Risk Factors Comparison 2024-04-01 to 2023-03-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our operations and financial results are subject to various risks and uncertainties, including those described below, any of which could adversely affect our business, results of operations, financial condition and prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business operations. You should carefully consider the risks described below and the other information in this Annual Report, including our audited consolidated financial statements and the related notes thereto, and " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " Risks Related to Our Business **Our evaluation of strategic alternatives may not result in any transaction. Our ability to execute the current business plan depends on our ability to obtain additional support via a strategic transaction or a series of strategic transactions. The process of exploring strategic alternatives is time-consuming, and our Board has not set a timetable for the conclusion of its review of strategic alternatives. Our review of strategic options and alternatives could result in, among other things, a sale, merger, reverse merger, consolidation or business combination, asset divestiture, partnering, licensing or other collaboration agreements, or potential acquisitions, recapitalizations or restructurings, or in one or more transactions. There can be no assurance that the exploration of strategic alternatives is the correct strategy to pursue or that it will result in the identification or consummation of any transaction or, if consummated, the terms and conditions of any such transaction. Certain potential strategic transaction alternatives, if available and achieved, could result in substantial dilution to existing stockholders and have a material adverse effect on the market price of our common stock. Additionally, there can be no assurance that we will have sufficient capital resources to fund any strategic transaction, if available. If we raise additional funds through the issuance of equity securities, including as part of a strategic transaction, it could result in substantial dilution to our existing stockholders, increased fixed payment obligations, and any issued securities may have rights senior to those of our shares of common stock.** We offer credit terms to some qualified customers and distributors. In the event that a customer or distributor defaults on the amounts payable to us, our financial results may be adversely affected. For the year ended December 31, **2023 and** 2022 ~~and 2021~~, approximately **33 % and** 42 ~~% and 51~~% of our system revenues were derived from our subscription- based model. Under our **legacy** subscription model, we collect an up- front fee, combined with a monthly payment schedule typically over a period of 36 months, with approximately 40 % to 45 % of total contract payments collected in the first year. For accounting purposes, these arrangements are considered to be sales- type finance leases, where the present value of all cash flows to be received under the subscription agreement is recognized as revenue upon shipment of the system to the customer. We cannot provide any assurance that the financial position of customers purchasing products and services under a **Venus Prime or** subscription agreement will not change adversely before we receive all the monthly installment payments due under the contract. In the event that there is a default by any of the customers to whom we have sold systems under the **Venus Prime or** subscription- based model, we may recognize bad debt expenses in our general and administrative expenses. If the extent of such defaults is material, it could negatively affect our results of operations and operating cash flows. In addition to **Venus Prime and** our **legacy** subscription- based model, we generally offer credit terms of 30 to 90 days to qualified customers and distributors. In the event that there is a default by any of the customers or distributors to whom we have provided credit terms, we may recognize bad debt expenses in our general and administrative expenses. If the extent of such defaults is material, it could negatively affect our future results of operations and cash flows. We may also be adversely affected by bankruptcies or other business failures of our customers, distributors, and potential customers. A significant delay in the collection of accounts receivable or a reduction of accounts receivables collected may impact our liquidity or result in bad debt expenses. ~~We~~ **33We** have initiated and intend to initiate several restructuring programs to improve our operating performance and achieve cost savings, but we may not be able to implement and / or administer these programs in the manner contemplated and these restructuring programs may not produce the desired results. On February 7, 2023, the Company announced its restructuring plan, including workforce reductions, management changes and the discontinuation of operations in unprofitable markets. Although we expect these initiatives to help us achieve operational improvements and cost savings, we may not be able to implement these initiatives in the manner contemplated or achieve the desired results. Additionally, the implementation of restructuring programs may result in additional costs, some of which could be material. Failure to successfully implement our restructuring initiatives may negatively affect our financial performance. Our recurring losses from operations and negative cash flows raise substantial doubt about our ability to continue as a going concern. The accompanying audited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future, and, as such, the audited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. ~~33The~~ -- **The** Company has ~~had~~ recurring net operating losses and negative cash flows from operations. As of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022**, the Company had an accumulated deficit of $ **261, 903 and $** 224, 105 ~~and $ 180, 405~~, respectively, though, the Company was in compliance with all required covenants as of December 31, ~~2022~~ **2023**, and December 31, ~~2021~~ **2022**. The Company' s recurring losses from operations and negative cash flows raise substantial doubt about the Company' s ability to continue as a going concern within 12 months from the date that the audited consolidated financial statements are issued. **The** ~~As of December 31, 2022, management believes the impact of COVID- 19 on~~

~~our business has largely subsided, but we continue to closely monitor all COVID- 19 developments including its impact on our customers, employees, suppliers, vendors, business partners, and distribution channels. In addition, the~~ global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increasing inflation rates, rising interest rates, foreign currency impacts, declines in consumer confidence, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted, and the Company cannot assure that it will remain in compliance with the financial covenants contained within its credit facilities. In order to continue its operations, the Company must achieve profitable operations and / or obtain additional equity or debt financing. Until the Company achieves profitability, management plans to fund its operations and capital expenditures with cash on hand, borrowings, and issuance of capital stock. Until the Company generates revenue at a level to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows from operating activities. Unfavorable macroeconomic conditions may adversely impact our business and we may need additional capital to fund its future operations. Given the economic uncertainty in the global markets, the Company cannot anticipate the extent to which the current economic turmoil and financial market conditions will continue to adversely impact the Company' s business and the Company may need additional capital to fund its future operations and to access the capital markets sooner than planned. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, it may be compelled to reduce the scope of its operations and planned capital expenditures or sell certain assets, including intellectual property assets. These audited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from the uncertainty. Such adjustments could be material. Global supply chain disruption and inflation may have a material adverse effect on the Company' s business, financial condition and results of operations. Global supply chain disruption and inflation may have a material adverse effect on the Company' s business, financial condition and results of operations. The Company maintains manufacturing operations at its facilities in San Jose, California and Yokneam, Israel. We depend on third-party suppliers and manufacturers to produce components and provide raw materials used to manufacture our products. The disruptions to the global economy in ~~2021 and~~ 2022 **and 2023** impeded global supply chains and resulted in longer lead times and increased component costs and freight expenses. As a result, our suppliers or manufacturers may not have the materials, capacity, or capability to timely manufacture our products and alternative suppliers or manufacturers may not be readily available or cost efficient, which would negatively affect our results of operations. Despite the actions the Company has undertaken to minimize the impacts from disruptions to the global economy, 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. 34Our loan and security agreements contain restrictions that may limit our flexibility to effectively operate our business. CNB Loan Agreement We have a revolving credit facility with City National Bank of Florida (" CNB ") pursuant to a loan agreement (the " CNB Loan Agreement ") which, among other things, contains various covenants that limit our ability to engage in specified types of transactions and requires us to maintain either a minimum cash balance in deposit accounts or a maximum total liability to tangible net worth ratio and a minimum debt service coverage ratio. An event of default under the CNB Loan Agreement would cause a default under the Notes and the MSLP Loan Agreement each as described below, provided that a waiver of each default by CNB will also result in the termination of the corresponding default in the Notes. Upon the occurrence, and during the continuance of, an event of default under the CNB Loan Agreement, if we are unable to repay all outstanding amounts, CNB may foreclose on the collateral granted to it to collateralize the indebtedness, which would significantly affect our ability to operate our business. In addition, the CNB Loan Agreement is secured by substantially all of our assets and the assets of certain of our subsidiaries. For additional details of the CNB Loan Agreement, the related agreements and the covenants to which we are subject, see Management' s Discussion and Analysis of Financial Condition and Results of Operations and Note 12 " Credit Facility " to the consolidated financial statements included elsewhere in this report. Main Street Priority Lending Program Term Loan On December 8, 2020, Venus Concept USA Inc. (" Venus USA"), a wholly- owned subsidiary of the Company, executed a loan and security agreement (the " MSLP Loan Agreement "), a promissory note (the " MSLP Note "), and related documents for a loan in the aggregate amount of $ 50. 0 million for which CNB will serve as lender pursuant to the Main Street Priority Loan Facility as established by the Board of Governors of the Federal Reserve System Section 13 (3) of the Federal Reserve Act (the " MSLP Loan "). Venus USA' s obligations under the MSLP Loan will be secured pursuant to a guaranty of payment and performance dated as of December 8, 2020 (the " Guaranty Agreement "), by and between the Company and CNB. On December 9, 2020, the MSLP Loan was funded and the transaction closed. For additional details of the MSLP Loan Agreement, see Note 10 " Main Street Term Loan " to our consolidated financial statements included elsewhere in this report. The MSLP Note provides for customary events of default, including, among others, those relating to a failure to make payment, bankruptcy, breaches of representations and covenants, and the occurrence of certain events. In addition, the MSLP Loan Agreement and MSLP Note contain various covenants that limit our ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without CNB' s consent, to, among other things, sell, lease, transfer, exclusively license or dispose of our assets, incur, create or permit to exist additional indebtedness, or liens, to make dividends and other restricted payments, and to make certain changes to our ownership structure **. For additional details of the MSLP Loan Agreement, the related agreements and the covenants to which we are subject, see Management' s Discussion and Analysis of Financial Condition and Results of Operations and Note 10 " Main Street Term Loan " to the consolidated financial statements included elsewhere in this Annual Report** . 35Madryn Credit Agreement and Exchange Agreement On October 11, 2016, Venus Ltd. entered into a credit agreement as a guarantor with Madryn Health Partners, LP, as administrative agent, and certain of its affiliates as lenders (collectively, " Madryn "), as amended (the " Madryn Credit Agreement "), pursuant to which Madryn agreed to make certain loans to certain of Venus

