirements is represented by the CE mark **and corresponding EC certificate** . The Company' s products are regulated in the EU as medical devices per the EU Medical Devices Regulation (" MDR "). The Company' s **EC certificate under** ~~current CE marks on systems sold in~~ the EU ~~are set to~~ **Medical Devices Directive (" MDD ")** ~~expire~~ **expired** on April 15, 2023 **. However** , ~~and a new CE marking under~~ **Regulation (EU) 2023 / 607 effectively extends** the ~~MDR designation~~ **validity of the Company' s EC certificate until December 31, 2028. The Company** is **in the process of** ~~required after April 15, 2023. The Company intends to obtain~~ **obtaining** MDR certification for its principal products sold in the EU ~~ahead of the April 15,~~ **and expects to have MDR certification in** ~~2023~~ **2024** ~~, expiration date~~ . **In** ~~From January 1, 2021, the Medicines and Healthcare Products Regulatory Agency (" MHRA ") has been responsible for~~ the UK ~~medical device market. New regulations require medical devices to be registered with the MHRA. Manufacturers based outside the UK need to appoint a UK Responsible Person to register devices with the MHRA. By July 1~~ , ~~2024, in~~ the **implementation of the** ~~United Kingdom, all medical devices will require a UKCA (~~ UK Conformity Assessed **(" UKCA ")**) mark **has been delayed** , ~~but~~ **and the** CE ~~marks~~ **mark** ~~issued by~~ **will continue to be accepted until June 2028 for products certified under MDD and June 2030 for products certified under MDR. The CE mark continues to be required for goods sold in Northern Ireland. Other countries, such as Switzerland, have entered into Mutual Recognition Agreements and allow the marketing of medical devices that meet** EU **requirements** ~~notified bodies will remain valid until this time. However, UKCA marking alone will not be recognized in the EU~~ . In addition to the general risks that the Company faces outside the U. S., the Company' s operations in emerging markets could involve additional uncertainties for ~~us~~ **the Company** , including risks that governments may impose withholding or other taxes on remittances and other payments to ~~us~~ **the Company** , or the amount of any such taxes may increase; governments may seek to nationalize the Company' s assets; or governments may impose or increase investment barriers or other restrictions affecting the Company' s business. In addition, emerging markets pose other uncertainties, including the difficulty of enforcing agreements, challenges collecting receivables, protection of the Company' s intellectual property and other assets, pressure on the pricing of the Company' s products and services, higher business conduct risks, ability to hire and retain qualified talent and risks of political instability. The Company cannot predict the impact such events might have on the Company' s business, financial condition and results of operations. In addition, compliance with laws and regulations applicable to the Company' s international operations increases the Company' s cost of doing business in foreign jurisdictions. The Company may be unable to keep current with changes in foreign government requirements and laws as they change from time to time. Failure to comply with these regulations could have adverse effects on the Company' s business. In many foreign countries it is common for others to engage in business practices that are prohibited by the Company' s internal policies and procedures or U. S. regulations applicable to ~~us~~ **the Company** . In addition, although the Company has implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of the Company' s employees, contractors, distributors and agents will comply with these laws and policies. Violations of laws or key control policies by the Company' s employees, contractors, distributors or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of the Company' s offerings and could have a material adverse effect on the Company' s business operations and financial results. The Company generally offers credit terms of 30 to 90 days to qualified customers. In addition, from time to time, it offers certain key international distributors, with whom the Company has had an extended period of relationship and payment history, payment terms that are significantly longer than the regular 30 to 90 day terms. This allows such international distribution partners to have its products in stock and provide its products to customers on a timely basis. While the Company believes it has an adequate basis to ensure that it collects its accounts receivable, the Company cannot provide any assurance that the financial position of customers to whom it has provided payment terms will not change adversely before the Company receives payment. In the event that there is a default by any of the customers to whom the Company has provided credit terms, the Company may recognize a credit loss provision write- off charge in the Company' s general and administrative expenses. If this write- off charge is material, it could negatively affect the Company' s future results of operations, cash flows and its stock price. Additionally, in the event of deterioration of general business conditions or the availability of credit, the financial strength and stability of the Company' s customers and potential customers may deteriorate over time, which may cause them to cancel or delay their purchase of its products. In addition, the Company may be subject to increased risk of non- payment of its accounts