Concept' s subsidiaries. Contemporaneously with the MSLP Loan Agreement, the Company, Venus USA, Venus Concept Canada Corp. (" Venus Canada "), Venus Ltd., and the Madryn Noteholders (as defined below), entered into a Securities Exchange Agreement (the " Exchange Agreement ") dated as of December 8, 2020, pursuant to which the Company (i) repaid on December 9, 2020, $ 42. 5 million aggregate principal amount owed under the Madryn Credit Agreement, and (ii) issued, on December 9, 2020, to Madryn Health Partners (Cayman Master), LP and Madryn Health Partners, LP (the " Madryn Noteholders ") secured subordinated convertible notes in the aggregate principal amount of $ 26. 7 million (the " Notes "). The Madryn Credit Agreement was terminated effective December 9, 2020 upon the funding and closing of the MSLP Loan and the issuance of the Notes. In connection with the Exchange Agreement, we also entered into a Guaranty and Security Agreement dated as of December 9, 2020 (the " Madryn Security Agreement "), pursuant to which we agreed to grant Madryn a security interest in substantially all of our assets to secure the obligations under the Notes. The Madryn Security Agreement contains various covenants that limit our ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without the Madryn Noteholders' consent, to, among other things, incur, create or permit to exist additional indebtedness, or liens, and to make certain changes to our ownership structure. The Madryn Security Agreement also contains a covenant which requires that if we or any of our subsidiaries that has guaranteed the Notes consummates a disposition of material assets the result of which is that less than 50 % of the consolidated net tangible assets of such entities secure the Notes then, within 90 days thereafter, we and our subsidiaries party to the Madryn Security Agreement must provide certain additional collateral so that more than 50 % of the consolidated net tangible assets of the Company and its subsidiaries which have guaranteed the Notes will be collateral securing the Notes. If an Event of Default occurs, then, the Madryn Noteholders may, subject to certain terms, (i) declare the outstanding principal amount of Notes, all accrued and unpaid interest and all other amounts owing under the Notes and other transaction documents entered into in connection therewith to be immediately become due and payable without any further action or notice by any person (ii) foreclose on the collateral granted to it to collateralize the indebtedness and (ii) exercise all rights and remedies available to it under the Notes, the Madryn Security Agreement and any other document entered into in connection with the foregoing, which would significantly affect our ability to operate our business. For additional information regarding the Madryn Credit Agreement, the Exchange Agreement, the Notes and related agreements, see Note 11 " Madryn Long- Term Debt and Convertible Notes " to our consolidated financial statements included elsewhere in this report. 36We will require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development, commercialization and other operations or efforts. Since our inception, we have invested a significant portion of our efforts and financial resources in research and development and sales and marketing activities. Research and development, clinical trials, product engineering, ongoing product upgrades and other enhancements ~~and~~ **, as well as** seeking regulatory clearances and approvals to market future products will require substantial funds to complete. As of December 31, ~~2022~~ **2023** , we had capital resources consisting of cash and cash equivalents of approximately $ ~~11~~ **5** . ~~6~~ **4** million. Further, in order to grow our business and increase revenues, we will need to introduce and commercialize new products, maintain an effective sales and marketing force, and implement new software systems. We believe that we will continue to expend substantial resources for the foreseeable future in connection with the ongoing commercializing of our systems, supporting our sales and marketing efforts, and continuing research and development and product enhancements activities. We will have ~~to continue~~ to increase our revenues while effectively managing our expenses in order to achieve profitability and to sustain it. Our operating expenses may fluctuate significantly in the future because of a variety of factors, many of which are outside of our control. Our failure to control expenses could make it difficult to achieve profitability or to sustain profitability in the future. Our budgeted expense levels are based in part on our expectations concerning future revenue from systems sales, product sales and servicing and procedure- based fees. We may be unable to reduce our expenditures in a timely manner to compensate for any unexpected shortfalls in revenue. Accordingly, a significant shortfall in market acceptance or demand for our systems and procedures could have a material adverse impact on our business and financial condition. While we believe that the net proceeds from our recent and announced financing activities **, our recent initiatives in pursuing strategic alternatives** , together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months, we may need to raise additional capital through public or private equity or debt financings or other sources, such as strategic collaborations sooner than expected or otherwise implement additional cost- saving initiatives. Any such financing may result in dilution to stockholders, the issuance of securities that may have rights, preferences, or privileges senior to those of holders of our common stock, the imposition of more burdensome debt covenants and repayment obligations, the licensing of rights to our technology or other restrictions that may affect our business. In addition, we may seek additional capital if favorable market conditions exist or given other strategic considerations even if we believe we have sufficient capital to fund our current or future operating plans. Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to: • delay or curtail our efforts to develop system product enhancements or new products, including any clinical trials that may be required to market such enhancements; • delay or curtail our plans to increase and expand our sales and marketing efforts; or • delay or curtail our plans to enhance our customer support and marketing activities. We are restricted by covenants in the MSLP Loan, the Amended CNB Loan Agreement, **and** ~~the PPP Loans,~~ the Madryn Security Agreement ~~and other government assistance programs~~ . These covenants restrict, among other things, our ability to incur additional indebtedness, which may limit our ability to obtain additional debt financing. 37Because we incur a substantial portion of our expenses in currencies other than the U. S. dollar, our financial condition and results of operations may be adversely affected by currency fluctuations and inflation. In the years ended December 31, **2023 and** 2022 ~~and 2021~~ , **65 % and** 62 ~~% and 58~~ %, respectively, of our global revenues were denominated in U. S. dollars and our reporting currency was the U. S. dollar. We pay a meaningful portion of our expenses in New Israeli Shekels (" NIS "), Canadian Dollars (" CAD "), and other foreign currencies. Expenses in NIS and CAD accounted for ~~27~~ **26** %

and ~~15~~ **16** %, respectively, of our expenses for the year ended December 31, ~~2022~~ **2023** , and ~~28~~ **27** % and ~~17~~ **15** %, respectively, of our expenses for the year ended December 31, ~~2021~~ **2022** . Salaries paid to our employees, general and administrative expenses and general sales and related expenses are paid in many different currencies. As a result, we are exposed to the currency fluctuation risks relating to the denomination of its future revenues in U. S. dollars. More specifically, if the U. S. dollar devalues against the CAD or the NIS, our CAD and NIS denominated expenses will be greater than anticipated when reported in U. S. dollars. Inflation in Israel compounds the adverse impact of such devaluation by further increasing the amount of our Israeli expenses. Israeli inflation may also in the future outweigh the positive effect of any appreciation of the U. S. dollar relative to the CAD and the NIS, if, and to the extent that, it outpaces such appreciation or precedes such appreciation. We generally do not engage in currency hedging to protect the Company from fluctuations in the exchange rates of the CAD, NIS, and other foreign currencies in relation to the U. S. dollar (and / or from inflation of such foreign currencies), and we may be exposed to material adverse effects from such movements. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the U. S. dollar or any other currency against the NIS or CAD. Downturns in the economy or economic uncertainty may reduce patient and customer demand for our systems and services, which could adversely affect our business, financial condition or results of operations. Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. Furthermore, the aesthetic industry in which we operate is particularly vulnerable to unfavorable economic trends. Treatments using our systems involve elective procedures, the cost of which must be borne by patients, and is not reimbursable through government or private health insurance. Economic uncertainty may reduce patient demand for the procedures performed using our systems; if there is not sufficient patient demand for the procedures for which our systems are used, practitioner demand for these systems could drop, negatively impacting operating results. The decision to undergo a procedure using our systems is driven by consumer demand. In times of economic uncertainty or recession, individuals generally reduce the amount of money that they spend on discretionary items, including aesthetic procedures. If our customers' patients face economic hardships, our business would be negatively impacted, and our financial performance would be materially harmed in the event that any of the above factors discourage patients from seeking the procedures for which our systems are used. A weak or declining economy could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay or stop making payments for our systems or services. The impact of economic uncertainty on our industry may vary from region to region. It is difficult to forecast our future performance and our financial results may fluctuate unpredictably. The rapid evolution of the markets for medical technologies and aesthetic products makes it difficult for us to predict our future performance. Several factors, many of which are outside of our control, may contribute to fluctuations in our financial results, such as: • variations in market demand for our systems and services from quarter to quarter; • the inability of our customers to obtain the necessary financing or access capital; • performance of new functionalities and system updates; • performance of third- party distributors, manufacturers or suppliers; • positive or negative media coverage of our systems, positive or negative patient experiences, the procedures or products of our competitors, or our industry generally; • our ability to maintain our current, or obtain further, regulatory clearances, approvals or CE Certificates of Conformity; • seasonal or other variations in patient demand for aesthetic procedures; and • introduction of new medical aesthetic procedures or products and services that compete with our products and services. **38We** ~~38Our success depends upon patient satisfaction with our procedures. If there is not sufficient patient demand for our procedures, our financial results and future prospects will be negatively impacted. Our procedures are elective aesthetic procedures, the cost of which must be borne by the patient and is not covered by or reimbursable through government or private health insurance. In order to generate repeat and referral business, patients must be satisfied with the effectiveness of the procedures conducted using our systems. The decision to undergo one of our procedures is thus driven by patient demand, which may be influenced by a number of factors, such as the success of our sales and marketing programs, the extent to which our physician customers recommend our procedures to their patients, the extent to which our procedures satisfy patient expectations, the cost, safety, and effectiveness of our systems versus other aesthetic treatments, and general consumer confidence, which may be impacted by economic and political conditions outside of our control. Our financial performance will be negatively impacted in the event we cannot generate significant patient demand for procedures performed with our systems. We~~ compete against companies that offer alternative solutions to our systems, or have greater resources, a larger installed base of customers and broader product offerings than we have. If we are not able to effectively compete with these companies and alternative solutions, our business may not continue to grow. The medical technology and aesthetic product markets are highly competitive and dynamic and are characterized by rapid and substantial technological development and product innovation. Demand for our systems is impacted by the products and procedures offered by our competitors. Certain of our systems also compete against conventional non-energy- based treatments, such as Botox and collagen injections, chemical peels, and microdermabrasion. In the United States, we compete against companies that have developed minimally invasive and non- invasive medical aesthetic procedures. Outside of the United States, likely due to less stringent regulatory requirements, there are more aesthetic products and procedures available in international markets than are cleared for use in the United States. Sometimes, there are also fewer limitations on the claims our competitors in international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we may face a greater number of competitors in markets outside of the United States. We also compete generally with medical technology and aesthetic companies, including those offering products and products unrelated to skin treatment. Aesthetic industry consolidations have created combined entities with greater financial resources, deeper sales channels, and greater pricing flexibility than ours. Rumored or actual consolidation of our competitors could cause uncertainty and disruption to our business. In the surgical hair restoration market, we consider our direct competition to be FUT Strip Surgeries and Manual FUE procedures. Many of our surgical device and equipment competitors have greater capital resources, sales and marketing operations and service infrastructures than we do, as well as longer commercial histories and more extensive relationships with physicians. Our indirect competition in the hair restoration market also includes non- surgical

treatments for hair loss, such as prescription therapeutics, including Propecia, and non- prescription remedies, such as wigs, hair pieces and spray- on applications. Some of these companies have greater resources than we do, a broad range of product offerings, large direct sales forces, and long- term customer relationships with the physicians we target, which could make our market penetration efforts more difficult. Competition in the medical technology and aesthetic hair restoration markets could result in price- cutting, reduced profit margins, and limited market share, any of which would harm our business, financial condition, and results of operations. Surgical alternatives to the ARTAS System may be able to compete more effectively than the ARTAS procedure in established practices with trained staff and workflows built around performing these surgical alternatives. Practices experienced in offering FUT Strip Surgery or Manual FUE using hand- held devices may be reluctant to incorporate or convert their practices to offer ARTAS procedures due to the effort involved to make such changes. These alternative options may be able to provide satisfactory results for male hair loss, generally at a lower cost to the patient than the ARTAS System. As a result, if patients choose these competitive alternatives, our results of operation could be adversely affected. ~~39We may not be able to establish or strengthen our brand. We believe that establishing and strengthening our brand is critical to achieving widespread acceptance of our systems, particularly because of the highly competitive nature of the market for aesthetic treatments and procedures. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide physicians with reliable systems and services. Given the established nature of our competitors, it is likely that our future marketing efforts will require us to incur significant expenses. These brand promotion activities may not yield increased sales and, even if they do, any sales increases may not offset the expenses we incur to promote our brand. If we fail to successfully promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, systems may not achieve adequate acceptance by physicians, which would adversely affect our business, results of operations and financial condition. Further, negative posts or comments about us or any of our brands on any social networking website could seriously damage our reputation. The~~ **39The** aesthetic equipment market is characterized by rapid innovation. Our inability to develop and / or acquire new products and services, obtain regulatory clearance and maintain regulatory compliance, market new products successfully, and identify new markets for our technology may cause us to fail to compete effectively. The aesthetic energy- based treatment equipment and hair restoration markets are subject to continuous technological development and product innovation. If we do not continue to innovate and develop new products, services and applications, our competitive position will likely deteriorate as other companies successfully design and commercialize new products, applications and services or enhancements to current products. To continue to grow in the future, we must continue to develop and / or acquire new and innovative aesthetic and medical products, services and applications, identify new markets, and successfully launch any newly developed or acquired product offerings. ~~To successfully expand our product and service offerings, we must, among other things, develop or otherwise acquire new products that either add to, or significantly improve, our current product offerings, obtain regulatory clearance for and adhere to regulatory requirements relating to the commercialization of new products, sell our product offerings to a broad customer base, identify new markets and alternative applications for our technology, and protect existing and future products with defensible intellectual property. Historically, product introductions have been a significant component of our financial performance. To be successful in the medical aesthetics industry, we believe we need to continue to innovate. Our business strategy is based, in part, on our expectation that we will continue to increase or enhance our product offerings. We need to continue to devote substantial research and development resources to introduce new products, which can be costly and time- consuming to our organization.~~ We also believe that, to increase revenue from sales of new products, we need to continue to develop our clinical support, further expand and nurture relationships with industry thought leaders, and increase market awareness of the benefits of our new products. However, even with a significant investment in research and development, we may be unable to continue to develop, acquire or effectively launch and market new products and technologies regularly, or at all. If we fail to successfully innovate and commercialize new products or enhancements, our business may be harmed. We depend on third- party distributors to market and sell our systems in certain markets. In addition to our direct sales and marketing forces, we currently depend on third- party distributors to sell, market, and service our systems in certain markets outside of North America and to train our customers in these markets. For the years ended December 31, **2023 and** 2022 ~~and 2021~~, we generated **8 % and** 10 ~~% and 9~~ %, respectively, of our systems revenues from sales made through third- party distributors. Our agreements with third- party distributors set forth minimum quarterly purchase commitments required for each distributor and provide the distributor the right to distribute our systems within a designated territory. If we continue to expand into new markets outside of North America, we will need to engage additional third- party distributors which exposes us to a number of risks, including: • the lack of day- to- day control over the activities of third- party distributors; • third- party distributors may not commit the necessary resources to market, sell, train, support and service our systems to the level of our expectations; • third- party distributors may emphasize the sale of third- party products over our products; 40 • third- party distributors may not be as selective as we would be in choosing customers to purchase our systems or as effective in training those customers in marketing and patient selection; • third- party distributors may violate applicable laws and regulations, which may limit our ability to sell products in certain markets; and • disagreements with our distributors that could require or result in costly and time- consuming litigation or arbitration, which we could be required to conduct in jurisdictions in which we are not familiar with the governing law. **We rely heavily on our sales professionals to market and sell our products worldwide. If we are unable to hire, effectively train, manage, improve the productivity of, and retain our sales professionals, our business may be harmed, which could impair our future revenue and profitability. Our success depends on our ability to hire, train, manage, retain and improve the productivity levels of its sales professionals worldwide. Competition for sales professionals who are familiar with, and trained to sell in, the aesthetic equipment market continues to be robust. As a result, we occasionally lose our sales professionals to competitors. Any measures we implement in an effort to recruit, train, manage and retain our sales professionals, strengthen their relationships with core market physicians, and improve their productivity may not be**