receivables. The Company may also be adversely affected by bankruptcies or other business failures of the Company' s customers and potential customers. A significant delay in the collection of funds or a reduction of funds collected may impact the Company' s liquidity or result in credit losses. The Company' s ability to effectively compete and generate additional revenue from new and existing products depends upon the Company' s ability to distinguish the Company and its products from the competitors and their products, and to develop and effectively market new and existing products. The Company' s success is dependent on many factors, including the following: • speed of new and innovative product development; • effective strategy and execution of new product launches; • identification and development of clinical support for new indications of the Company' s existing products; • product performance; • product pricing; • quality of customer support; • development of successful distribution channels, both domestically and internationally; and • intellectual property protection. To compete effectively, the Company has to demonstrate that its new and existing products are attractive alternatives to other devices and treatments, by differentiating the Company' s products on the basis of such factors as innovation, performance, brand name, service, and price. This is difficult to do, especially in a crowded aesthetic market. Some of the Company' s competitors have newer or different products and more established customer relationships than the Company does, which could inhibit the Company' s market penetration efforts. For example, the Company has encountered, and expects to continue to encounter, situations where, due to pre- existing relationships, potential customers decide to purchase additional products from the Company' s competitors. Potential customers also may need to recoup the cost of products that they have already purchased from the Company' s competitors and may decide not to purchase the Company' s products, or to delay such purchases. If the Company is unable to increase the Company' s market penetration or compete effectively, its revenue and profitability will be adversely impacted. Continued expansion of the global market for laser and other- energy- based aesthetic procedures is a material assumption of the Company' s business strategy. Most procedures performed using the Company' s products are elective procedures not reimbursable through government or private health insurance, with the costs borne by the patient. The decision to utilize the Company' s products may therefore be influenced by a number of factors, including: • consumer disposable income and access to consumer credit, which as a result of an unstable economy, may be significantly impacted; • the cost, safety and effectiveness of alternative treatments, including treatments which are not based upon laser or other energy-based technologies and treatments which use pharmaceutical products; • the success of the Company' s sales and marketing efforts; and • the education of the Company' s customers and patients on the benefits and uses of the Company' s products, compared to competitors' products and technologies. If, as a result of these factors, there is not sufficient demand for the procedures performed with the Company' s products, practitioner demand for the Company' s products could be reduced, which could have a material adverse effect on the Company' s business, financial condition, revenue and result of operations. Any modifications to an FDA- cleared device that could significantly affect its safety or effectiveness or that would constitute a major change in its intended use would require a new 510 (k) clearance or possibly a pre- market approval. The Company may not be able to obtain additional 510 (k) clearance or premarket approvals for new products or for modifications to, or additional indications for, its existing products in a timely fashion, or at all. Delays in obtaining future clearance would adversely affect its ability to introduce new or enhanced products in a timely manner, which in turn would harm its revenue and future profitability. The Company has made modifications to its devices in the past and may make additional modifications in the future that it believes do not or will not require additional clearance or approvals. If the FDA disagrees, and requires new clearances or approvals for the modifications, the Company may be required to recall and to stop marketing the modified devices, which could harm the Company' s operating results and require it to redesign its products. The Company' s products are regulated in the ~~European Union (" EU ")~~ as medical devices per the ~~Medical Device Regulation (~~ **MDR. The Company' s EC certificate under the EU MDD expired on April 15, 2023. However,** Regulation (EU) ~~2017~~ **2023** / ~~745) (" MDR ")~~ **607 effectively extends the validity of the Company' s EC certificate until December 31, 2028** . The Company ~~' s current CE marks on systems sold in the EU are set to expire on April 15, 2023 and a new MDR designation~~ is **in the process of** ~~required after April 15, 2023. The Company intends to obtain~~ **obtaining** MDR certification for its principal products sold in the EU **and expects** ~~ahead of the April 15, 2023, expiration date. On February 16, 2023, the European Parliament voted~~ to **have** ~~extend the~~ MDR ~~transition periods to avoid a shortage of medical devices in the EU economic region. Under this provision, the Company' s current~~ certification **in** ~~may be extended until December 31, 2028~~ **2024** ~~, subject to meeting certain conditions~~ . Additionally, the Company is subject to local rules and regulations implemented by each EU Member State where it conducts business, which can increase the burden of compliance and expose the Company to greater liabilities. If the Company is not successful in meeting the conditions for extension of its current certification in accordance with MDR and local rules and regulations, the Company may be required to remove applicable medical devices from the EU market until they are certified under the MDR, which would adversely impact the Company' s revenue and results of operations in Europe. The design of the Company' s products is complex. To manufacture them successfully, the Company must procure quality components and employ individuals with a significant degree of technical expertise. If the Company' s designs are defective, or the material components used in its products are subject to wearing out, or if suppliers fail to deliver components to specification, or if its employees fail to properly assemble, test and package its products, the reliability and performance of its products could be adversely impacted. If the Company' s products contain defects that cannot be repaired easily, inexpensively, or on a timely basis, the Company may experience: • damage to the Company' s brand reputation; • loss of customer orders and delay in order fulfillment; • increased costs due to product repair or replacement; • inability to attract new customers; • diversion of resources from the Company' s manufacturing and research and development departments into the Company' s service department; • legal action. The occurrence of any one or more of the foregoing could materially increase expenses, adversely impact profitability and harm the Company' s business. Medical devices can experience performance problems in the field that require review and possible corrective action. The occurrence of component failures, manufacturing errors, software errors, design defects or labeling inadequacies affecting a medical device could lead to a government- mandated or voluntary recall by the device manufacturer,

in particular when such deficiencies may endanger health. The FDA requires that certain classifications of recalls be reported to the FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. The Company may initiate voluntary recalls involving its products in the future that the Company determines do not require notification of the FDA. If the FDA disagrees with its determinations, they could require the Company to report those actions as recalls. Product recalls may divert management attention and financial resources, expose the Company to product liability or other claims, harm its reputation with customers and adversely impact its business, financial condition and results of operations. The Company cannot be certain that the results of its future clinical trials will support its future product claims or that the FDA will agree with its conclusions regarding them. Success in pre- clinical studies and early clinical trials does not ensure that later clinical trials will be successful, and the Company cannot be sure that the later trials will replicate the results of prior trials and pre- clinical studies. The clinical trial process may fail to demonstrate that its products are safe and effective for the proposed indicated uses, which could cause the Company to abandon a product and may delay development of others. Any delay or termination of the Company' s clinical trials will delay the filing of its product submissions and, ultimately, its ability to commercialize its products and generate revenues. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the future product' s profile. If the Company' s products are defectively designed, manufactured or labeled, contain defective components or are misused, the Company may become subject to substantial and costly litigation by the Company' s customers or their patients. Misusing the Company' s products or failing to adhere to operating guidelines could cause significant eye and skin damage, and underlying tissue damage. In addition, if its operating guidelines are found to be inadequate, the Company may be subject to liability. The Company has been involved, and may in the future be involved, in litigation related to the use of its products. Product liability claims could divert management' s attention from its core business, be expensive to defend and result in sizable damage awards against the Company. The Company may not have sufficient insurance coverage for all future claims. The Company may not be able to obtain insurance in amounts or scope sufficient to provide the Company with adequate coverage against all potential liabilities. Any product liability claims brought against the Company, with or without merit, could increase the Company' s product liability insurance rates or prevent the Company from securing continuing coverage, could harm its reputation in the industry and could reduce product sales. In addition, the Company historically experienced steep increases in its product liability insurance premiums as a percentage of revenue. If its premiums continue to rise, the Company may no longer be able to afford adequate insurance coverage. The Company' s competitors or other patent holders may assert that the Company' s present or future products and the methods the Company employs are covered by their patents. In addition, the Company does not know whether its competitors or other patent holders own or will obtain patents that they may claim prevent, limit or interfere with the Company' s ability to make, use, sell or import the Company' s products. For example, **in March 2023,** Serendia, LLC **(" Serendia ")** , filed patent infringement complaints ~~in March 2023~~ against the Company with the International Trade Commission **(" ITC ")** and in U. S. District Court for the District of Delaware alleging infringement of six Serendia patents by the Secret RF and Secret Pro ~~products~~ **systems** , which the Company distributes in the ~~United States~~ **U. S.