successful and may instead contribute to instability in our operations, increase the number of additional departures from our sales organization, or further reduce our revenue and harm our business. If we are not able to improve the productivity and retention of our sales professionals, then our total revenue, profitability and stock price may be adversely impacted. We depend on senior management and key employees to operate our business. Changes to management or the inability to recruit, hire, train and retain qualified personnel, could harm our ability to successfully manage, develop and expand our business, which could impair our future revenue and profitability. Our success depends on the skills, experience and efforts of our senior management and other key employees, the majority of whom are employed on an " at will " basis. The loss of any of our senior management and other key employees could weaken our management expertise and harm our business, and it may not be able to find adequate replacements on a timely basis, or at all. Any of our senior management and other key employees may terminate their employment at any time, with or without notice and their knowledge of our business and industry may be difficult to replace. We 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, or our inability to attract, train and retain qualified personnel could harm our business and our ability to compete and become profitable. Economic and other risks associated with international sales and operations could adversely affect our business. Sales in markets outside of the United States accounted for approximately ~~48~~ **43** % of our revenue for the year ended December 31, ~~2022~~ **2023** and ~~51~~ **48** % of our revenue for the year ended December 31, ~~2021~~ **2022** . In addition, the majority of our research and development activities and the manufacture of our systems are located outside of the United States. As a result of our international business, we are subject to a number of risks, including: • difficulties in staffing and managing our international operations; • increased competition as a result of more products and procedures receiving regulatory approval or otherwise free to market in international markets; • longer accounts receivable payment cycles and difficulties in collecting accounts receivable; • reduced or varied protection for intellectual property rights in some countries; • import and export restrictions, trade regulations, and non- U. S. tax laws; • fluctuations in currency exchange rates; • foreign certification and regulatory clearance or approval requirements; **41** • customs clearance and shipping delays; • political, social, and economic instability abroad, terrorist attacks, and security concerns in general and uncertainties related to the coronavirus; • preference for locally manufactured products; • potentially adverse tax consequences, including the complexities of foreign value- added tax systems, tax inefficiencies related to our corporate structure, and restrictions on the repatriation of earnings; • the burdens of complying with a wide variety of foreign laws and different legal standards; and • increased financial accounting and reporting burdens and complexities. If one or more of these risks were realized, it could require us to dedicate significant financial and managerial resources, and our results of operations and financial condition could be adversely affected. ~~41We~~ **42We** rely on a limited number of third- party contract manufacturers for the production of our systems and only have contracts with certain suppliers for the components used in our systems. The failure of these third parties to perform could adversely affect our ability to meet demand for our systems in a timely and cost- effective manner. We rely on third- party contract manufacturers in Karmiel, Israel, Mazet, France, ~~Weston, Florida~~ and San Jose, California for the manufacture of the majority of our systems. Other than with respect to the ARTAS iX System and diode stacks for certain of our devices, the majority of the components used in our systems are available off the shelf and we do not rely on any single supplier, and as a result we do not have any long- term supply agreements for these components. Our reliance on third- party contract manufacturers and suppliers involves a number of risks, including, among other things: • contract manufacturers or suppliers may fail to comply with regulatory requirements or make errors in manufacturing that could negatively affect the efficacy or safety of our systems or cause delays in shipments of our systems; • we or our contract manufacturers or suppliers may not be able to respond to unanticipated changes in customer orders, and if orders do not match forecasts, we or our contract manufactures may have excess or inadequate inventory of materials and components; • we or our contract manufacturers and suppliers may be subject to price fluctuations due to a lack of long- term supply arrangements for key components; • we or our contract manufacturers and suppliers may lose access to critical services and components, resulting in an interruption in the manufacture, assembly and shipment of our systems; • we may experience delays in delivery by our contract manufacturers and suppliers due to changes in demand from us or their other customers; • fluctuations in demand for systems that our contract manufacturers and suppliers manufacture for others may affect their ability or willingness to deliver components to us in a timely manner; • our suppliers or those of our contract manufacturers may wish to discontinue supplying components or services to us for risk management reasons; • we may not be able to find new or alternative components or reconfigure our system and manufacturing processes in a timely manner if the necessary components become unavailable; and • our contract manufacturers and suppliers may encounter financial hardships unrelated to our demand, which could inhibit their ability to fulfill its orders and meet our requirements. If any of these risks materialize, they could significantly increase our costs and effect our ability to meet demand for our systems. If we are unable to satisfy commercial demand for our systems in a timely manner, our ability to generate revenue would be impaired, market acceptance of our systems and our reputation could be adversely affected, and customers may instead purchase or use our competitors' products. In addition, we could be forced to secure new or alternative contract manufacturers or suppliers. Securing a replacement contract manufacturer or supplier could be difficult. The introduction of new or alternative manufacturers or suppliers also may require design changes to our medical device products that are subject to the FDA and other regulatory clearances or approvals, or a new or revised CE Certificate of Conformity. We may also be required to assess the new manufacturer' s compliance with all applicable regulations and guidelines, which could further impede our ability to manufacture our systems in a timely manner. As a result, we could incur increased production costs, experience delays in deliveries of our systems, suffer damage to our reputation, and experience an adverse effect on our business and financial results. ~~42Both~~ **43Both** our manufacturing of certain of our systems and NPI' s manufacturing of the ARTAS procedure kits are dependent upon third- party suppliers and, in some cases, sole suppliers, for the majority of our components, subassemblies and materials, making us vulnerable to supply shortages and price fluctuations,

which could harm our business. We and NPI, as the case may be, rely on several sole source suppliers for certain components of the ARTAS System, reusable procedure kits, disposable procedure kits and spare procedure kits. We also rely on other suppliers for some of the components used to manufacture our other devices. These suppliers may be unwilling or unable to supply components of these systems to us or NPI reliably and at the levels we anticipate or require to meet demand for our products. For us to be successful, our suppliers must be able to provide products and components in substantial quantities, in compliance with regulatory requirements, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. An interruption in our commercial operations could occur if we encounter delays or difficulties in securing these components, and if we cannot then obtain an acceptable substitute. We source a number of components used in the manufacture of our systems from China and given the lingering effects on global supply chain caused by the COVID- 19 pandemic, access to our existing supply chain may be become impaired, which could result in manufacturing delays and inventory shortages. If we are required to transition to new third- party suppliers for certain components of our systems or our ARTAS procedure kits, we believe that there are only a few such suppliers that can supply the necessary components. A supply interruption, price fluctuation or an increase in demand beyond our current suppliers' capabilities could harm our ability to manufacture our systems and NPI' s ability to manufacture our ARTAS procedure kits until new sources of supply are identified and qualified. In addition, the use of components or materials furnished by these alternative suppliers could require us to alter our operations. In addition, our reliance on these suppliers subjects us to a number of risks that could harm our reputation, business, and financial condition, including, among other things, a lack of long- term supply arrangements for key components with our suppliers, difficulty and cost associated with locating and qualifying alternative suppliers for our components in a timely manner, production delays related to the evaluation and testing of products from alternative suppliers, and corresponding regulatory qualifications, delay in delivery due to our suppliers prioritizing other customer orders over ours, damage to our reputation caused by defective components produced by our suppliers, and increased cost of our warranty program due to product repair or replacement based upon defects in components produced by our suppliers. Where practicable, we are seeking, or intending to seek, second- source manufacturers for certain of our components. However, we cannot provide assurances that we will be successful in establishing second- source manufacturers or that the second- source manufacturers will be able to satisfy commercial demand for our systems. If any of these risks materialize, costs could significantly increase and our ability to meet demand for our products could be impacted. If we are unable to satisfy commercial demand for our systems in a timely manner, our ability to generate revenue from these systems would be impaired. ~~43Although we actively train our customers on the use of our systems and post- treatment care, misuse by the operator of our systems may result in adverse medical events which may subject us to claims or otherwise harm our reputation and our business. We and our independent distributors market and sell our systems to physicians and other customers. In the United States and certain international markets, subject to local regulations, physician customers may allow nurse practitioners, technicians and other non- physicians to perform aesthetic procedures using our systems under their direct supervision. Although we and our distributors provide training on the use of our systems as well as the proper post- treatment care, we do not supervise the procedures performed with our systems, nor can we be certain that physicians are directly supervising procedures according to our recommendations. The potential misuse of our systems or failing to adhere to operating guidelines can cause skin damage and underlying tissue damage, which could harm the reputation of our systems and expose us to costly product liability litigation. In addition, patients may not comply with post- treatment guidelines, which could also lead to adverse results and subject us to claims by patients. Product~~ **44Product** liability suits could be brought against us for defective design, labeling, material, workmanship, or software or misuse of our systems, and could result in expensive and time- consuming litigation, payment of substantial damages, an increase in our insurance rates and substantial harm to our reputation. If our systems are defectively designed, manufactured, or labeled, contain defective components or software, or are misused, we may become subject to substantial and costly litigation by our customers or their patients. For example, if a patient is injured or suffers unanticipated adverse events after undergoing a procedure using one of our systems, or if system operating guidelines are found to be inadequate, we may be subject to product liability claims. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, product liability claims may result in: • decreased demand for our systems, or any future systems or services; • damage to our reputation; • withdrawal of clinical trial participants; • costs to defend the related litigation; • a diversion of management' s time and our resources; • substantial monetary awards to customers, patients or clinical trial participants; • regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions; • loss of revenue; and • the inability to commercialize future products. ~~44We~~ **45We** currently have product liability insurance, but any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient funds to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. Third parties may attempt to reverse engineer or produce counterfeit versions of our systems which may negatively affect our reputation, or harm patients and subject us to product liability claims. Third parties have sought in the past, and in the future may seek, to reverse engineer or develop counterfeit products that are substantially similar or compatible with our systems and available to practitioners at lower prices than our own. Any reverse engineered or counterfeit products that purport to be our systems that are currently in the market or that may be introduced in the future may harm our reputation and our sale of products. Moreover, if we commence litigation to stop or prevent any unauthorized use of our technology that occurs from reverse engineering or counterfeiting of our products, or if we have to defend allegations of such unauthorized use of a third party' s technology, such