** on behalf of ~~ILOODA~~ **Ilooda** Co. Ltd. ~~If the~~ **, a Korean** ~~Company~~ **company (" ilooda "). The manufacturer of these products, ilooda,** is ~~unable~~ **obligated** to ~~resolve this matter~~ **defend the Company against these claims and** , ~~it may~~ **as a result, the Company has not incurred significant external legal costs. Serendia and ilooda** have **agreed** to ~~discontinue selling~~ **a settlement of the ITC investigation, the Delaware litigation and any other past, present and future suits or claims related to the six Serendia patents and** the Secret RF and Secret Pro **systems. The settlement** ~~products and may become involved in litigation or liable for damages as a result~~ of ~~its sales of~~ **these matters includes a non- exclusive, worldwide, fully paid up license from Serendia to ilooda to the six Serendia patents related to** the Secret RF and Secret Pro ~~products. Although~~ **systems, which are distributed by** the Company **. The ITC investigation** ~~may seek to resolve any potential future claims or actions such~~ as ~~this one, it may not be able~~ to **ilooda** ~~do so on reasonable terms, or at all. If, following a successful third- party action for infringement, the Company cannot obtain a license or redesign the Company' s products, it may have to stop selling the applicable products~~ and the Company **was terminated** ~~' s business would suffer~~ as ~~a result. In addition, a court could require the Company to pay substantial damages and prohibit the Company from using technologies essential to the Company' s products, any~~ of **April 10** ~~which would have a material adverse effect on the Company' s business~~ , **2024** ~~results of operations~~ and ~~financial condition~~ **the Delaware litigation was dismissed as of April 3, 2024** . The Company may also become involved in litigation not only as a result of alleged infringement of a third party' s intellectual property rights but also to protect the Company' s own intellectual property. For example, the Company has been involved in litigation to protect the trademark rights associated with its company name or the names of its products. Infringement and other intellectual property claims, with or without merit, can be expensive and time- consuming to litigate, and could divert management' s attention from its core business. The Company' s business is subject to regulation and oversight worldwide including: • the FCPA, which prohibits corporations and individuals from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity; • the UK Bribery Act, which prohibits both domestic and international bribery, as well as bribery across both public and private sectors; and bribery provisions contained in the German Criminal Code, which, pursuant to draft legislation being prepared by the German government, may make the corruption and corruptibility of physicians in private practice and other healthcare professionals a criminal offense; • Health Insurance Portability and Accountability Act of 1996, as amended by The Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information; and • analogous state and foreign law equivalents of each of the above laws, such as state laws that require device companies to comply with the industry' s voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in

significant ways and may not have the same effect, thus complicating compliance efforts. The risk of being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that some of the Company' s business activities, including the Company' s relationships with practitioners and thought leaders worldwide, some of whom recommend, purchase and / or use the Company' s devices, as well as the Company' s sales agents and distributors, could be subject to challenge under one or more of such laws. The Company is also exposed to the risk that the Company' s employees, independent contractors, principal investigators, consultants, vendors, independent sales agents and distributors may engage in fraudulent or other illegal activity. While the Company has policies and procedures in place prohibiting such activity, misconduct by these parties could include, among other infractions or violations, intentional, reckless and / or negligent conduct or unauthorized activity that violates FDA regulations, including those laws that require the reporting of true, complete and accurate information to the FDA, manufacturing standards, laws that require the true, complete and accurate reporting of financial information or data or other commercial or regulatory laws or requirements. It is not always possible to identify and deter misconduct by the Company' s employees and other third parties, and the precautions the Company takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. There are similar laws and regulations applicable to the Company outside the U. S., all of which are subject to evolving interpretations. Global enforcement of anti- corruption laws, including but not limited to the UK Bribery Act, the Brazil Clean Companies Act, and continued enforcement in the Europe, Middle East and Asia Pacific has increased substantially in recent years, with more frequent voluntary self- disclosures by companies, aggressive investigations and enforcement proceedings by governmental agencies, and assessment of significant fines and penalties against companies and individuals. The Company' s operations create the risk of unauthorized payments or offers of payments by one of its employees, consultants, sales agents, or distributors because these parties are not always subject to its control. It is the Company' s policy to implement safeguards to discourage these practices; however, its existing safeguards and any future improvements may prove to be less than effective, and its employees, consultants, sales agents, or distributors may engage in conduct for which the Company might be held responsible. Any alleged or actual violations of these regulations may subject the Company to government scrutiny, severe criminal or civil sanctions and other liabilities, and could negatively affect its business, reputation, operating results, and financial condition. In March 2021, the United Kingdom' s Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after June 30, 2023. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established or the establishment of an alternative reference rate (s). These consequences cannot be entirely predicted and could have an adverse impact on the market value for or value of LIBOR- linked securities, loans, and other financial obligations or extensions of credit held by the Company. Changes in market interest rates may influence returns on financial investments and could reduce its earnings and cash flows. There can be no assurance that the policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of its employees, consultants, agents or partners and, as a result, the Company may be subject to penalties and material adverse consequences on its business, financial condition or results of operations. Risks Related to the Company' s Convertible Senior Notes **Servicing the Company' s debt, including the notes, may require a significant amount of cash, and the Company may not have sufficient cash flows from its business to pay its indebtedness and the price of its common stock may suffer as a result.** As of December 31, ~~2022~~ **2023** , the Company had $ 429. 1 million aggregate principal amount of the notes outstanding. The Company' s ability to make scheduled payments of the principal of, to pay interest on or to refinance its indebtedness, including the notes, depends on its future performance, which is subject to economic, financial, competitive, and other factors beyond the Company' s control. The Company' s business may not generate cash ~~flow~~ **flows** from operations in the future sufficient to service its debt and make necessary capital expenditures. If the Company is unable to generate such cash ~~flow~~ **flows** , it may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. ~~The~~ **Interest rates have increased and any refinancing would therefore occur at a higher cost to the Company. In addition, the** Company' s ability to refinance any ~~future~~ indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations. In addition, any of the Company' s future debt agreements may contain restrictive covenants that may prohibit the Company from adopting any of these alternatives. The Company' s failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of its debt. In addition, the Company' s indebtedness, combined with its other financial obligations and contractual commitments, could have other important consequences. For example, it could: • make the Company more vulnerable to adverse changes in general U. S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation; • limit the Company' s flexibility in planning for, or reacting to, changes in its business and industry; • place the Company at a disadvantage compared to its competitors who have less debt; • limit the Company' s ability to borrow additional amounts to fund acquisitions, for working capital, and for other general corporate purposes; and • make an acquisition of the Company less attractive or more difficult. **The significant amount of debt held by the Company creates an overhang that depresses the value of its common stock. Until such time as this debt is repaid or converted, this overhang on value may persist.** Any of ~~these~~ -- **the above** factors could harm the Company' s business, results of operations, and financial condition. In addition, if the Company incurs additional indebtedness, the risks related to its business and its ability to service or repay its indebtedness would increase. The Company may not have the ability to raise the funds necessary to settle conversions of the notes in cash or to repurchase the notes upon a fundamental change, and its future debt may contain limitations on its ability to pay cash upon conversion or repurchase of the notes. Holders of the notes have the right

to require the Company to repurchase all or a portion of their notes of the applicable series upon the occurrence of a fundamental change (as defined in the applicable indenture governing such series of notes) before the applicable maturity date at a repurchase price equal to 100 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless the Company elects to deliver solely shares of its common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), the Company will be required to settle a portion or all of its conversion obligation in respect of the notes being converted in cash. Moreover, the Company will be required to repay the notes in cash at their maturity unless earlier converted, redeemed or repurchased. However, the Company may not have enough available cash or be able to obtain financing at the time the Company is required to make repurchases of notes surrendered therefor or pay cash with respect to notes being converted or at their maturity. In addition, the Company' s ability to repurchase notes or to pay cash upon conversions of notes or at their maturity may be limited by law, regulatory authority or agreements governing its future indebtedness. The Company' s failure to repurchase the notes of a series at a time when the repurchase is required by the applicable indenture or to pay cash upon conversions of notes or at their maturity as required by such indenture would constitute a default under such indenture. A default under the indenture governing a series of notes or the fundamental change itself could also lead to a default under agreements governing the Company' s existing and future indebtedness. Moreover, the occurrence of a fundamental change under the indenture governing a series of notes could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, the Company may not have sufficient funds to repay the indebtedness. Any failure by the Company to repay indebtedness and repurchase the notes or make cash payments upon conversion thereof, in each case, when required to do so pursuant to the terms of the applicable indenture, could have a material adverse effect on the Company’ s business, financial condition, and results of operations. The conditional conversion features of the notes, if triggered, may adversely affect the Company' s financial condition and operating results. During the second, third, and fourth quarters of 2021 and the third and fourth quarters of 2022, a conversion feature related to the sale price of the Company’ s common stock was triggered. No conversion requests were submitted by the holders of any series of notes related to these triggering events. In the event