litigation would be time- consuming, force us to incur significant costs and divert our attention and the efforts of its management and other employees. Security breaches and other disruptions could compromise our information and expose us to liability. In the ordinary course of our business and to the extent necessary, we rely on software to control the ongoing use of our systems, collect, and aggregate diagnostic data, and collect and store sensitive data, including intellectual property and proprietary business information, and certain personally identifiable information of customers, distributors, consultants and employees in our data centers and on our networks. The secure processing, maintenance, and transmission of this information is important to our operations and business strategy. We have established physical, electronic, and policy measures to secure our systems in an attempt to prevent a system breach and the theft of data we collect, and we rely on commercially available systems, software, tools, and monitoring in our effort to provide security for our information technology systems and the digital information we collect, process, transmit and store. Despite our security measures, our information technology systems and related infrastructure, and those of our current and any future collaborators, contractors, and consultants and other third parties on which we rely, may be vulnerable to attacks by computer viruses, malware, hackers, or breaches due to malfeasance, employee or contractor error, telecommunication or electrical failures, terrorism or other created or natural disasters. Despite our cybersecurity measures, it is possible for security vulnerabilities to remain undetected for an extended time period, up to and including several years. While we have experienced, and expect to continue to experience, threats and disruptions to the Company' s information technology infrastructure, none of them to date has had a material impact to the Company. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. Moreover, if a computer security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media, or individuals pursuant to various federal and state privacy and security laws, if applicable, and may be subject to financial liability to the extent we are not in compliance with privacy laws to which we are subject at the time of a breach. We could also be exposed to a risk of loss or litigation and potential liability, which could materially adversely affect our business, results of operations and financial condition. The clinical trial process required to obtain regulatory clearances or approvals is lengthy and expensive with uncertain outcomes and could result in delays in new product introductions. In order to obtain 510 (k) clearance for certain of our systems, we were required to conduct clinical trials, and we expect to conduct clinical trials in support of marketing authorization for future products and product enhancements. Conducting clinical trials is a complex and expensive process, can take many years, and outcomes are inherently uncertain. We may suffer significant setbacks in clinical trials, even after earlier pre- clinical or clinical trials showed promising results, and failure can occur at any time during the clinical trial process. Any of our products may malfunction or may produce undesirable adverse effects that could cause us or regulatory authorities to interrupt, delay or halt clinical trials. We, the FDA, or another regulatory authority may suspend or terminate clinical trials at any time to avoid exposing trial participants to unacceptable health risks. ~~45The~~ **46The** data we collect from our pre- clinical studies and clinical trials may not be sufficient to support the FDA clearance or approval, and if we are unable to demonstrate the safety and efficacy of our future products in our clinical trials, we will be unable to obtain regulatory clearance or approval to market our products. In addition, we may estimate and publicly announce the anticipated timing of the accomplishment of various clinical, regulatory and other product development goals, which are often referred to as milestones. The actual timing of these milestones could vary dramatically compared to our estimates, in some cases for reasons beyond our control. We cannot assure you that we will meet our projected milestones and if we do not meet these milestones as publicly announced, the commercialization of our products may be delayed and, as a result, our stock price may decline. Delays in the commencement or completion of clinical testing could significantly affect our product development costs. The commencement and completion of clinical trials can be delayed or terminated for a number of reasons, including delays or failures related to: • the FDA or comparable foreign regulatory authorities disagreeing as to the level of risk, design or implementation of our clinical studies; • obtaining regulatory approval to commence a clinical trial; • reaching agreement on acceptable terms with prospective clinical research organizations, or CROs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites; • manufacturing sufficient quantities of a product for use in clinical trials; • obtaining institutional review board, or IRB, or ethics committees' approval to conduct a clinical trial at each prospective site; • recruiting and enrolling patients and maintaining their participation in clinical trials; • having clinical sites observe trial protocol or continue to participate in a trial; • addressing any patient safety concerns that arise during the course of a clinical trial; • addressing any conflicts with new or existing laws or regulations; and • adding a sufficient number of clinical trial sites. Patient enrollment in clinical trials and completion of patient follow- up depend on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the eligibility criteria for the clinical trial, patient compliance, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new treatments that may be cleared or approved for the indications we are investigating. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may delay commencement or completion of the clinical trial, cause an increase in the costs of the clinical trial and delays, or result in the failure of the clinical trial. ~~46We~~ **47We** could also encounter delays if the FDA concluded that our financial relationships with our principal investigators resulted in a perceived or actual conflict of interest that may have affected the interpretation of a study, the integrity of the data generated at the applicable clinical trial site or the utility of the clinical trial itself. Principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive cash compensation and / or stock options in connection with such services. If these relationships and any related compensation to or ownership interest by the clinical investigator carrying out the study result in perceived or actual conflicts of

interest, or the FDA concludes that the financial relationship may have affected interpretation of the study, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection of our marketing application by the FDA. Any such delay or rejection could prevent us from commercializing any of our products in development. Furthermore, a clinical trial may be suspended or terminated by us, the FDA, the IRB overseeing the clinical trial at issue, the Data Safety Monitoring Board for such trial, any of our clinical trial sites with respect to that site, or other regulatory authorities due to several factors, including: • failure to conduct the clinical trial in accordance with applicable regulatory requirements or our clinical protocols; • inspection of the clinical trial operations or trial sites by the FDA or other regulatory authorities resulting in the imposition of a clinical hold; • inability of a clinical investigator or clinical trial site to continue to participate in the clinical trial; • unforeseen safety issues, governmental regulation or adverse side effects; • failure to demonstrate a benefit from using the product; and • lack of adequate funding to continue the clinical trial. Additionally, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of, or if we terminate, any of our clinical trials, the commercial prospects for our products may be harmed and our ability to generate product revenue from these products will be delayed or not realized at all. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may significantly harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of a clinical trial may also ultimately lead to the denial of regulatory approval of the subject product. **Our** ~~Risks related to our~~ ability to manufacture and / or sell our products may be impaired by disruption to our manufacturing, warehousing or distribution capabilities, or to the capabilities of our suppliers, contract manufacturers, logistics service providers or independent distributors. **We** ~~The Company maintains~~ **maintain** manufacturing operations at its facilities in San Jose, California and Yokneam, Israel. We rely on third- party suppliers and manufacturers in various countries to produce components and provide raw materials used in the manufacturing of our products. The lingering effects on the global supply chain brought about by the COVID- 19 pandemic has resulted in both worldwide shortage of raw materials and goods required for manufacturing of our products. Therefore, our third- party suppliers and manufacturers may not have the materials, capacity, or capability to manufacture our products according to our schedule and specifications and we may need to seek alternate supply and / or manufacturing sources, which may be more expensive. Alternate sources may not be available or may result in delays in shipments to us from our supply chain and subsequently to our customers, each of which would affect our results of operations. ~~47Risks~~ **48Risks** Related to Intellectual Property If we are unable to obtain, maintain, retain and enforce adequate intellectual property rights covering our products and any future products we develop, others may be able to make, use, or sell products that are substantially the same as ours, which could adversely affect our ability to compete in the market. Our commercial success is dependent in part on obtaining, maintaining, retaining and enforcing our intellectual property rights, including our patents and the patents we exclusively license. If we are unable to obtain, maintain, retain and enforce sufficiently broad intellectual property protection covering our products and any other products we develop, others may be able to make, use, or sell products that are substantially the same as our products without incurring the sizeable development and licensing costs that we have incurred, which would adversely affect our ability to compete effectively in the market. We protect our proprietary information and technology through nondisclosure agreements, noncompetition covenants, and other contractual provisions and agreements, as well as through patent, trademark and trade secret laws in the United States and similar laws in other countries. These protections may not be available in all jurisdictions and may be inadequate to prevent our competitors or other third- party manufacturers from copying, reverse engineering or otherwise obtaining and using our technology, proprietary rights or products. For example, the laws of certain countries in which our products are manufactured or licensed do not protect our proprietary rights to the same extent as the laws of the United States. In addition, third parties may seek to challenge, invalidate or circumvent our patents, trademarks or applications for any of the foregoing. We have focused patent, trademark, copyright and trade secret protection primarily in the United States and Europe, although we distribute our products globally. As a result, we may not have sufficient protection of our intellectual property in all countries where infringement may occur. There can be no assurance that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology or design around our proprietary rights. In each case, our ability to compete could be significantly impaired. To prevent substantial unauthorized use of our intellectual property rights, it may be necessary to prosecute actions for infringement and / or misappropriation of our proprietary rights against third parties. Any such action could result in significant costs and diversion of our resources and management' s attention, and we may not be successful in such action. We have obtained and maintained our existing patents, sought to diligently prosecute our existing patent applications, and sought to file patent applications and obtain additional patents and other intellectual property rights to restrict the ability of others to market products that compete with our current and future products. As of December 31, ~~2022~~ **2023** , the Company' s patent portfolio was comprised of ~~14~~ **16** issued U. S. patents, ~~9~~ **4** pending U. S. patent applications, 27 issued foreign counterpart patents, and ~~7~~ **15** pending foreign counterpart patent applications relating to the (MP) 2, fractional RF **and Ai. ME,** and Directional Skin Tightening technology (including cellulite treatments), 5 issued foreign patents covering the NeoGraft system and its methods of use, and ~~90~~ **91** issued U. S. patents, 1 pending U. S. patent applications, ~~152~~ **159** issued foreign counterpart patents, and ~~8~~ **5** pending foreign counterpart patent applications relating to the ARTAS System and methods of use. However, patents may not be issued on any pending or future patent applications we file, the claims that issue may provide limited or no coverage of its products and technologies, and, moreover, issued patents owned or licensed to us now or in the future may be found by a court to be invalid or otherwise unenforceable at any time. We may choose to not apply for patent protection or may fail to apply for patent protection on important technologies or product candidates in a timely fashion. In addition, we may be unable to obtain

patents necessary to protect our technology or products due to prior uses of or claims to similar processes or systems by third parties, or to blocking intellectual property owned by third parties. Even though we have issued patents, and even if additional patents are issued to us in the future, they may be challenged, narrowed, invalidated, held to be unenforceable or circumvented, which could limit our ability to prevent competitors from using similar technology or marketing similar products, or limit the length of time our technologies and products have patent protection. Also, even if our existing and future patents are determined to be valid and enforceable, they may not be drafted or interpreted broadly enough to prevent others from marketing products and services similar to ours, by easily designing products around our patents or otherwise developing competing products or technologies. In addition, the ownership or inventorship of one or more of our patents and patent applications may be challenged by one or more parties in one or more jurisdictions, including in a patent interference or a derivation proceeding in the United States Patent and Trademark Office (" USPTO "), or a similar foreign governmental agency or during the course of a litigation. If a competitor were able to successfully design around our patents, we may not be able to block such competition, and furthermore the competitor' s products may be more effective or commercially successful than its products. In addition, our current patents will eventually expire, or they may otherwise cease to provide meaningful competitive advantage, and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid other adverse effects on our business. ~~48We~~ **49We** have a number of foreign patent applications, and while we generally try to pursue patent protection in the jurisdictions in which we do or intend to do significant business, the filing, prosecuting, maintaining and defending patents relating to our current or future products in all countries throughout the world would be prohibitively expensive. Furthermore, the laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the U. S., and many companies have encountered significant difficulties in obtaining, protecting, and defending such rights in foreign jurisdictions. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to its products in various jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products, and we may be unable to prevent such competitors from importing those infringing products into territories where we do not have patent protection or into territories where we do have patent protection but there is no prohibition against such importation, or even if such prohibitions exist, the law or related enforcement is not as strong as in the United States. These products may compete with our systems and our patents and our other intellectual property rights may not be effective or sufficient to prevent competitors from competing in those jurisdictions. If we encounter such difficulties or are otherwise precluded from effectively protecting and enforcing our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed. Third- party patent applications and patents could significantly reduce the scope of protection of patents owned by or licensed to us and limit our ability to obtain a meaningful scope of patent protection or market and sell our products or develop, market, and sell future products. In the United States, other parties may attack the validity of our patents after they issue, in a court proceeding, or in an ex- parte reexamination proceeding or one or more post- grant procedures that were authorized under the America Invents Act of 2011, that were available commencing on March 16, 2013 such as post- grant review, covered business method review or inter partes review, in front of the Patent Trial and Appeal Board of the USPTO. The costs of these proceedings could be substantial. At any given time, we may be involved as either a plaintiff or a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. The large number of patents, the rapid rate of new patent applications and issuances, the complexities of the technologies involved, and the uncertainty of litigation significantly increase the risks related to any patent litigation. Any potential intellectual property litigation may (i) force us to withdraw existing products from the market or may be unable to commercialize one or more of our products, (ii) cause us to incur substantial costs, and (iii) could place a significant strain on our financial resources, divert the attention of management from our core business and harm our reputation. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Finally, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations. In addition, we may indemnify our customers, suppliers and international distributors against claims relating to the infringement of the intellectual property rights of third parties relating to our products, methods, and / or manufacturing processes. Third parties may assert infringement claims against our customers, suppliers, or distributors. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, suppliers, or distributors, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers, suppliers, or distributors or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products, or our suppliers may be forced to stop providing us with products. ~~49The~~ **50The** legal determinations relating to patent rights afforded to companies in the medical technology and aesthetic product fields can be uncertain and involve complex legal, factual, and scientific questions, sometimes involving important legal principles which remain uncertain or unresolved, and such uncertainty could affect the outcome or intellectual property related legal determinations in which we are involved. Both the U. S. Supreme Court and the U. S. Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how the patent laws of the United States are interpreted. Similarly, foreign courts have made, and will likely continue to make, changes in how the patent laws in their respective jurisdictions are interpreted. In addition, the U. S. Congress is currently considering legislation that would change certain provisions of U. S. federal patent law. We cannot predict future changes which U. S. and foreign courts may make in the interpretation of patent laws or changes to patent laws which might be enacted into law by U. S. and foreign legislative bodies. Those changes may materially affect our patent rights, and our ability to obtain patents in the

future. Prosecution of patent applications, post- grant opposition proceedings, and litigation to establish the validity, enforceability, and scope of patents, assert patent infringement claims against others or defend against patent infringement claims by others are expensive and time- consuming. There can be no assurance that, in the event that claims of any of our patents are challenged by one or more third parties, any court or patent authority ruling on such challenge will determine that such patent claims are valid and enforceable. An adverse outcome in such litigation or post grant proceeding could cause us to lose associated patent rights and may have a material adverse effect on our business. We may not be able to adequately protect our intellectual property rights throughout the world. Filing, prosecuting and defending patents on our products in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly developing countries, and the breadth of patent claims which are allowed can be inconsistent. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, furthermore, may export otherwise infringing products to territories in which we have patent protection that may not be sufficient to terminate infringing activities. We do not have patent rights in certain foreign countries in which a market may exist. Moreover, in foreign jurisdictions where we do have patent rights, proceedings to enforce such rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing. Additionally, such proceedings could provoke third parties to assert claims against us. We may not prevail in lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Thus, we may not be able to stop a competitor from marketing and selling in foreign countries products that are the same as or similar to our products, and our competitive position in the international market would be harmed. We depend on certain technologies that are licensed to us. We do not control these technologies and any loss of our rights to them could prevent us from selling our products. Our rights to use the technology we license are subject to compliance with the terms of those licenses. In some cases, we do not control the prosecution, maintenance, or filing of the patents to which we hold licenses, or the enforcement of these patents against third parties. These patents and patent applications are not written by us or our advisors, and we did not have control over the drafting and prosecution. We cannot be certain that drafting and / or prosecution of the licensed patents and patent applications by the licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights. ~~50Our~~ **51Our** intellectual property agreements with third parties may be subject to disagreements over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology or increase our financial or other obligations to our licensors. Certain provisions in our intellectual property agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could affect the scope of our rights to the relevant intellectual property or technology or affect financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact conceives or develops intellectual property that we regard as our own. Our assignment agreements may not be self- executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property. If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected. We have trademark registrations and applications in the United States and in certain foreign countries. Actions taken by us to establish and protect our trademarks might not prevent imitation of our products or services, infringement of our trademark rights by unauthorized parties or other challenges to our ownership or validity of our trademarks. If we are unable to register our trademarks, enforce our trademarks, or bar a third- party from registering or using a trademark, our ability to establish name recognition based on our trademarks and compete effectively in our markets of interest may be adversely affected. In addition, our enforcement against third- party infringers or violators may be expensive and time- consuming, and the outcome is unpredictable and may not provide an adequate remedy. ~~51Risks~~ **52Risks** Related to Government Regulation Our devices and our operations are subject to extensive government regulation and oversight both in the United States and abroad, and our failure to comply with applicable requirements could harm our business. Certain of our systems are regulated as medical devices subject to extensive regulation in the United States and elsewhere, including by the FDA and its foreign counterparts. The FDA and foreign regulatory agencies regulate, among other things, with respect to medical devices: • design, development and manufacturing; • testing, labeling, content and language of instructions for use and storage; • clinical trials; • product safety; • marketing, sales and distribution; • premarket clearance and approval; • record keeping procedures; • advertising and promotion; • recalls and field safety corrective actions; • post- market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury; • post- market approval studies; and • product import and export. The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated sales. The FDA' s and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our products. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may fail to obtain any marketing clearances or approvals, lose any marketing clearance or approval that we may have obtained, and we may not achieve or sustain profitability. Even after we have obtained the proper regulatory clearance or approval to market a product, we have ongoing responsibilities under the FDA regulations. The failure to comply with applicable regulations could jeopardize our

ability to sell our systems and result in enforcement actions such as fines, injunctions, civil penalties, recalls or seizure of products, withdrawal of current clearances, and refusal of future clearances. Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and harm our reputation, business, financial condition and results of operations. ~~52We~~ **53We** must maintain regulatory approval in foreign jurisdictions in which we plan to market and sell our systems. In the EEA, for example, manufacturers of medical devices need to comply with the Essential Requirements laid down in Annex II to the EU Medical Devices Directive (Council Directive 93 / 42 / EEC) and the MDR which is replacing the EU Medical Devices Directive. Compliance with these requirements is a prerequisite to be able to affix the CE mark to medical devices, without which they cannot be marketed or sold in the EEA. With respect to active implantable medical devices or Class III devices, the manufacturer must conduct clinical studies to obtain the required clinical data, unless reliance on existing clinical data from equivalent devices can be justified. The conduct of clinical studies in the EEA is governed by detailed regulatory obligations. These may include the requirement of prior authorization by the competent authorities of the country in which the study takes place and the requirement to obtain a positive opinion from a competent Ethics Committee. This process can be expensive and time- consuming. We are subject to ~~governmental regulation and other legal obligations, particularly related to privacy and data security, which are complex and rapidly changing. Our actual or perceived failure to comply with such obligations could harm our business. We are subject to diverse laws and regulations relating to data privacy and security, both in the United States and internationally. New global privacy rules are routinely being enacted and existing ones are being updated and strengthened. Complying with these numerous, complex and often changing regulations is expensive and difficult, and failure to comply with any privacy laws or data security laws or any security incident or breach involving the misappropriation, loss or other unauthorized access or disclosure of sensitive or confidential patient or consumer information, whether by us, one of our business associates or another third- party, could have a material adverse effect on our business, reputation, financial condition and results of operations, including but not limited to: material fines and penalties; damages; litigation; consent orders; and injunctive relief. Modifications to our products may require new regulatory clearances or approvals or expansion of the scope of our CE Certificates of Conformity with our notified body. Modifications to our products may require new regulatory clearances or approvals from the FDA or other regulatory authorities or expansion of the scope of our CE Certificates of Conformity with our notified body. Even after achieving the initial market clearance, or approval from the FDA or other regulatory authorities or having affixed the CE marked to a product, modifications to our systems during their life cycles may require new regulatory approvals or clearances, including 510 (k) clearances, premarket approvals, the conduct of a new conformity assessment with our notified body, or foreign regulatory approvals. Obtaining a new 510 (k), other regulatory clearances and approvals, or a revised or new CE Certificate of Conformity can be a time- consuming process, and we may not be able to obtain such clearances or approvals in a timely manner, or at all. 53We are subject to** restrictions on the indications for which we are permitted to market our products, and any violation of those restrictions, or marketing of systems for off- label uses, could subject us to enforcement action. Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of off- label use in both the United States and in foreign countries. The use of one of our systems for indications other than those cleared by the FDA or approved by any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients. If the FDA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off- label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including, among other things, the issuance or imposition of an untitled letter, a warning letter, injunction, seizure, refusal to issue new 510 (k) s or PMAs, withdrawal of existing 510 (k) s or PMAs, refusal to grant export approvals, and civil fines or criminal penalties. Our systems may cause or contribute to adverse medical events that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations. The FDA' s medical device reporting regulations require us to report to the FDA when we receive or become aware of information that reasonably suggests that one of our systems 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. If we fail to comply with our reporting obligations, the FDA could act, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products or delay in clearance of future products. The FDA, state regulating agencies at times, 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 if 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. We may also choose to voluntarily recall a product if any material deficiency is found. A government- mandated or voluntary recall by us could occur because 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. We have received inquiries from regulatory agencies regarding post- market safety concerns in the past. We cannot assure you that product defects or other errors will not occur in the future. Recalls involving any of our systems could be particularly harmful to our business, financial condition, and results of operations because it is our only product. ~~If~~ **54If** we or our distributors do not obtain and maintain international regulatory registrations or approvals for our systems, our ability to market and sell our systems outside of the United States will be diminished. Sale of our systems, outside the United States, are subject to foreign regulatory requirements that vary widely from country to country. In addition, the FDA regulates exports of medical devices from the United States. While the regulations of some countries may not impose barriers to marketing and selling certain of our systems or only require notification, others require that we or our distributors obtain the approval of a specified regulatory body. Complying with foreign regulatory requirements, including obtaining registrations or approvals, can be expensive and time- consuming, and we cannot be certain that we or our distributors will receive regulatory approvals in each