the conditional conversion features of a series of notes are triggered, holders of the applicable series of notes will be entitled to convert their notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless the Company elects to satisfy the Company' s conversion obligation by delivering solely shares of its common stock (other than paying cash in lieu of delivering any fractional share), the Company would be required to settle a portion or all of its conversion obligation in cash, which could adversely affect the company' s liquidity. In addition, even if holders of notes do not elect to convert their notes, the Company could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long- term liability, which would result in a material reduction of its net working capital. The conversion of some or all of the notes would dilute the ownership interests of the Company’ s existing stockholders to the extent the Company elects satisfy its conversion obligation by delivering shares of the Company’ s common stock upon any conversion of such notes. The notes may become convertible at the option of their holders under certain circumstances set forth in the applicable indenture. If holders of the notes elect to convert their notes, the Company may settle its conversion obligation by delivering to them a significant number of shares of the Company’ s common stock, which would cause dilution to the existing stockholders. In connection with the pricing of the notes, the Company entered into capped call transactions with the applicable option counterparties. The capped call transactions cover, subject to customary adjustments, the number of shares of the Company' s common stock initially underlying the applicable series of notes (excluding the 2028 notes issued to Voce Capital Management LLC). The capped call transactions are expected generally to reduce the potential dilution to the Company' s common stock upon any conversion of such notes and / or offset any cash payments the Company may be required to make in excess of the principal amount of such converted notes, as the case may be, with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, the applicable option counterparties or their respective affiliates entered into various derivative transactions with respect to the Company’ s common stock and / or purchased shares of the Company’ s common stock concurrently with or shortly after the pricing of the applicable series of notes. From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the Company’ s common stock and / or purchasing or selling the Company’ s common stock or other securities of the Company in secondary market transactions prior to the maturity of the applicable series of notes (and are likely to do so following any conversion, repurchase, or redemption of such notes, to the extent the Company exercises the relevant election under the applicable capped call transactions). This activity could also cause a decrease and / or increased volatility in the market price of the Company’ s common stock. The Company is subject to counterparty risk with respect to the capped call transactions. The counterparties to the capped call transactions that the Company entered into in connection with the pricing of the notes are financial institutions, and the Company will be subject to the risk that one or more of the counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the capped call transactions. The Company' s exposure to the credit risk of the counterparties will not be secured by any collateral. Global economic conditions have in the past resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a counterparty to one or more capped call transactions becomes subject to insolvency proceedings, the Company will become an unsecured creditor in those proceedings with a claim equal to its exposure at the time under such transaction. the Company' s exposure will depend on many factors but, generally, its exposure will increase if the market price or the volatility of the Company' s common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by a counterparty, the counterparty may fail to deliver the consideration required to be delivered to the Company under the capped call transactions and it may experience more dilution than the Company currently anticipates with respect to its common stock. The Company can provide no assurances as to the financial stability of the counterparties. Risks Related to Ownership of the Company' s Common Stock Anti- takeover provisions

contained in the Company' s amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt. The Company' s amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by the Company' s board of directors. Among other things, the Company' s amended and restated certificate of incorporation and amended and restated bylaws include provisions: • authorizing " blank check " preferred stock, which could be issued by the Company' s board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to its common stock; • limiting the liability of, and providing indemnification to, its directors and officers; • limiting the ability of its stockholders to call and bring business before special meetings; • requiring advance notice of stockholder proposals for business to be conducted at meetings of the Company' s stockholders and for nominations of candidates for election to its board of directors; and • controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Company' s management. As a Delaware corporation, the Company is also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the " DGCL "), which prevents certain stockholders holding more than 15 % of its outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two- thirds of the Company' s outstanding common stock not held by such stockholder. Any provision of the Company' s amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for its stockholders to receive a premium for their shares of the Company' s capital stock, and could also affect the price that some