country in which we plan to market a particular system or that we will be able to do so on a timely basis. The time required to obtain registrations or approvals, if required by other countries, may be longer than that required for the FDA clearance, and requirements for such registrations, clearances, or approvals may significantly differ from FDA requirements. If we modify our systems, we or our distributors may need to apply for additional regulatory approvals or other authorizations before we are permitted to sell the modified product. In addition, we may not continue to meet the quality and safety standards required to maintain the authorizations that we or our distributors have received. If we or our distributors are unable to maintain our authorizations in a particular country, we will no longer be able to sell the applicable product in that country, which could harm our business. Regulatory clearance or approval by the FDA does not ensure clearance or approval by regulatory authorities in other countries, and clearance or approval by one or more foreign regulatory authorities does not ensure clearance or approval by regulatory authorities in other foreign countries or by the FDA. However, a failure or delay in obtaining regulatory clearance or approval in one country may have a negative effect on the regulatory process in others. ~~54Our~~ **55Our** ability to continue manufacturing and supplying our products depends on our continued adherence to ongoing FDA and other foreign regulatory authority manufacturing requirements. Our manufacturing processes and facilities are required to comply with the quality management system regulations of its target markets (i. e., the QSR, ISO 13485: 2016, and the MDSAP). Adherence to quality management system regulations and the effectiveness of our quality management control systems are periodically assessed through internal audits and inspections of manufacturing facilities by regulatory authorities. Failure to comply with applicable quality management system requirements, or later discovery of previously unknown problems with our products or manufacturing processes, including our failure or the failure of our third- party manufacturer to take satisfactory corrective action in response to an adverse quality system inspection, can result in enforcement action, which could have an adverse effect on our business. Our manufacturing process and facilities are audited annually for compliance with the last editions of QSR, ISO13485 and MDSAP requirements. Regulating agencies, including the FDA, foreign regulatory authorities, and our notified body can institute a wide variety of enforcement actions, ranging from inspectional observations to more severe sanctions such as: • untitled letters or warning letters; • clinical holds; • administrative or judicially imposed sanctions; • injunctions, fines, consent decrees, or the imposition of civil penalties; • customer notifications for repair, replacement, or refunds; • recall, detention, or seizure of products; • operating restrictions, or total or partial suspension of production or distribution; • refusal by the FDA, a foreign regulatory authority or the notified body to grant pending future clearance or pre- market approval, or to issue CE Certificates of Conformity for our devices; • debarment of us or our employees; • withdrawal or suspension of marketing clearances, approvals, and CE Certificates of Conformity; • refusal to permit the import or export of our products; and • criminal prosecution of us or our employees. If any of these actions were to occur, it would harm our reputation and cause our system sales and profitability to suffer and may prevent us from generating revenue. Furthermore, our key component suppliers may not currently be or may not continue to be in compliance with all applicable regulatory requirements, which could result in the failure to produce our devices on a timely basis and in the required quantities, if at all. ~~55We~~ **56We** may be affected by healthcare policy changes and evolving regulations. Our global regulatory environment is becoming increasingly stringent and unpredictable, which could increase the time, cost and complexity of obtaining regulatory approvals for our products, as well as the clinical and regulatory costs of supporting those approvals. We must also devote significant time to monitoring developments and changes to ensure our compliance with the various applicable regulations and required approvals. For example, several countries that did not have regulatory requirements for medical devices have established such requirements in recent years and other countries have expanded on existing regulations. Certain regulators are exhibiting less flexibility and are requiring local preclinical and clinical data in addition to global data. While harmonization of global regulations has been pursued, requirements continue to differ significantly among countries. We expect this global regulatory environment will continue to evolve, which could impact our ability to obtain future approvals for our products or could increase the cost and time to obtain such approvals in the future. Risks Related to Our Operations in Israel We conduct a significant portion of our operations in Israel and therefore our business, financial condition and results of operations may be adversely affected by political, economic and military conditions in Israel. Our research and development facilities and key third- party suppliers are located in northern Israel, and some of our key employees are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business. Any hostilities, armed conflicts, terrorist activities or political instability involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect business conditions and have a material adverse effect on our business, financial condition and results of operations and could make it more difficult for us to raise capital. In addition, hostilities, armed conflicts, terrorist activities or political instability involving Israel could have a material adverse effect on our facilities including our corporate administrative office or on the facilities of our local suppliers, in which event all or a portion of our inventory may be damaged and our ability to deliver products to customers could be significantly delayed. Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. While these restrictions are loosening and countries previously barred from doing business with Israel are eliminating these restrictions, to the extent they still exist, these restrictions may limit our revenues. Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East, such as damages to our facilities resulting in disruption of our operations. Any losses or damages incurred by us could have a material adverse effect on our business, financial condition and results of operations. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our business, financial condition and results of operations. **Conditions in Israel, including the recent attack by Hamas and other terrorist organizations from the Gaza Strip and Israel' s war against them, may adversely affect our operations and limit our ability to manage and market our products, which could lead to a decrease in revenues. Certain of our operations are conducted in Israel and a number of our employees, contract manufacturers and**