investors are willing to pay for its common stock. Responding to actions by activist shareholders could be costly and time- consuming, disrupt the Company' s operations and divert the attention of management and its employees. Additionally, perceived uncertainties as to the Company' s future direction as a result of shareholder activism or changes to the composition of its board of directors may lead to the perception of a change in the direction of its business or other instability, which may be exploited by its competitors, cause concern to the Company' s current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with the Company or do business with its competitors instead of the Company, then the Company' s business, financial condition and operating results would be adversely affected. In addition, the share price of its common stock could experience periods of increased volatility as a result of shareholder activism. If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business, its market or its competitors, or if they adversely change their recommendations regarding the Company' s common stock, the market price and trading volume of its common stock could decline. The trading market for the Company' s common stock will be influenced, to some extent, by the research and reports that securities or industry analysts publish about the Company, its business, its market or its competitors. If any of the analysts who cover the Company adversely change their recommendations regarding its common stock or provide more favorable recommendations about its competitors, the market price of the Company' s common stock would likely decline. If any of the analysts who cover the Company cease coverage of the company or fail to regularly publish reports on it, the Company could lose visibility in the financial markets, which in turn could cause the market price and trading volume of its common stock to decline. The Company does not expect to declare any dividends on its common stock in the foreseeable future. The Company does not anticipate declaring any cash dividends to holders of its common stock in the foreseeable future. Consequently, investors may need to rely on sales of its common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of its common stock. The Company may issue shares of its common stock or securities convertible into its common stock to raise additional capital in the future. To the extent the Company issues such securities, its stockholders may experience substantial dilution and the trading price of the Company' s common stock could decline. If the Company obtains funds through a credit facility or through the issuance of debt or preferred securities, such debt or preferred securities could have rights senior to the existing stockholders' rights as a common shareholder, which could impair the value of the Company' s common stock. ~~Under U. S. tax laws~~ **If the Company fails to maintain compliance with the listing requirements of the Nasdaq Global Select Market** , ~~employment tax withholding~~ **the Company may be delisted** and ~~remittance obligations for restricted~~ **the price of the Company' s common** stock ~~units, or RSUs,~~ and ~~performance~~ **the Company' s ability to access the capital markets could be negatively impacted. To maintain the listing of the Company' s common** stock **on** ~~units, or PSUs, arise in connection with their~~ -- **the Nasdaq Global Select Market** ~~vesting. To fund the tax withholding and remittance obligations arising in connection with the vesting of RSUs~~ , the Company **is required** ~~uses the " sell-~~ to ~~- cover " method~~ **meet certain listing requirements** , ~~under which~~ **including, among others, either: (i) a minimum closing bid price of $ 1. 00 per** ~~shares~~ - **share** ~~with~~ **,** a market value ~~equivalent to the tax withholding obligation are sold~~ **of publicly held shares (excluding shares held** by **the Company' s executive officers, directors and 10 % or more stockholders) of at least $ 5 million and stockholders' equity of at least $ 10 million; or (ii)** a ~~broker~~ **minimum closing bid price of $ 1. 00 per share, a market value of publicly held shares (excluding shares held by the Company' s executive officers, directors, affiliates and 10 % or more stockholders) of at least $ 15 million and a total market value of listed securities of at least $ 50. 0 million. The Company may fail to satisfy** ~~on~~ **one** ~~behalf of~~ **or more** the ~~holder of the RSUs~~ **Nasdaq Global Select Market requirements** ~~or~~ **for continued listing of** ~~PSUs upon vesting to cover~~ the ~~tax withholding liability and~~ **Company' s common stock in** the ~~cash proceeds from such sales~~ **future. There can be no assurance that the Company** will be **successful** ~~remitted by the Company to the taxing authorities. The tax withholding due~~ in **maintaining** ~~connection with such RSU or PSU vesting is based on the then~~ - **the listing** ~~- current value~~ of **its** ~~the underlying shares of the Company' s~~ common stock **on the Nasdaq Global Select Market, or, if transferred, on the Nasdaq Capital Market** . ~~Such sales do not~~ **The delisting of the Company' s common stock from a national exchange could impair the liquidity and market price of the Company' s common stock. It could also materially, adversely affect the Company' s access to the**

capital markets, and any limitation on market liquidity or reduction in the price of the Company' s common stock as a result ~~in the expenditure~~ of ~~additional cash by~~ **that delisting could adversely affect** the Company **' s ability** to ~~satisfy~~ **raise capital on terms acceptable to** the **Company,** ~~tax withholding obligations for~~ **or at all** ~~RSUs or PSUs, but do cause dilution to the Company' s stockholders and, to the extent a large number of shares are sold in connection with any vesting event, such sales volume may cause the Company' s stock price to fluctuate~~ . 52