consultants, including employees of our service providers, are located in Israel. As such, our business and operations may be directly affected by economic, political, geopolitical and military conditions affecting Israel. On October 7, 2023, Hamas militants and members of other terrorist organizations infiltrated Israel' s southern border from the Gaza Strip and conducted a series of terror attacks on civilian and military targets. Thereafter, these terrorists launched extensive rocket attacks on Israeli population and industrial centers located along the Israeli border with the Gaza Strip. Shortly following the attack, Israel' s security cabinet declared war against Hamas. The intensity, duration and impact of Israel' s current war against Hamas and the corresponding geopolitical instability in the region is difficult to predict, as are the war' s economic implications on the Company' s business and operations. It is possible that the conflict in the region may escalate. Our facilities are within the range of rockets that could be launched from a number of surrounding territories. In the event that our facilities in Israel, or the facilities of our vendors in Israel, are damaged as a result of the hostilities or hostilities otherwise disrupt the ongoing operation of our facilities, our ability to deliver products to customers in a timely manner to meet our contractual obligations with customers and vendors could be materially and adversely affected. Any losses or damages incurred by us could have a material adverse effect on our business. Our operations may be disrupted because of the obligation of Israeli citizens to perform military service. As a result of the Israeli security cabinet' s decision to declare war against Hamas, Israeli reservists have been drafted to perform immediate military service. Certain of our employees and consultants in Israel, in addition to employees of our service providers located in Israel, have been called for service in the current war with Hamas as of the date of this Annual Report, and such persons may be absent for an extended period of time. As a result, our operations may be disrupted by such absences, which may materially and adversely affect our business and results of operations. Additionally, the absence of employees of our Israeli suppliers and contract manufacturers due to their military service in the current war or future wars or other armed conflicts may disrupt their operations, in which event our ability to deliver products to customers may be materially and adversely affected. ~~56Risks~~ **57Risks** Related to Our Common Stock ~~Our~~ **We may not be able to maintain our listing on The Nasdaq Capital Market and it may become more difficult to sell our stock in the public market. On May 31, 2023, we received a notice (the " Notice ") from the Listing Qualifications Department of Nasdaq stating that our stockholders' equity as reported in our Quarterly Report on Form 10- Q for the period ended March 31, 2023 was below the minimum $ 2, 500, 000 required for continued listing under Listing Rule 5550 (b) (1) (" Minimum Equity Requirement "). The Notice had no immediate effect on the listing of our** common stock ~~failed~~ **. On July 17, 2023, we submitted** to ~~meet~~ **Nasdaq a plan to regain compliance with** the **Minimum Equity** ~~requirements~~ **Requirement (the" Plan"). On July 28, 2023, Nasdaq granted us an extension until November 27, 2023 to evidence compliance with the Minimum Equity Requirement, conditioned upon our achievement of certain milestones as set forth in the Plan. On November 28, 2023, the Company received a written notice from the Nasdaq Staff which described its determination that the Company had not regained compliance with the Minimum Equity Requirement within the Plan period. As a result, the Nasdaq Staff advised the Company that its securities will be delisted at the opening of business on December 7, 2023, unless the Company timely requests a hearing before a Nasdaq Hearings Panel (the" Panel "). On December 5, 2023, the Company timely requested a hearing before the Panel. The hearing was held on March 5, 2024, staying any delisting pending the issuance of the Panel' s decision. On March 20, 2024, the Company received a decision from the Panel granting its request** for continued listing on the Nasdaq ~~Global Market and the listing was transferred to the Nasdaq~~ Capital Market, ~~which could decrease~~ **subject to the Company demonstrating compliance with Nasdaq Listing Rule 5550 (b) on or before May 28, 2024, and certain** ~~the~~ **other** ~~liquidity of~~ **conditions. If** our common stock ~~and~~ **ultimately is delisted, our shareholders could face significant adverse consequences, including: • limited availability** ~~our~~ **or market quotations for our** ~~ability to raise additional capital. Our~~ common stock **; • reduced liquidity** ~~was previously listed for trading on the Nasdaq Global Market. We were required to meet specified requirements in order to maintain our listing on the Nasdaq Global Market, including, among other things, a minimum bid price~~ of ~~$ 1. 00 per share (the " Minimum Bid Price "). On June 13, 2022, we received a notice from the Listing Qualifications Department of the Nasdaq Stock Market, LLC (" Nasdaq "), notifying us that, for 30 consecutive business days, the bid price for~~ our common stock **; • determination that shares of our common stock are** ~~was below the Minimum Bid Price required to maintain continued listing on the Nasdaq Global Market under the Nasdaq Listing Rules, (the~~ " **penny stock** ~~Minimum Bid Requirement~~ " ~~). We had 180 days to regain compliance by maintaining the Minimum Bid Price for a minimum of ten consecutive business days before December 12~~ , **which would require brokers trading in** ~~2022 (the " Initial Compliance Date "). The Company did not regain compliance with the Minimum Bid Requirement by the Initial Compliance Date. On December 13, 2022, Nasdaq notified the Company that it is eligible for an additional 180 calendar day period, or~~ **our common stock** ~~until June 12, 2023 (the " Extended Compliance Date "),~~ to **adhere** ~~regain compliance with the Minimum Bid Requirement and approved the Company' s transfer from the Nasdaq Global Market~~ to ~~the Nasdaq Capital Market,~~ **more stringent rules and possibly result in** a ~~continuous~~ **reduced level of trading activity in the secondary** trading market **for our common stocks; • limited amount of news analysts' coverage of us; and • decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future. 58The market price of our stock price may be volatile, and you may not be able to resell shares of our common stock at or above the price you paid. The market price of our common stock could be subject to significant fluctuations. Some of the factors** that **may cause** ~~operates in substantially~~ the ~~same manner as the Nasdaq Global Market. Nasdaq' s determination was based on the Company meeting the continued listing requirement for~~ market ~~value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market with the exception of the Minimum Bid Requirement, and the Company' s written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if required. The transfer became effective at the opening of business on December 14, 2022. If, at any time before the Extended Compliance Date, the bid~~ price ~~for~~ **of** the Company' s common stock ~~closes at $ 1. 00 or more for a~~

~~minimum of 10 consecutive business days as required under the Compliance Period Rule, the Staff will provide written notification to the Company that it complies with the Minimum Bid Requirement, unless the Staff exercises its discretion to extend this 10 day period pursuant to the Nasdaq Listing Rules. If the Company does not regain compliance with the Minimum Bid Requirement by the Extended Compliance Date, the Staff will provide written notification to the Company that its common stock will be delisted. At that time, the Company may appeal the Staff' s delisting determination to a Nasdaq Listing Qualifications Panel (" Panel "). The Company expects that its common stock would remain listed on the Nasdaq Capital Market pending the Panel' s decision. There can be no assurance that, if the Company does appeal a delisting determination to the Panel, such appeal would be successful. If we do not regain compliance by the Extended Compliance Date, we may transfer to the OTCQB ® Venture Market or OTCQX ® Best Market (together, the " OTC "), if the applicable initial quotation criteria are met. A transfer of our listing to the OTC could adversely affect the liquidity of our common stock. Any such event could make it more difficult to dispose of, or obtain accurate quotations for the price of, our common stock, and there also would likely be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. We may also face other adverse consequences in such event, such as negative publicity, a decreased ability to obtain additional financing, diminished investor and / or employee confidence, and the loss of business development opportunities, some or all of which may contribute to a further decline in our stock price. 57The market price of our stock price may be volatile, and you may not be able to resell shares of our common stock at or above the price you paid. The market price of our common stock could be subject to significant fluctuations. Some of the factors that may cause the market price of the Company' s common stock~~ to fluctuate include: **• uncertainties relating to potential strategic alternatives or any strategic transaction, including actual or perceived adverse developments in this process or the announcement or pendency of any such transaction;** • introduction of new products, services or technologies, significant contracts, commercial relationships or capital commitments by competitors; • failure to meet or exceed financial and development projections the Company may provide to the public; • failure to meet or exceed the financial and development projections of the investment community; • announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by the Company or its competitors; • disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies; • additions or departures of key personnel; • significant lawsuits or government investigations, including patent or stockholder litigation; • if securities or industry analysts do not publish research or reports about the Company' s business, or if they issue adverse or misleading opinions regarding our business and stock; • changes in the market valuations of similar companies; • general market or macroeconomic conditions; • sales of common stock by us or our stockholders in the future; • trading volume of our common stock; • adverse publicity relating to hair restoration or other minimally invasive or non- invasive medical aesthetic procedures generally, including with respect to other products in such markets; • the introduction of technological innovations that compete with the products and services of the Company; and • period- to- period fluctuations in the Company' s financial results. In addition, the stock markets in general, and the markets for medical device and aesthetic stocks in particular, have experienced extreme volatility that may have been unrelated to the operating performance of the issuer. These broad market fluctuations may adversely affect the market price or liquidity of our common stock. ~~Under~~ **59Under** SEC rules, we are a smaller reporting company and we have taken advantage of certain exemptions from disclosure requirements available to smaller reporting companies; this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. Under SEC rules, we qualify as, a" smaller reporting company". We have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act, because of our non-accelerated filer status, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. As a result, stockholders may not have access to certain information they may deem important. We cannot predict whether investors will find our securities less attractive because we rely on these exemptions. If some investors find the securities less attractive as a result of reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile. ~~58We~~ **We** do not intend to pay dividends on our common stock, and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock. We do not intend to pay any cash dividends on our common stock for the foreseeable future. We intend to invest our future earnings, if any, to fund our growth. Payment of future cash dividends, if any, will be at the discretion of the Board, subject to applicable law and will depend on various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then- existing debt instruments and other factors the Board deems relevant. Therefore, our stockholders are not likely to receive any dividends on their common stock for the foreseeable future. Since we do not intend to pay dividends, our stockholders' ability to receive a return on their investment will depend on any future appreciation in the market value of our common stock. There is no guarantee that our common stock will appreciate or even maintain the price at which our stockholders have purchased it. The terms of our credit facilities limit our ability to pay dividends. Provisions in our charter documents and under Delaware law could make an acquisition more difficult and may discourage any takeover attempts our stockholders may consider favorable, and may lead to entrenchment of management. Provisions of our amended and restated certificate of incorporation and amended and restated bylaws could delay or prevent changes in control or changes in management without the consent of the Board. These provisions will include the following: • a classified board of directors with three- year staggered terms, which may delay the ability of stockholders to change the membership of a majority of the Board; • no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • the exclusive right of the Board to elect a director to fill a vacancy created by the expansion of the Board or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on the Board; • the ability of the

Board to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; • the ability of the Board to alter its bylaws without obtaining stockholder approval; • the required approval of at least 662 / 3 % of the shares entitled to vote at an election of directors to adopt, amend or repeal its bylaws or repeal the provisions of the amended and restated certificate of incorporation regarding the election and removal of directors; • a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of the stockholders; • the requirement that a special meeting of stockholders may be called only by the chairman of the Board, the chief executive officer, the president or the Board, which may delay the ability of the stockholders to force consideration of a proposal or to act, including the removal of directors; and **60** • advance notice procedures that stockholders must comply with in order to nominate candidates to the Board or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of the Company. These provisions would apply even we were to receive an offer that some stockholders may consider beneficial. We are also subject to the anti- takeover provisions contained in Section 203 of the Delaware General Corporation Law (" Section 203 "). Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15 % or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the Board has approved the transaction. ~~59Our~~ -- **Our** executive officers, directors and certain of our shareholders who are affiliated with our directors will have the ability to control or significantly influence all matters submitted to our stockholders for approval. As of December 31, ~~2022~~ **2023** , our executive officers, directors and certain of our shareholders who are affiliated with our directors, in the aggregate, beneficially own approximately ~~46~~ **45** % of our outstanding shares of common stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, if they choose to act together, these persons would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of the Company on terms that other stockholders may desire. If we sell shares of our common stock in future financings, stockholders may experience immediate dilution and, as a result, our stock price may decline. We may from time- to- time issue additional shares of common stock at a discount from the current market price of our common stock. As a result, our stockholders would experience immediate dilution upon the purchase of any shares of our common stock sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preferred stock or common stock. If we issue common stock or securities convertible into common stock, our common stockholders would experience additional dilution and, as a result, our stock price may decline. Item 1B. Unresolved Staff Comments.